

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Commission's)
Review of Chapter 4901:1-10, Ohio)
Administrative Code, Regarding) Case No. 12-2050-EL-ORD
Electric Companies.)

COMMENTS OF DUKE ENERGY OHIO, INC.

Pursuant to the Public Utilities Commission of Ohio (Commission) Entry of November 7, 2012, the Commission initiated this docket to consider changes to rules contained in Chapter 4901:1-10 of the Ohio Administrative Code, (O.A.C.). The Commission's Entry invited comments from interested parties on proposed changes to the rules. Duke Energy Ohio, Inc. (Duke Energy Ohio or Company) appreciates this opportunity to offer comments. For the reasons set forth below, the Company respectfully request the Commission consider the responses and comments submitted and modify the rules accordingly. Duke Energy Ohio reserves the ability to file reply comments on any matter raised by another commenter.

I. General Comments

Many of the rules contained in Chapter 10 related to metering and billing of customers and should therefore take into account the implementation of grid modernization. While it appears that some of the proposed changes have contemplated the change to operations resulting from the deployment of smart meters and modernized distribution automation, there are additional considerations that should be included. For example, the Commission's rules presently recognize that an electronic meter read can constitute an actual reading. However,

more clarity should be provided around this practice. Historically, in a given month, there was either an “actual” (meaning physical on premises) read of the meter, or there was an estimate of the usage. Now, with smart meter technology, interval usage data is available. Although the usage data may have gaps, it is still an accurate measure of the customer’s usage, even if some data is calculated by extrapolation. A gap should not cause the bill to fall into the “estimated” category. This should be made clear in the rules so that there is no misunderstanding.

Likewise, the requirement that a bill contain a beginning and ending meter read is outdated. Customers can receive hourly usage data that is much more detailed and helpful than a beginning and ending meter read. The old requirement should be updated or qualified to be only for customers without smart meters. Such change should flow through the chapter to provide overall consistency.

Proposed Rule Comments

Rule 4901:1-10-05 Metering

In paragraph (D) there appears to be a missing word. The sentence should read as follows:

Meters that are not direct reading meters, such as meters with a multiplier **not** equal to 1.0...

Rule 4901:1-10-02

A proposed change to section (B) of this rule provides that each electric utility shall immediately report each outage to the commission’s outage coordinator *in a format prescribed by the outage coordinator*. It is unclear how the electric utility will locate or otherwise be provided with such a form. Will it remain unchanged until the rule is revised again? Will there be a formal notice of the required format? If the utility is to be required to adhere to this format, the means by which it is to be provided should be set forth in the rule.

Rule 4901:1-10-09

This rule refers to “new service” however new service is not a defined term. While it may seem self evident, new service could be construed as only service newly installed in new construction, or otherwise it could be deemed to be new service every time service is initiated for any customer, even if restoring existing service after disconnection for non-pay, etc. It would therefore be helpful to have this be a defined term.

Rule 4901:1-10-10

Duke Energy Ohio supports the exclusion of the words “economic impacts of disruptions in electric service, and” as proposed by Staff. It has been the Company’s experience that it is difficult to administer a survey instrument that includes such a requirement.

Additionally, the rule states that a survey shall be conducted under staff oversight. It has been difficult in the past to understand exactly what is contemplated by this requirement. Given Staff’s specific requirements in recent years, Duke Energy Ohio has found it necessary to administer a separate and distinct survey in order to accommodate Staff’s explicit requirements. The Company has conducted customer perception surveys for many years and has reported the results of such surveys to the Staff with good results. Now however, the requirements specified by Staff are such that the Company cannot incorporate them into existing survey instruments and it is therefore necessary to conduct a separate limited survey to meet the Staff specifications. Such an additional survey is costly, time consuming and somewhat redundant. It would be helpful to know what the Commission intends with respect to requiring the Company to conduct surveys “under staff oversight.”

Rule 4901:1-10-12

The proposed changes to paragraph (F)(3) of this rule include substantially a whole new section that details what is to be included in a statement to customers with regard to the divulging of customer data. A provision should be added after (e) so that the rule will include recognition that electric distribution utilities must provide eligible customer lists to certified competitive retail energy suppliers as mandated by Rule 4901:1-10-29(E).

The proposed changes to this rule also include a requirement that the utility provide a statement to customers who are engaged in time-differentiated pricing with usage history, payment history and time-differentiated price data, and detailed consumption data without charge. This rule will require much more clarity in order for electric distribution utilities manage compliance. The parameters of the information required should be delineated. If the Commission intends for the utility to provide the same data as that which is provided in the customer's bill, for twenty-four months. That would be possible. However, it is not clear what might be included in "time-differentiated price data" and "detailed consumption data." Given the lack of specificity, it is unclear that Duke Energy Ohio even has the capability to provide such data. The requirement should be more specific and should be drafted in a manner such that all utilities will be able to comply.

Rule 4901:1-10- 14

The existing language in section (C) (1)(b) of this rule states: "Verification from residential applicants shall include..."

The word "shall" should be changed to "may" so that the Companies may allow multiple forms of verification and not be required to rely upon unreliable forms of creditworthy verification.

In paragraph (C)(2), the Commission proposes to replace “the” with “an”. This small word change presents a host of difficulties as the change, though seeming to be minor, is too expansive. The applicant may have had service outside the United States. Must companies be required to accept credit reference letters from any utility company, including non-regulated and foreign companies? Credit reference letters are not very reliable methods of determining creditworthiness. The ability to secure accounts would therefore be greatly reduced, increasing a companies’ charge off and increasing the burden on paying customers.

The change also potentially increases administrative cost due to the need to review and process credit information, again increasing costs for paying customers.

Paragraph (D) states: “Unless otherwise provided in paragraph (H) of this rule... It appears that this may be a typo as it probably should refer to paragraph (G). Likewise, in Paragraph (F) there is a reference to paragraph (G) that should probably refer instead to paragraph (H).

In paragraph (G)(2)(a), the rule contains the following: “After considering the totality of the customer’s circumstances...” This clause is unclear. It is difficult to understand what is meant by “totality of the customer’s circumstances.” What information may a utility use to determine the customer’s circumstances? The flexibility here is very helpful but realistically it is difficult to understand what may or may not be considered.

Likewise, in the same paragraph, “regulated service provided by that utility company” presents similar challenges. What constitutes a regulated service in the present deregulated environment? May the utility consider generation and choice supplier charges? It should be noted that this change would require significant system changes for Duke Energy Ohio if the Company may only charge a deposit on transmission and distribution charges.

Rule 4901:1-10-22 (B)

As noted above, this rule should be rewritten so that the beginning and ending meter read are not required for customers with smart meter technology. The usage data the customer receives with a smart meter is much more inclusive and the beginning and ending meter read are not necessary. Such information is no longer relevant when the customer can monitor usage on a much more frequent basis.

Rule 4901:1-10-23

In paragraph (B) of this rule, the Commission is more clearly stating the requirement that a utility adhere to the requirements set forth in 4933.28 of the Ohio Revised Code. However, in Paragraph A, the Commission is creating a whole new requirement that is outside of its jurisdiction. There has never been any restriction on the length of time for which a utility may back-bill a *commercial* customer and there is not statute that requires any limitation. The limitation that the Commission now seeks to impose is questionable, arbitrary and will result in additional burden on other customers. It would be helpful to understand the intent that is driving the proposed rule change. As proposed, it is outside of the Commission's statutory jurisdiction and contrary to past Commission decisions.

Rule 4901:1-10-27

The changes to this rule will require electric utilities and transmission owners to file a report with the Commission. If this rule is ultimately implemented, when will the first such report be required? What is driving the need for submitting such a report to the Commission rather than simply maintaining the information on file with Staff?

Rule 4901:1-10-28 (Net Metering)

Proposed changes to the net metering tariff are extensive and represent significant change to existing practices. This change in policy would be more appropriately considered after holding net metering specific workshops where interested parties could discuss the details with Staff and the Commission. The workshops held previously for this purpose were not informative since it was difficult to know in advance what kinds of changes were contemplated. In the absence of an opportunity to engage in public discussion, Duke Energy Ohio submits the following.

The changes proposed are significantly lacking in detail. Part of the problem with the proposed language is that it fails to recognize the difficulties inherent in designing a net metering tariff in a deregulated environment. For example, requiring the electric distribution utility to refund a customer at the rate that customer currently pays for generation is inherently unfair. Customers who shop with competitive retail suppliers pay that supplier's rate. The proposed language requires that the utility refund the customer based upon the rate that customer is paying. To the extent such rate is higher than the utilities' standard service offer (SSO) rate, such refund is provided at the expense of SSO customers. There is no rationale for SSO customers subsidizing shopping customers that choose to participate in net metering. Thus, this methodology is flawed and fails to recognize the deregulated environment.

Additionally, the Commission should recognize that net metered customers' bills are handled individually. For example, at present, Duke Energy Ohio has 385 customers who are net metered. Of those 385 customers, 36 customers had "excess" electricity at the end of one year. Duke Energy Ohio's tariff presently states that a customer may request a true-up and refund annually. Thus, at the end of one year, these 36 customers receive a credit on their bill. All of this billing is managed by hand. The Company's current billing system is not designed to

perform the necessary calculations for such arrangements. This individual attention is particularly necessary given the number of riders applicable, the rider's applicability depending upon whether or not the charge is by-passable and the need to return a generation value to the customer despite the customer's shopping status. Any rule change that dictates billing scenarios should be drafted to consider such requirements. Also, the utility should not be required to identify which customers are excessive generators each month and then issue credits as required. Customers should be required to self-identify if they are entitled to a refund and then the Company can issue the credit that is due.

Addressing the proposed rule changes more specifically, paragraph (B)(3) should be revised to read as follows:

“The tariff shall also contain provisions on the procedures the electric utility will take in calculating bills, working with and handling a customer generator that becomes an excessive-generator.”

Paragraph (B)(3)(b) should be revised to read as follows:

“The rules and conditions regarding excessive generation should include when a customer-generator is considered to be an excessive-generator and the procedure the electric utility will take in calculating bills, working with and handling a customer-generator that is an excessive-generator.”

Paragraph (B)(5) should have one additional sentence at the end that specifies that a net metering credit shall be applied only to the account whose meter is electrically connected with the generating system. Otherwise existing language in (B)(5) is insufficient to define specifically the connection between the premise, the generator and the account all at one time.

In paragraph (B)(6), there seems to be a misstatement. The rule states: “A customer who generates *less* than one hundred and twenty percent of its requirements should be presumed...” “Are customers who generate one hundred twenty percent or more of their requirements by definition ineligible for net metering? Such customers should be ineligible as it is generally expected that such a customer offset that customer’s normal usage.

With reference to paragraphs (B)(9)(c) and (B)(10), as stated above, for shopping customer-generators with excess generation, what generation rates should be used to calculate the credit? Should excess generation credits be calculated using the supplier’s rate, or should credits be based on the electric utility’s SSO rate? How should generation-related demand charges be addressed?

For hospital customer generators, paragraph (C)(4) requires: “One meter or register shall be capable of measuring the electricity generated by the hospital at the time it is generated.” This requirement should read: “One meter or register shall be capable of measuring the electricity generated by the hospital at the output of the generator at the time it is generated.” Is it the Commission’s intent, with this requirement to mandate that one meter be located at the generator?

Paragraph (C)(5) states that a utility’s tariff should allow the hospital customer to operate its electric generating facilities *individually or collectively without any wattage limitation on size*. The Commission should include language in this paragraph that requires the customer to pay for additional infrastructure or equipment that may be necessary under these circumstances if existing service is not adequate to handle the capacity of the hospital’s *unrestricted* generation.

With reference to the provisions in paragraphs (C)(6)(a) and (b), the rule states that all electricity generated by the hospital shall be credited at the market value as of the time the

hospital generated the electricity. This is electricity measured at the output of the generator. Therefore, to account for all electricity flow, the measurement of the electricity from the utility to the hospital should be calculated as the sum of the electricity measured at the utility's billing meter plus the electricity measured at the output of the generator.

Rule 4901:1-28, paragraph (B)(5) should have one additional sentence at the end that specifies that a net metering credit shall be applied only to the account whose meter is electrically connected with the generating system. Otherwise existing language in (B)(5) is insufficient to define specifically the connection between the premise, the generator and the account all at one time.

I. Conclusion

Duke Energy Ohio appreciates the opportunity to comment on the proposed rules in Chapter 4901:1-10, O.A.C., and respectfully requests that the Commission adopt the changes recommended herein.

On behalf of Duke Energy Ohio, Inc.,



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CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the foregoing was delivered via U.S. mail (postage prepaid), personal, or electronic mail delivery on this the 7th day of January, 2013, to the following parties.



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