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139 East Fourth Street, R. 25 At II  
P.O. Box 960  
Cincinnati, Ohio 45201-0960  
Tel: 513-419-1856  
Fax: 513-419-1826  
[Tamara.McIntosh@duke-energy.com](mailto:Tamara.McIntosh@duke-energy.com)  
Tamara R. Reid-McIntosh, Esq.  
Regulatory Legal Liaison  
Enterprise Customer Services

VIA OVERNIGHT MAIL

PUCO

October 16, 2008

Ms. Renee J. Jenkins  
Docketing Department  
Public Utilities Commission of Ohio  
180 East Broad Street, 13<sup>th</sup> Floor  
Columbus, Ohio 43215


Re: *Case No. 05-1500-EL-COI: In the Matter of the Commission's Review to Provision of the Federal Energy Policy Act of 2005 Regarding Net Metering, Smart Metering, Demand Response, Cogeneration, and Power Production*

Dear Ms. Jenkins:

Pursuant to the findings in the Commission's September 10, 2008, Finding and Order (Order) in Case No. 05-1500-EL-COI, Duke Energy Ohio (DE-Ohio) submits four copies its new tariff for Rate IS, which replaces DE-Ohio's Rate DI (Distribution Interconnection Procedures) tariff.

Please file one copy in the docket for Case No. 05-1500-EL-COI and one copy in the docket for Case No. 89-6002-EL-TRF. The remaining two copies are for distribution to the Rates and Tariffs, Energy and Water Division of the Commission's Utilities Department. Should you have any questions, please contact me at 513-419-1856 or Paul Colbert at 614-221-7551.

Kind Regards,



Tamara R. R. McIntosh, Esq.  
Regulatory Legal Liaison  
Duke Energy, Ohio

cc: Paul Colbert, Associate General Counsel, DE-Ohio  
Mike Gribler, General Manager, State Regulatory Affairs, DE-Ohio  
Jim Lemke, Consulting Engineer, Midwest Distribution Planning, DE-Ohio  
Don Storck, Director, Rates Services, DE-Ohio

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Doc. No. 242032

**RATE IS**  
**INTERCONNECTION SERVICE**

**APPLICABILITY**

Any Customer that operates or seeks to operate a generating device in parallel with the Company's distribution system is subject to the provisions and Special Terms and Conditions of this Tariff and the requirements of Chapter 4901:1-22, Ohio Administrative Code Uniform Electric Interconnection Standards.

Any Customer that operates or seeks to operate a generating device in parallel with the Company's transmission system, and such installation is not subject to the interconnection rules of the Midwest Independent System Operator and Federal Energy Regulatory Commission, is subject to the provisions and Special Terms and Conditions of this Tariff. Requests for such interconnections to the Company's transmission system are subject to the same fees and review procedures as Level 3 Standard Procedure as described in Chapter 4901:1-22, Ohio Administrative Code Uniform Electric Interconnection Standards.

A generating device is any device that produces electricity and includes, but is not limited to, any type of synchronous generator, induction generator, or inverter based system such as solar photovoltaic, wind turbine, fuel cell, or microturbine.

**APPLICATION AND APPROVAL PROCEDURES**

Any Customer seeking new Interconnection Service under this tariff shall follow the process and conform with the requirements as specified in Chapter 4901:1-22, Ohio Administrative Code Uniform Electric Interconnection Standards using the appropriate "Application for Interconnection" and "Interconnection Agreement".

**APPLICATION FEES AND STUDY COSTS**

No application fee is required to submit an "Application for Interconnection."

For Level 1, 1.1, and 1.2 applications, no additional fees will be charged for studies. For Level 2 applications, the Company may determine the need for a system impact study or facility study. For Level 3 applications, the Company may determine the need for a feasibility study, system impact study, or facility study. Fees for such feasibility studies, system impact studies, and facilities studies will be based on the Company's actual loaded labor rate.

Level 1, 1.1, 1.2, 2, and 3 are as described in Chapter 4901:1-22, Ohio Administrative Code Uniform Electric Interconnection Standards.

**TECHNICAL INTERCONNECTION REQUIREMENTS**

Customer must comply with all technical interconnection requirements specified by the Company. Such requirements by the Company shall not be in conflict with any requirements in Chapter 4901:1-22, Ohio Administrative Code Uniform Electric Interconnection Standards. The Company's technical requirements are based on *IEEE 1547-2003 "IEEE Standard for Interconnecting Distributed Resources with Electric Power Systems."* (IEEE 1547) The intent is to utilize IEEE 1547 requirements and to supplement those with a minimal number of additional requirements where appropriate. The purpose of a minimal number of Company requirements not included in IEEE

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1547 is to add clarity to some IEEE 1547 sections and to specify requirements for issues that were not addressed in IEEE 1547. Most Customer generator installations that meet IEEE 1547 will also satisfy the Company's technical requirements.

### **SPECIAL TERMS AND CONDITIONS**

Any Customer operating a generating device in parallel with the Company's system shall comply with the following Terms and Conditions:

1. Customer shall install, operate, and maintain, at Customer's sole cost and expense, any control, protective, or other equipment on the Customer's system required by the Company's technical interconnection requirements.
2. Any changes or additions to the Company's system required for interconnection service shall be considered excess facilities. Customer shall agree to pay Company for actual costs incurred for all such excess facilities prior to construction.
3. By entering into an Interconnection Agreement, or by inspection, if any, or by non-rejection, or by approval, or in any other way, Company does not give any warranty, express or implied, as to the adequacy, safety, compliance with applicable codes or requirements, or as to any other characteristics, of the generation equipment, controls, and protective relays and equipment (hereinafter called the "Generation Facilities"). The Generation Facilities installed and operated by or for Customer shall comply with, and Customer shall represent and warrant their compliance with: (a) the National Electrical Code and the National Electrical Safety Code, as each may be revised from time to time; (b) Company's rules and regulations, and Company's Service Regulations, each as contained in Company's Retail Electric Tariff and each as may be revised from time to time with the approval of the Public Utilities Commission of Ohio ("Commission"); (c) the rules and regulations of the Commission, including the provisions of Chapter 4901:1-22, Ohio Administrative Code Uniform Electric Interconnection Standards, as such rules and regulations may be revised from time to time by the Commission; and (d) all other applicable local, state, and federal codes and laws, as the same may be in effect from time to time.
4. Customer shall operate the Generation Facilities in such a manner as not to cause undue fluctuations in voltage, intermittent load characteristics or otherwise interfere with the operation of Company's electric system. At all times when the Generation Facilities are being operated in parallel with Company's electric system, Customer shall so operate the Generation Facilities in such a manner that no disturbance will be produced thereby to the service rendered by Company to any of its other customers or to any electric system interconnected with Company's electric system. Customer shall agree that the interconnection and operation of the Generation Facilities is secondary to, and shall not interfere with, Company's ability to meet its primary responsibility of furnishing reasonably adequate service to its customers.
5. Customer's control equipment for the Generation Facilities shall immediately, completely, and automatically disconnect and isolate the Generation Facilities from Company's electric system in the event of a fault on Company's electric system, a fault on Customer's electric system, or loss of a source or sources on Company's electric system. The automatic disconnecting device included in such control equipment shall not be capable of reclosing until after service is restored on Company's electric system. Additionally, if the fault is on Customer's electric system, such automatic disconnecting device shall not be reclosed until after the fault is isolated from

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**SPECIAL TERMS AND CONDITIONS (cont'd)**

Customer's electric system. Upon Company's request, Customer shall promptly notify Company whenever such automatic disconnecting devices operate.

6. Customer shall install, operate, and maintain, at Customer's sole cost and expense, the Generation Facilities in accordance with IEEE 1547 and the manufacturer's suggested practices for safe, efficient and reliable operation of the Generation Facilities in parallel with Company's electric system. Customer shall bear full responsibility for the installation, maintenance and safe operation of the Generation Facilities. Upon request from the Company, Customer shall supply copies of periodic test reports or inspection logs.
7. Customer shall be responsible for protecting, at Customer's sole cost and expense, the Generation Facilities from any condition or disturbance on Company's electric system, including, but not limited to, voltage sags or swells, system faults, outages, loss of a single phase of supply, equipment failures, and lightning or switching surges.
8. Customer must provide the Company reasonable opportunity to inspect the Generation Facilities prior to initial operation and witness the initial testing and commissioning of the Generation Facilities. Company may witness any commissioning tests required by IEEE 1547. Following the initial testing and inspection of the Generation Facilities and upon reasonable advance notice to Customer, Company shall have access at reasonable times to the Generation Facilities to perform reasonable on-site inspections to verify that the installation, maintenance and operation of the Generation Facilities comply with the requirements of this Agreement. The Company's cost of such inspection(s) shall be at Company's expense; however, Company shall not be responsible for any other cost Customer may incur as a result of such inspection(s). Upon written request, Customer shall inform Company of the next scheduled maintenance and allow Company to witness the maintenance program and any associated testing. Company shall also have at all times immediate access to breakers or any other equipment that will isolate the Generation Facilities from Company's electric system.
9. Company shall have the right and authority to isolate the Generation Facilities at Company's sole discretion if Company believes that: (a) continued interconnection and parallel operation of the Generation Facilities with Company's electric system creates or contributes (or will create or contribute) to a system emergency on either Company's or Customer's electric system; (b) the Generation Facilities are not in compliance with the requirements of this Tariff, and the non-compliance adversely affects the safety, reliability or power quality of Company's electric system; or (c) the Generation Facilities interfere with the operation of Company's electric system. In non-emergency situations, Company shall give Customer notice of noncompliance including a description of the specific noncompliance condition and allow Customer a reasonable time to cure the noncompliance prior to isolating the Generating Facilities.
10. Customer shall agree that, without the prior written permission from Company, no changes shall be made to the configuration of the Generation Facilities, as that configuration is described in the Interconnection Agreement, and no relay or other control or protection settings specified in the Interconnection Agreement shall be set, reset, adjusted or tampered with, except to the extent necessary to verify that the Generation Facilities comply with Company approved settings.
11. Each Party (the "Indemnifying Party") to the extent permitted by law shall indemnify and hold harmless the other Party from and against all claims, liability, damages and expenses, including attorney's fees, based on any injury to any person, including the loss of life, or damage to any

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**SPECIAL TERMS AND CONDITIONS (cont'd)**

property, including the loss of use thereof, arising out of, resulting from, or connected with, or that may be alleged to have arisen out of, *resulted from, or connected with*, an act or omission by the Indemnifying Party, its employees, agents, representatives, successors or assigns in the construction, ownership, operation or maintenance of the Indemnifying Party's facilities used in connection with this Agreement.

12. Customer shall agree to maintain reasonable amounts of insurance coverage against risks related to the Generation Facilities for which there is a reasonable likelihood of occurrence. Customer shall agree to provide Company from time to time with proof of such insurance upon Company's request.

**RIDER NM**

**NET METERING RIDER**

**AVAILABILITY**

Net Metering is available to qualifying customer generators, upon request, and on a first-come, first-served basis whenever the total rated generating capacity of all net metered generators is less than one percent of the Company's aggregate customer peak demand in Ohio. A qualifying customer generator is one whose generating facilities are:

- a. Fueled by solar, wind, biomass, landfill gas, or hydropower, or use a microturbine or a fuel cell;
- b. Located on the Customer's premises;
- c. Operated in parallel with the Company's transmission and distribution facilities;
- d. Intended primarily to offset part or all of the Customer's requirements for electricity;

**DEFINITION**

"Net Metering" means measuring the difference in an applicable billing period between the amount of electricity supplied by Company and the amount of electricity generated by such respective Customer that is delivered to Company.

**BILLING**

The measurement of net electricity supplied by Company and delivered to Company shall be calculated in the following manner. Company shall measure the difference between the amount of electricity delivered by Company to Customer and the amount of electricity generated by the Customer and delivered to Company during the billing period, in accordance with normal metering practices. If the kWh delivered by Company to the Customer exceeds the kWh delivered by the Customer to Company during the billing period, the Customer shall be billed for the kWh difference. If the kWh generated by the Customer and delivered to Company exceeds the kWh supplied by the Company to Customer during the billing period, the Customer shall be credited the kWh difference. The credit shall be only for the generation component of the applicable rate tariff. The Customer may request in writing a refund that amounts to, but is no greater than, an annual true-up of accumulated credits over a twelve month period.

Bill charges and credits will be in accordance with the standard tariff that would apply if the Customer did not participate in this rider.

**METERING:**

Net metering shall be accomplished using a single meter capable of registering the amount (flow) of electricity which flowed in each direction during a billing period. If the existing electrical meter is not capable of measuring the flow of electricity in two directions, the customer-generator shall be responsible for all expenses involved in purchasing and installing a meter that is capable of measuring electricity flow in two directions. The Company, at its own expense and with the written consent of the customer-generator, may install one or more additional meters to monitor the flow of electricity in each direction.

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## **TERMS AND CONDITIONS**

Customer shall maintain reasonable amounts of insurance sufficient to meet its construction, operating and liability responsibilities associated with the generator installation. Customer shall agree to provide Company from time to time with proof of such insurance upon Company's request.

Company and Customer to the extent permitted by law shall indemnify and hold the other party harmless from and against all claims, liability, damages, and expenses, including attorney's fees, based on any injury to any person, including loss of life or damage to any property, including loss of use thereof, arising out of, resulting from, or connected with, or that may be alleged to have arisen out of, resulted from, or connected with an act or omission by such other party, its employees, agents, representatives, successors, or assigns in the construction, ownership, operation, or maintenance of such party's facilities used in net metering.

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Public Utility Commission of Ohio and the Company's Service Regulations, as filed with the Public Utility Commission of Ohio.

## **INTERCONNECTION**

Customer shall make an application for Interconnection Service and execute an Interconnection Agreement as outlined in Rate IS – Interconnection Service.

Customer shall comply with all applicable requirements of Rate IS – Interconnection Service.

Conformance with these requirements does not convey any liability to the Company for damages or injuries arising from the installation or operation of the generator system.

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## **SECTION VI - BILLING AND PAYMENT**

### **1. Billing Periods - Time and Place for Payment of Bills**

Bills ordinarily are rendered at monthly intervals. Non-receipt of bills by the customer does not release or diminish the obligation of the customer with respect to payment thereof.

The word "month" as it pertains to the supply of service shall mean the period of approximately thirty (30) days between meter readings, as fixed and made by the Company. Meters are ordinarily read monthly, however, meters may be read more or less frequently in such instances as, when special readings are required, at the customer's request, or when the Company has been unable to obtain readings. If the Company has been unable to obtain a meter reading for a period of twelve (12) consecutive months, the Company may, at its option, refuse or disconnect service to the premises in accordance with Section I Paragraph 3, Company's Right to Refuse or Disconnect Service, of these ELECTRIC SERVICE REGULATIONS. The Company shall have the right to establish billing districts for the purpose of reading meters and rendering bills to customers at various dates. A change or revision of any rate schedule shall be applicable to all bills on which the final monthly meter reading was taken on or after the effective date of such change or revision, except as otherwise ordered by the Public Utilities Commission of Ohio.

Where the Company is unable to obtain a meter reading, estimated bills, so identified, will be rendered for an estimated amount to permit normal monthly payment, such payments to be credited to the next bill rendered.

When the Company is requested by the customer to terminate service, or when the Company discovers a customer has terminated service by moving from the premises served, or when the Company disconnects service due to nonpayment of the account or for other reasons, the Company will render a final bill addressed to the customer's forwarding address, if known, or to the last known address, for the entire balance of the account, including a bill calculation from the last read date, with special meter readings taken for combination gas and electric and gas only accounts and identified estimated meter readings being used for non-heating electric only accounts. Unpaid balances of previously rendered final bills may be transferred to the new account and included on initial or subsequent bills.

When the customer begins use of service, an initial bill is normally rendered for the period from the initial date of service to the first regular meter reading date for the billing district in which the premises is located, this period normally being less than one month, except that the bill is suspended if the period is less than eight (8) days.

All of the Company's rate schedules are established on a monthly basis which would include monthly billing periods in accordance with the Company's meter reading schedule. A normal meter reading period consists of the number of days between scheduled reads, that is, between twenty-seven (27) and thirty-five (35) days, plus or minus three (3) working days. Where billing amounts reflects a period of more than one (1) month, those amounts shall be prorated based on the normal scheduled meter reading dates and divided into increments of one (1) month or less. If the increments represents less than one (1) month, the appropriate billing components will be billed as a prorated portion of the period defined by the normal scheduled meter reading dates.

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Issued by Sandra P. Meyer, President



## **SECTION VI - BILLING AND PAYMENT (Contd.)**

Bills are due on the date indicated thereon as being the last day for payment of the net amount, and the due date shall not be less than twenty-one (21) days after the mailing of the bill. Bills are payable only at the Company's offices or authorized agencies for collection. If a partial payment is made, the amount will be applied to items of indebtedness in the same order as they have accrued.

### **2. Selection of Rate Schedule**

When a prospective customer makes application for service, the Company will, upon request, assist in the selection of the Rate Schedule most favorable to customer for the service requested. The selection will be based on the prospective customer's statement as to the class of service desired, the amount and manner of use, and any other pertinent information.

A customer being billed under one of two or more optional rate schedules applicable to the customer's class of service may elect to be billed on any other applicable rate schedule by notifying the Company in writing, and the Company will bill the customer under such elected schedule from and after the date of the next meter reading. However, a customer having made such a change of rate schedule may not make another such change within the next twelve months, or as otherwise provided elsewhere in the applicable rate schedules.

### **3. Temporary Discontinuance of Service**

If any residential customer notifies the Company in writing to discontinue service, the Company will make no minimum charge for any full meter reading period during the period of discontinuance; provided however, that the Company may charge and collect a sum of fifteen dollars (\$15.00) prior to reconnecting a service which was discontinued at the customer's request within the preceding twelve months.

### **4. Availability of Budget Billing**

The Company has available to its customers a "Budget Billing Plan" which minimizes billing amount fluctuations over a twelve month period. The Company may exercise discretion, as permitted by Rule 4901:1-18-4 (C) of the Ohio Administrative Code, to restrict the availability of such a plan to a customers who:

- (a) Have no arrearages (other than amounts already incorporated in a previously agreed upon extended payment plan); and
- (b) Are not in default on a previously agreed upon extended payment plan.

### **5. Bill Adjustment**

Overcharges will be refunded to the customer for the entire period of inaccurate billing if that period is discernible. If the period of inaccurate billing is not discernible, the shortest period encompassing the elapsed time since the customer's "on" date, the installation date of the inaccurate meter, or 365 days will form the basis for determining the refund amount.

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## **SECTION VI - BILLING AND PAYMENT (Contd.)**

Undercharges may be billed and the customer shall pay the charges for the entire period of inaccurate billing when that period is discernible, except undercharges billed to residential customers shall be limited to a maximum of 365 days prior to the date the billing is corrected. There will be no maximum limit of time for cases involving tampering or theft of utility service, or where a physical act of a customer or its agent causes inaccurate or no recording of the meter reading, or inaccurate or no measurement of the electricity rendered.

### **6. Market Development Period**

The Market Development Period is the period of time which is designed to enable transition from a regulated market to a competitive market for procurement of electricity in the State of Ohio. The Market Development Period begins on January 1, 2001 for all customers and may be ended for a customer class by the Company when twenty-percent load switching has been achieved by that class. The customer classes are Residential, Commercial, Industrial, and Other Public Authorities. The Company assigns customers to one of these classes based upon the use of their facilities. The duration of the Market Development Period may differ for each customer class. The Market Development Period for residential customers will not end before December 31, 2005.

The switching amount will be determined by customer enrollment on a first-come, first-served basis; the percentage load switching by class (Residential, Commercial, Industrial, and Other Public Authorities) shall be calculated initially based upon 1999 actual sales, and beginning with calendar year 2001, shall be updated annually to reflect actual retail sales in the Company's service territory on a calendar year basis.

For the residential class, twenty-percent load switching will be achieved when the total annual kilowatt-hours of all residential customers who have switched to Certified Suppliers is twenty percent or more of the total annual kilowatt-hours of all residential customers. The kilowatt-hours associated with Percentage of Income Payment Program (PIPP) customers will not be included in the determination of the first 20% of the switching customers' load for the residential class if such customers are aggregated and bid out as a group.

For each non-residential class, twenty-percent load switching will be achieved when the total annual kilowatt demands of all customers in each class who have switched to Certified Suppliers is twenty percent or more of the total annual kilowatt demands of all customers in that class.

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