

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Commission's Review of)
Chapter 4901:1-11, Ohio Administrative) Case No. 12-2051-EL-ORD
Code, Regarding Interconnection Services.)

REPLY SUPPLEMENTAL COMMENTS OF DUKE ENERGY OHIO, INC.

Duke Energy Ohio, Inc. (Duke Energy Ohio) submits the following additional comments in response to the Public Utilities Commission of Ohio (Commission) request for reply supplemental comments related to proposed changes to Chapter 4901:1-22, Interconnection Services.

Comment in Response to Entry Paragraph 10 (a) and initial comments offered:

With regard to whether it makes sense for an electric distribution utility (EDU) to offer a standby tariff for generation related service, Duke Energy Ohio agrees with comments offered by Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company (Companies) and responds that for shopping customers, generation related standby service should be linked to the competitive retail electric supplier (CRES) rate paid by the individual shopping customer. For non-shopping customers, generation service should be based on the standard service offer rate. So to the extent a customer is entitled to a refund or credit, such credit should correspond to the rate the customer is presently paying.

Comment in Response to Entry Paragraph 10, (b) and (c) and initial comments offered:

The Commission posed a question with regard to whether a customer should only pay for service actually used on a *pro rata* basis during a given billing period for contracted load. Duke Energy Ohio agrees with comments offered by the Companies and disagrees with the Commission's suggested approach. Such customer generators should pay their full share of distribution related costs. The cost of providing distribution service to a customer generator is the same regardless of the number of days or hours during the month that the customer requires distribution service. The metering and customer transformer is sized to meet the customer's peak load, and this equipment stands ready to serve the customer on a continuous basis. Utilities must reserve feeder and substation transformer capacity to prevent system problems in the case that a larger customer generator suddenly needs the capacity. Historically, interruptible rates were implemented to provide system-wide benefits at the generation or transmission level. They have not been used to reduce loading on individual distribution feeders. Distribution related interruptible rates would be problematic and expensive to implement and monitor.

It would likewise not be useful to develop similar provisions for distribution rates for planned maintenance services during non-peak periods. Distribution system costs are fixed costs, and the EDU must reserve capacity on the distribution feeders and substations to serve customers when their generation is down. The Company believes that customer generators must not receive subsidies from other customers.

Comment in Response to Entry Paragraph 10, (d) and initial comments offered:

The Commission queries what is the best way to develop a pro-rated rate structure for distribution services and whether it would be beneficial to establish a universal stand-by rate

template. As noted above, and in concurrence with comments offered by the Companies, each customer generator must remain responsible to pay its full fair share of distribution related costs. Costs to support a customer-generator are the same regardless of the number of days or hours during the month that the customer-generator requires distribution service. For these reasons, distribution service should not be pro-rated.

However a Commission approved stand-by rate template that applies to all electric distribution utilities would be of benefit to all parties, including EDUs, customer-generators, Commission Staff and consultants. Such a template would allow for all parties to better understand the stand-by rate structure, and would reduce the number of customer complaints and billing problems.

Comment in Response to Entry Paragraph 10, (e) and initial comments offered:

In agreement with comments offered by the Companies, each customer-generator should not be charged a rate that accounts for the benefits provided by a diversity of units. The calculation of any such diversity benefits will be complex, and the benefits will vary throughout the EDUs service territory. Those conceptual benefits can change over time as customers come and go. Non-standard rates for customer-generators would be potentially discriminatory as well.

Respectfully submitted,



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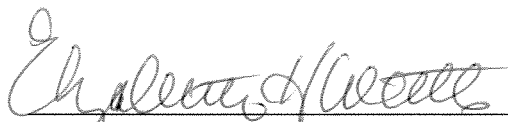
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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing has been served, via electronic service, to the parties of Record in Case No. 12-2051-EL-ORD this 6th day of February, 2013.



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