

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke Energy)
Ohio, Inc. to Adjust Rider AU for 2016 Grid) Case No. 17-690-GA-RDR
Modernization Costs.)

REPLY COMMENTS OF DUKE ENERGY OHIO, INC.

I. Introduction

When the Commission approves this application, Duke Energy Ohio, Inc., (Duke Energy Ohio) will reduce the amount customers pay for gas smart grid deployment. In spite of this adjustment to rates that will benefit customers, the Office of the Ohio Consumers' Counsel (OCC) persists in arguing matters that are irrelevant to this proceeding and unsupported by any fact. OCC seeks to pre-argue a position that will be equally unsupportable in another proceeding. OCC's comments refer solely to matters that pertain to the Company's pending electric base rate proceeding and therefore should be entirely disregarded. The Company is filing a motion to strike OCC's comments in this proceeding.

II. Procedural History

Duke Energy Ohio filed an application initiating this proceeding on March 24, 2017. OCC and Ohio Partners for Affordable Energy (OPAE) intervened in the proceeding. Thereafter, the attorney examiner established a procedural schedule on April 4, 2017. The procedural schedule established July 21, 2017, as the deadline for Intervenors and Staff of the Public Utilities Commission (Staff) to file comments and August 4, 2017, as the deadline for all parties to reply. Reply comments were extended thereafter to August 11, 2017. Staff filed its

Review and Recommendations on July 5, 2017, and OCC filed comments on July 21, 2017. Below is Duke Energy Ohio's reply to the comments that were filed.

III. Comments of the Staff

The Company accepts Staff's Review and Recommendations filed on July 5, 2017 in this proceeding and has no comments in regards to Staff's Comments.

IV. Comments of the Office of the Ohio Consumers' Counsel

OCC argues matters that are not relevant to this proceeding. In doing so, however, OCC has raised a number of allegations that are incorrect. Duke Energy Ohio must respond to these incorrect statements.

First, gas meters were not deployed as part of the smart grid deployment, only communication modules that attached to existing gas meters. Further, Duke Energy Ohio has made no proposal to replace its Energy Data Management System (EDMS) as part of the electric base rate case. The Company merely plans to use a different existing system so that EDMS can ultimately be retired. It is concerning that after nearly a decade of the Company's smart grid deployment, the OCC's misunderstandings about the Company's deployment persist.

Second, there is no request in this proceeding to recover costs for "new AMI meters" in the 2016 gas cost recovery rider. Thus, to allay any concerns OCC may have and to clarify, there can be no "double recovery" of costs between this rider proceeding and the Company's pending electric rate case.

Third, some of the gas modules and nodes that were installed and are currently in use began their useful lives beginning in 2009. Therefore, contrary to OCC's assertions, customers have reaped the benefit of the use of the smart grid for much longer than two years. In each of the rider proceedings, the Company has recorded depreciation for these assets. For the

communication nodes, the depreciation life of the asset is estimated to be ten years. Surely OCC cannot expect that such technology would last indefinitely. The nature of communication technology is such that obsolescence is inevitable. Notwithstanding that reality, the Company seeks to provide reliable, safe and affordable service to its customers at the least cost possible. In support of that effort, the Company has suggested the best path forward in its base electric rate proceeding.

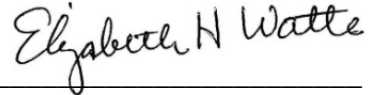
Finally, the current gas AMI infrastructure is not currently obsolete. The Company has proposed a less costly alternative technology for the next twenty years. This proposal represents significant study and planning and consideration of many competing factors. But approval of that technology for the next twenty years through a separate rate proceeding will have no bearing on his rider proceeding and has no relevance to this case.

V. Conclusion

OCC apparently misunderstands the proposal the Company has put forth in its pending electric base rate proceeding. OCC will have ample time to gain better understanding through discovery in that proceeding. Matters raised there are irrelevant to the recovery of costs for deployment of gas smart grid for 2016. OCC's comments should be disregarded as they are uninformed and irrelevant.

Respectfully submitted,

DUKE ENERGY OHIO, INC.



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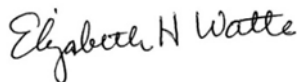
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CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the foregoing Reply Comments of Duke Energy Ohio, Inc. was delivered by U.S. mail (postage prepaid), personal, or electronic mail, on this 11th day of August, 2017, to the following parties.



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