

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 TO MEMORANDUM CONTRA MOTION TO STRIKE
OF DUKE ENERGY OHIO, INC.**

I. INTRODUCTION

This case involves recovery of costs for deployment of gas automated metering that has been underway since 2009. In this proceeding, the charge to customers through Rider AU will decrease. There is no disagreement between Duke Energy Ohio, Inc. (Duke Energy Ohio or the Company) and the Staff of the Public Utilities Commission of Ohio (Staff). Indeed, this is likely the final such case because the installation of these meters was completed in 2016. The Office of the Ohio Consumers' Counsel (OCC) seeks to unnecessarily complicate this proceeding and to conflate the issues in this case with matters more properly addressed in other proceedings. There is no purpose in doing so other than to allow OCC to provide an early preview of its issues that pertain to matters not relevant here. Litigating these matters in multiple forums is administratively inefficient. The Public Utilities Commission of Ohio (PUCO or the Commission) should strike OCC's comments in this proceeding.

II. DISCUSSION

A. OCC's comments are irrelevant to this rider proceeding.

This case is about the prudence of Duke Energy Ohio's expenditures to complete grid modernization through 2016. This is the final such application for recovery of costs related to the deployment of a SmartGrid that has been taking place since 2009. However, OCC has submitted comments in this case that seek to broaden the scope to include matters currently pending before the Commission in the Company's electric distribution rate case. OCC's comments are telling in that they are replete with references to the currently pending Duke Energy Ohio electric distribution rate proceeding rather than to anything pertinent to this rider case. For example, OCC noted that if the existing technology is not sustainable, and will become obsolete, then the PUCO must determine what happens and also that under certain circumstances, a determination should be made regarding the upgrades that Duke Energy Ohio has proposed.¹ These issues must be dealt with in the rate proceeding and are irrelevant to the purpose of this case. Considering the issues here would be administratively inefficient and duplicative.

B. OCC's factually incorrect assertions will be addressed in the electric distribution rate case.

OCC neglects to recognize that its purported factual assertions in this case cannot be resolved here as they related to the pending electric distribution rate case. The testimony supporting the proposals put forth in that case has not been sponsored in this case, nor should it be. If the Company were to address OCC's contentions here, it would necessarily need to reiterate all of the supporting testimony from the distribution electric rate case, in this proceeding, and address identical questions twice. Such a process would significantly waste administrative time and resources.

¹ Comments by the Office of the Ohio Consumers' Counsel at p.4.

For example, in its comments, OCC states: “But, as demonstrated in Duke’s electric distribution rate case filing, Duke intends to replace the newly installed gas meter reading technology that customers have...”² In the first instance, nothing has yet been demonstrated in the rate case filing. The Company’s application is pending and the hearing has not yet been held. Secondly, OCC misreads the Company’s application. There is no pending proposal to replace gas meter reading technology. Rather, the Company proposes instead to update communication modules.³ This is an example of the misleading nature of OCC’s Memorandum Contra and a good example of why these matters must be dealt with in the rate case rather than in this proceeding. OCC submitted its comments and its testimony in this proceeding, without engaging in any discovery with the Company. OCC has submitted voluminous discovery with respect to the Company’s proposal in the rate case and can use that discovery to make its argument in that proceeding.

Likewise, in its comments, OCC suggests that the Commission should consider “whether existing technology is not sustainable, and will become obsolete.”⁴ But this issue has not been the subject of the Staff’s audit of this proceeding, nor should it be. The pending electric distribution rate case will provide a forum for such questions. Duplicating the inquiry with this case is inefficient and impractical.

C. OCC’s request for an independent review is unnecessary.

OCC states that the PUCO should order an independent review to determine whether the Company’s gas meter reading system is sustainable for serving gas customers. However, the OCC forgets that such a review has already occurred. The Commission did obtain a consultant

² Comments by the Office of the Ohio Consumers’ Counsel at p.3.

³ *In the Matter of the Application of Duke Energy Ohio, Inc., for an Increase in Electric Distribution Rates*, Case No.17-032-EL-AIR, et al., Direct Testimony of Donald L. Schneider, Jr., (March 16, 2017) at p.11.

⁴ Comments by the Office of the Ohio Consumers’ Counsel at p.4.

to advise with respect to deployment of SmartGrid and that case resulted in the Commission approving a stipulation that provided for continuation of deployment. As a result of that Opinion and Order, the Company completed the deployment as planned, with the approval of the Commission and pursuant to the terms of a stipulation that was agreed to by OCC.⁵

OCC's memorandum contra the Company's motion to strike indicates that "Duke appears to believe the gas meters installed as part of the program are obsolete and should be replaced."⁶ OCC further argues, "If Duke's rate case recommendations are followed, customers risk paying twice when they may not need to do so."⁷ As explained above, the Company does not believe its meters are obsolete. OCC is misreading the Company's application and misdirecting the Commission's attention. Further, the rate case outcome is far from settled. Matters related to the electric distribution rate case will be addressed in the rate case as needed and should not be duplicated in this proceeding.

In this case, the charge to customers through Rider AU will decrease. Despite these circumstances, the OCC unduly seeks to broaden the scope of the proceeding. There can be no useful purpose in doing so. The Commission should strike OCC's comments in this proceeding.

⁵ *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 Rider AU and Rider DR-IM and Mid-Deployment Review of AMI/SmartGrid Program*, Case No.10-2326-GE-RDR, Opinion and Order, (June 13, 2012).

⁶ Comments by the Office of the Ohio Consumers' Counsel at p.5.

⁷ *Id.*

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the foregoing was delivered by U.S. mail (postage prepaid), personal delivery, or electronic mail, on this 30th day of August, 2017, to the following parties.

/s/ Elizabeth H. Watts

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