BEFORE

**THE PUBLIC UTILITIES COMMISSION OF OHIO**

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| In the Matter of Application of Duke Energy Ohio, Inc. to Adjust Rider DR-IM and Rider AU for 2013 Grid Modernization Costs. | )  )  )  ) | Case No. 14-1051-GE-RDR |

**INITIAL BRIEF OF IGS ENERGY**

**March 9, 2015**

Interstate Gas Supply, Inc. (“IGS”) hereby files its Initial Brief to address two limited issues related to Duke Energy Ohio, Inc.’s (“Duke”) application to collect costs associated with its Smart Grid deployment. First, it is apparent that Duke must continue to implement additional measures to ensure that its Smart Grid deployment provides benefits to its customers. Second, IGS requests that the Commission clarify in its Opinion and Order that utility investment may be recovered *only* to the extent that it is prudent and reasonable.

The Public Utilities Commission of Ohio (“Commission”) authorized Duke to implement Smart Grid technology in its service territory in Duke’s first electric security plan case.[[1]](#footnote-1) Nearly six years later, Duke now claims that Smart Grid deployment is almost complete.[[2]](#footnote-2) While Duke may have completed meter installation, that is only the first step to ensuring that Smart Grid deployment provides benefits to customers in Duke’s service territory.

The next step (which should have been completed in tandem with Smart Grid deployment) is to provide access to, and transmission of, smart meter interval data to competitive retail electric service (“CRES”) providers so that they may offer customers smart meter-enabled products and services. Duke has committed on multiple occasions to make available smart meter data to CRES providers.[[3]](#footnote-3) Further, the Commission has relied on Duke’s commitments as a basis to grant Duke hundreds of millions of dollars in cost recovery.[[4]](#footnote-4) But, Duke has yet to satisfy its commitments. And, Duke has given every indication that it has no intention to meet its obligations, absent another direct and unambiguous order from the Commission requiring Duke to do so.

IGS is confident that the Commission will address this issue in Case No. 14-2209-EL-ATA.[[5]](#footnote-5) But the Commission should keep in mind that any cost recovery authorized in this proceeding would be wasteful unless the Commission also requires Duke to provide interval data to CRES providers.

Additionally, IGS and the Office of the Ohio Consumers’ Counsel (“OCC”) submitted testimony recommending that the Commission disallow a portion of Duke’s Smart Grid expenditures because they were not prudently and reasonably incurred. An Entry granted Duke’s request to strike both IGS’s and OCC’s testimony.[[6]](#footnote-6) OCC filed an interlocutory appeal, which was subsequently denied.[[7]](#footnote-7)

While IGS has determined to not challenge the decision to strike the testimony of witness White, IGS requests that the Commission clarify the Entry denying OCC’s interlocutory appeal. It is unclear whether the Entry determined that cost recovery is conditioned upon a demonstration of prudence. The Entry stated:

OCC’s attempt to introduce evidence regarding Duke’s disconnection practices and credit and collections policies, which are not within the scope of this case, is clearly inappropriate. The purpose of this proceeding is to determine whether Duke’s SmartGrid costs were prudently incurred. It is not an investigation into whether Duke’s disconnection practices are appropriate.

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OCC still retains its ability to participate in this proceeding, seek the admission of the remainder of Mr. Williams testimony, and cross examine witnesses within the limits set by the Commission for this proceeding, i.e., whether 2013 deployment costs were prudently and reasonably incurred.[[8]](#footnote-8)

IGS agrees that the purpose of this proceeding—as in all cost recovery proceedings—is to determine whether a utility’s costs were prudently incurred. This is sound regulatory practice and consistent with precedent.[[9]](#footnote-9) IGS respectfully requests that the Commission clarify its intent in its opinion and order.

Therefore, IGS respectfully requests that the Commission adopt the recommendations contained herein.

***/s/ Joseph Oliker***

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**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a copy of the foregoing *Initial Brief of IGS Energy* was served this 9th day of March 2015 via electronic mail upon the following:

*/s/ Joseph Oliker\_\_\_\_\_\_\_*

Joseph Oliker

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1. *See generally In the Matter of the Application of Duke Energy Ohio for Approval of an Electric Security Plan*, Case Nos. 08-920-EL-SSO, *et al.*, Opinion and Order at 17-18 (Dec. 17, 2008). [↑](#footnote-ref-1)
2. Direct Testimony of Donald Schneider, Jr. at 3 (Jun. 13, 2014). [↑](#footnote-ref-2)
3. *In the Matter of the Application of Duke Energy Ohio Inc. for Authority to Establish a Standard Service Offer Pursuant to Section 4928.143, Revised Code, in the Form of an Electric Security Plan, Accounting Modifications and Tariffs for Generation Service*, Case Nos. 11-3549-EL-SSO, Stipulation at 33-35 (Oct. 24, 2011); *In the Matter of the Application of Duke Energy Ohio, Inc. to Adjust and Set Its Gas and Electric Recovery Rate for 2010 SmartGrid Costs Under Riders AU and Rider DR-IM and Mid-deployment Review of AMI/SmartGrid Program*, Case No. 10-2326-GE-RDR, Stipulation at 11 (Feb. 24, 2012); *In the Matter of the Application of Duke Energy Ohio, Inc., to Adjust Rider DR-IM and Rider AU for 2012 Grid Modernization Costs*,Case No. 13-1141-GE-RDR, Opinion and Order at 15 (Apr. 9, 2014) (hereinafter “*2012 Grid Modernization Case*”); *see also 2012 Grid Modernization Case*, Supplemental Direct Testimony of Donald Schneider, Jr. at 5-6 (Jan. 29, 2014). [↑](#footnote-ref-3)
4. *Id.* [↑](#footnote-ref-4)
5. *See In the Matter of Application of Duke Energy Ohio, Inc. to File for Tariff Approval*, Case No. 14-2209-EL-ATA. [↑](#footnote-ref-5)
6. Entry at 2-4 (Jan. 22, 2015). [↑](#footnote-ref-6)
7. Entry at 4-7 (Feb. 5, 2015). [↑](#footnote-ref-7)
8. Entry at 6-7 (Feb. 5, 2015). [↑](#footnote-ref-8)
9. *In re Application of Duke Energy, Ohio, Inc.*, 131 Ohio St.3d 487, ¶ 8, 2012-Ohio-1509, 967 N.E.2d 201. [↑](#footnote-ref-9)