

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application)	
of Duke Energy Ohio, Inc. to)	
Establish Reliability Standards.)	Case No. 13-1539-EL-ESS
)	

STIPULATION AND RECOMMENDATION

Rule 4901-1-30, Ohio Administrative Code (O.A.C.), provides that any two or more parties to a proceeding may enter into a written stipulation covering the issues presented in such a proceeding. The purpose of this document is to set forth the understanding and agreement of the parties that have signed below (Signatory Parties or Parties) and to recommend that the Public Utilities Commission of Ohio (Commission) approve and adopt this Stipulation and Recommendation (Stipulation), which resolves all of the issues raised by the Parties in this case relative to Duke Energy Ohio, Inc.'s (Duke Energy Ohio or the Company) Amended Application to Establish Reliability Standards (Application). This Stipulation is supported by adequate data and information including, but not limited to, Duke Energy Ohio's Application.

The Stipulation represents a just and reasonable resolution of the issues raised in these proceedings, violates no regulatory principle or precedent, and is the product of lengthy, serious bargaining among knowledgeable and capable parties in a cooperative process, encouraged by this Commission and undertaken by the Parties representing a wide range of interests, including the Commission's Staff (Staff) and the Office of the Ohio Consumers' Counsel to resolve the aforementioned issues. Although this Stipulation is not binding on the Commission, it is entitled to careful consideration by the Commission. For purposes of resolving all issues raised by these proceedings, the Parties stipulate, agree, and recommend as set forth below.

This Stipulation is a reasonable compromise that balances diverse and competing interests and does not necessarily reflect the position that any one or more of the Parties would have taken had these issues been fully litigated. This Stipulation represents an agreement by all Parties to a package of provisions rather than an agreement to each of the individual provisions included within the Stipulation. The Signatory Parties' agreement to this Stipulation, in its entirety, shall not be interpreted in a future proceeding before this Commission as their agreement to only an isolated provision of this Stipulation.

This Stipulation is submitted for purposes of these proceedings only, and neither this Stipulation nor any Commission Order considering this Stipulation shall be deemed binding in any other proceeding nor shall this Stipulation or any such Order be offered or relied upon in any other proceedings, except as necessary to enforce the terms of this Stipulation, including, but not limited to terms that will affect future proceedings.

The Signatory Parties agree that the settlement and resulting Stipulation are a product of serious bargaining among capable, knowledgeable Parties. This Stipulation is the product of an open process in which all Parties were represented by able counsel and technical experts. The Stipulation represents a comprehensive compromise of issues raised by Parties with diverse interests. The Signatory Parties, which include Duke Energy Ohio, the Staff,¹ and the Office of the Ohio Consumers' Counsel (OCC), have signed the Stipulation and adopted it as a reasonable resolution of all issues. The Signatory Parties believe that the Stipulation that they are recommending for Commission adoption presents a fair and reasonable result.

¹ The Staff of the Public Utilities Commission of Ohio will be considered a party for the purpose of entering into this Stipulation pursuant to Ohio Administrative Code Sections 4901-1-10(C) and 4901-1-30.

The Signatory Parties agree that the settlement, as a package, benefits ratepayers, and is in the public interest. The Signatory Parties agree that the settlement package does not violate any important regulatory principle or practice.

This Stipulation is expressly conditioned upon its adoption by the Commission in its entirety and without material modification. If the Commission rejects or materially modifies all or any part of this Stipulation,² each and every Signatory Party shall have the right, within thirty days of issuance of the Commission's Order, to file an application for rehearing or to terminate and withdraw the Stipulation by filing a notice with the Commission. The Signatory Parties agree they will not oppose or argue against any other Signatory Party's notice of termination or application for rehearing that seeks to uphold the original, unmodified Stipulation. If, upon rehearing, the Commission does not adopt the Stipulation in its entirety and without material modification, any Signatory Party may terminate and withdraw from the Stipulation. Termination and withdrawal from the Stipulation shall be accomplished by filing a notice with the Commission, including service to all Signatory Parties in this proceeding, within thirty days of the Commission's Order or ruling on rehearing that does not adopt the Stipulation in its entirety and without material modification. Other Signatory Parties to this Stipulation agree to not oppose the termination and withdrawal of the Stipulation by any other Signatory Party. Upon the filing of a notice of termination and withdrawal, the Stipulation shall immediately become null and void.

Prior to the filing of such a notice, the Signatory Party wishing to terminate agrees to work in good faith with the other Signatory Parties to achieve an outcome that substantially satisfies the intent of the Stipulation and, if a new agreement is reached that includes the

² Any Signatory Party has the right, at its sole discretion, to determine what constitutes a "material" change for the purposes of that Party withdrawing from the Stipulation.

Signatory Party wishing to terminate, then the new agreement shall be filed for Commission review and approval. If the discussions to achieve an outcome that substantially satisfies the intent of the Stipulation are unsuccessful in reaching a new agreement that includes all Signatory Parties to the present Stipulation, the Commission will convene an evidentiary hearing such that the Signatory Parties will be afforded the opportunity to present evidence through witnesses and cross-examination, present rebuttal testimony, and brief all issues that the Commission shall decide based upon the record and briefs as if this Stipulation had never been executed.

WHEREAS, all of the related issues and concerns raised by the Parties have been addressed in the substantive provisions of this Stipulation, and reflect, as a result of such discussions and compromises by the Parties, an overall reasonable resolution of all such issues; and,

WHEREAS, the Signatory Parties believe that the agreements herein represent a fair and reasonable solution to the issues raised in this proceeding concerning Duke Energy Ohio's Application,

NOW THEREFORE, it is agreed that:

1. In its 2015 and 2016 calendar years, Duke Energy Ohio shall measure performance against the following reliability standards: A Customer Average Interruption Duration Index, (CAIDI), and a System Average Interruption Frequency Index, (SAIFI).
2. The Parties agree that the SAIFI standard shall be set at 1.05 for each of the years 2015 and 2016.
3. The Parties agree that the CAIDI standard shall be set at 122.81 for each of the years 2015 and 2016.

4. Duke Energy Ohio will continue to administer a customer perception survey, pursuant to Rule 4901:1-10-10(B)(4)(b), will comply with all of Staff's reliability survey guidelines, including (1) each of these surveys (residential and small commercial) shall contain a minimum sample size of 400 customers; and (2) each of these surveys (residential and small commercial) shall be administered to one quarter of the total sample (minimum of 100) during each of four consecutive calendar quarters; and the Company will provide reports of the results in the Application that is to be filed pursuant to paragraph (5) below.
5. The Parties agree that Duke Energy Ohio shall file an Application to establish standards for performance during 2016 so that the standards may be in place for 2017 and thereafter until new standards are established.
6. In an Application filed pursuant to paragraph (5) above, Duke Energy Ohio shall provide data supporting five years of historical system performance and shall explain factors and methodology used to determine historical performance periods used for purposes of preparing the data. The updated reliability performance standard application shall comply with the requirements set forth in Rule 4901:1-10-10(B)(2)-(6).
7. Duke Energy Ohio shall provide a list of IEEE outage codes and definitions used by the Company to categorize the root causes of outages. An explanation shall be provided for any changes that are made in the outage codes and definitions for all years that are being considered in establishing the historical performance.

8. The Parties recognize that Major Event Days (MEDs) are impacted annually by weather. Duke Energy Ohio shall provide an explanation of how it applies MED exclusions to its calculation of SAIDI standards for each year.
9. Duke Energy Ohio shall conduct (and file contemporaneously with its reopener application) an analysis to quantify the impact that its grid modernization has had on the reliability of its distribution system for its customers, using performance data for at least the two calendar years preceding the reopener application (2014 and 2015).

Duke Energy Ohio shall do so by providing a report to show:

- a.) the number of times Smart Grid self-healing teams have operated successfully and non-successfully, and;
- b.) the number of times electronic reclosers have operated successfully and non-successfully.

Such reports shall quantify the number of customers interrupted and customer minutes interrupted that Duke Energy Ohio estimates were actually reduced as a result of successful operations of self-healing teams.

10. Duke Energy Ohio shall also provide an analysis to quantify the impact that its non-SmartGrid distribution system improvements have had on the reliability of its distribution system for its customers, using performance data for at least the two calendar years preceding the reopener application, that includes:
 - a) List of miles of tree trimming activities completed for the previous two calendar years (2014 and 2015).

- b) Quantity of transformer retrofits accomplished for the previous two calendar years (2014 and 2015).
- c) Number of outage follow-up root-cause field investigations conducted for outages affecting >500 customers over the previous two calendar years (2014 and 2015) and the root cause found during such investigations.
- d) Number of quality construction audits completed for the previous two calendar years (2014 and 2015) and a summary of the lessons learned as a result of the audits.

11. Duke Energy Ohio shall provide an explanation and assessment of the impact of improvements to SAIDI and SAIFI as they relate to CAIDI.

IN WITNESS THEREOF, the undersigned Parties agree to this Stipulation and Recommendation as of this 25th day of July, 2014. The undersigned Parties respectfully request the Commission to issue its Opinion and Order approving and adopting this Stipulation.

On Behalf of Staff of the Public Utilities Commission of Ohio

Katie L. Johnston | EW

Thomas W. McNamee
Katie L. Johnston
Assistant Attorneys General
180 E. Broad Street
6th Floor
Columbus, Ohio 43215

On Behalf of Duke Energy Ohio, Inc.

Elizabeth H. Watts

Amy B. Spiller
Elizabeth H. Watts
Duke Energy Business Services LLC
139 E. Fourth Street, 1303 Main
Cincinnati, Ohio 45202


On Behalf of the Office of the Ohio Consumers' Counsel

Edmund J. Berger | EW

Edmund J. Berger
Assistant Consumers' Counsel
Office of the Ohio Consumers' Counsel
10 West Broad Street, Suite 1800
Columbus, Ohio 43215-3485

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and accurate copy of the foregoing document was served this 25th day of July, 2014, by U.S. mail, postage prepaid, or by electronic mail upon the persons listed below.


Elizabeth H. Watts

Thomas W. McNamee
Katie L. Johnson
Assistant Attorneys General
Office of the Attorney General
Mike DeWine
180 East Broad Street
7th Floor
Columbus, Ohio

Edmund Berger
Assistant Consumers' Counsel
10 West Broad Street
Suite 1800
Columbus, Ohio 43215
Schuler@occ.state.oh.us
Kern@occ.state.oh.us