

FILE

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke)
Energy Ohio, Inc. for an Energy Efficiency Cost)
Recovery Mechanism and for Approval of)
Additional Programs for Inclusion in its)
Existing Portfolio.)

Case No. 11-4393-EL-RDR

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INITIAL COMMENTS OF
PEOPLE WORKING COOPERATIVELY, INC.

People Working Cooperatively, Inc. ("PWC") submits these initial comments in the above-named proceeding to the Public Utilities Commission of Ohio ("Commission") for its consideration. The testimony of Duke Energy Ohio's ("DE-Ohio's") Timothy J. Duff submitted with the application in this case addresses the issue of the company's proposed cost recovery mechanism for energy efficiency and peak demand reduction costs, proposing Rider EE-PDR. This rider will replace the current energy efficiency rider, Rider SAW, approved by the Commission as part of a stipulation reached in Duke Energy Ohio's first ESP case. The new rider will include DE-Ohio's recovery of costs incurred to provide energy efficiency and peak demand reduction and its ability to receive an incentive, which Mr. Duff's testimony describes.

What Rider EE-PDR does not include recovery of, for which Rider SAW has been the collection vehicle, is lost distribution revenue. Rather than employing the Rider EE-PDR as the vehicle for the recovery of lost distribution revenue, DE-Ohio has proposed an alternative rate recovery mechanism in its pending ESP case, Case No. 11-3549-EL-SSO, which, Mr. Duff explains, will eliminate "the need for a lost distribution revenue recovery mechanism by proposing a formula distribution rider." (Duff testimony, at 10, lines 8 through 16). Mr. Duff reserves the right for DE-Ohio to bring the matter of lost

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distribution revenue to this proceeding if the alternative rate recovery mechanism is not accepted by the Commission in the ESP case.

As a general matter, PWC urges the Commission to consider the benefits of the Commission's continuing to allow DE-Ohio the opportunity to recover timely lost distribution revenues associated with energy efficiency and peak demand reductions. For over twenty-five (25) years, PWC has been one of multiple service providers implementing multiple energy efficiency programs that have been designed and funded by DE-Ohio and its predecessor companies and delivered for the benefit of low income residential customers of DE-Ohio. Over its twenty-five (25) years of funding from DE-Ohio, PWC has been able to provide energy efficiency services to many thousands of low-income residential consumer homeowners in DE-Ohio's service territory. DE-Ohio was able to design these services for its low-income customers and fund service providers' execution of the programs because DE-Ohio was able to recover its costs associated with its programs. Absent such recovery, there is a strong disincentive for DE-Ohio to continue the design, creation, implementation and evaluation of robust and innovative energy efficiency programs.

Historically, DE-Ohio's energy efficiency programs have been creative, limited only to the extent of regulatory parameters for energy efficiency services and cost recovery. It has been willing to consider uncommon practice to achieve even greater energy efficiencies. As a result of DE-Ohio's collaborative approach to energy efficiency and its funding to PWC for the benefit of PWC's low-income clients, PWC has been able to attract funding from non-utility sources to augment the regulated energy efficiency services with those that can provide even greater energy efficiencies. For example, the value that PWC can add to the

DE-Ohio funded installation of insulation in a qualifying homeowner's attic is the repair or replacement of the damaged roof overhead, funded by private or other contributors to PWC and assuring that the first significant rainfall will not eliminate or greatly reduce the energy efficiencies that can be achieved with the insulation. This combination of funding sources for low-income residential clients of PWC is called the "Whole House" approach. Now is the time to legitimize the results of this approach by counting the identified and captured energy efficiencies that result.

Given the heightened interest in and statutory mandates regarding electric "energy efficiency" and based on PWC's long experience with energy efficiency program implementation, PWC agrees with Mr. Duff and supports DE-Ohio's request for funding flexibility for energy efficiency and peak demand reduction programs and an expedited approval process by Commission Staff for pilot programs.

And when PWC talks about innovative opportunities regarding identifying and capture of additional energy efficiencies, it echoes Mr. Duff's proposal that gas impacts on electric energy efficiency programs be considered, measured and translated into kWh savings, appropriately counted for electric energy efficiencies that can be credited to the electric utility's annual energy savings benchmarks in S.B. 221, Ohio Revised Code Section 4928.66(A)(1)(a).

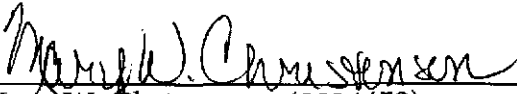
Pursuant to R.C. 49028.64 and R.C. 4928.66, only electric utilities are required to meet energy efficiency mandates. PWC produces energy efficiency as part of the services it performs. But the energy efficiency it produces is not always tied to a particular type of energy or fuel source. When PWC installs insulation it permits the homeowner to save gas and electricity. The same is true

when it installs a high performance gas furnace with an energy efficient electric motor. Most measures produce benefits associated with electricity, gas and the environment.

Appropriately counted gas impacts on electric energy efficiencies *will* result in the opportunity to provide low-income residential clients additional energy efficiency services that are today precluded by the currently strict marshalling and assigning of the energy efficiencies achieved to either the gas or the electric utility.¹ And, with proper counting, energy efficiency services may be expected to pass the TRC test.

PWC appreciates this opportunity to comment about what it has observed in its thirty years of providing energy efficiency and home weatherization services directly to DE-Ohio's customers.² Its experience, now being studied in a scientific way, corroborates DE-Ohio's Mr. Duff's testimony and supports the Commission's quest for a robust and flexible Technical Reference Manual.

Respectfully submitted on behalf of
PEOPLE WORKING COOPERATIVELY, INC.



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¹ Were it not for PWC's leveraged funding from private and public contributors, PWC would not be able to provide the Whole House services that have not been possible under historic energy efficiency programs.

² Over its thirty years of providing weatherization and energy efficiency services, PWC has provided services for over 250,000 low-income residential consumers in Ohio and Kentucky and more recently in Indiana.

CERTIFICATE OF SERVICE

I hereby certify that Initial Comments have been served upon the parties of record who are listed on the attached service list by e-mail this 21st day of September 2011.


Mary W. Christensen

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