

FILE

BOEHM, KURTZ & LOWRY
ATTORNEYS AT LAW
36 EAST SEVENTH STREET
SUITE 1510
CINCINNATI, OHIO 45202
TELEPHONE (513) 421-2255
TELECOPIER (513) 421-2764

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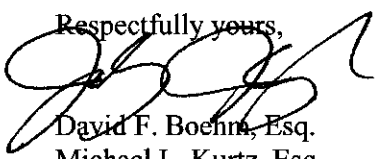
Public Utilities Commission of Ohio
PUCO Docketing
180 E. Broad Street, 10th Floor
Columbus, Ohio 43215

In re: Case No. 11-4393-EL-RDR

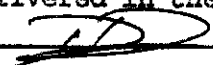
Dear Sir/Madam:

Please find enclosed an original and twenty (20) copies of the REPLY COMMENTS OF THE OHIO ENERGY GROUP fax-filed today in the above-referenced matter.

Copies have been served on all parties on the attached certificate of service. Please place this document of file.

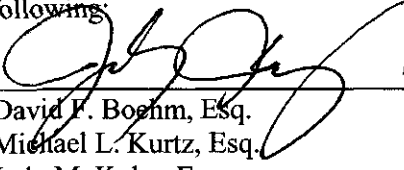
Respectfully yours,

David F. Boehm, Esq.
Michael L. Kurtz, Esq.
Jody M. Kyler, Esq.
BOEHM, KURTZ & LOWRY

DFBkew
Encl.
Cc: Certificate of Service

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CERTIFICATE OF SERVICE

I hereby certify that true copy of the foregoing was served by electronic mail (when available) or ordinary mail, unless otherwise noted, this 5th day of October, 2011 to the following:



David F. Boehm, Esq.
Michael L. Kurtz, Esq.
Jody M. Kyler, Esq.

DUKE ENERGY BUSINESS SERVICES
139 E. FOURTH STREET EAO25
CINCINNATI OH 45201

WATTS, ELIZABETH ASSOCIATE GENERAL COUNSEL
DUKE ENERGY OHIO, INC
139 E FOURTH STREET, 1303-MAIN P.O. BOX 961
CINCINNATI OH 45201-0960

OHIO PARTNERS FOR AFFORDABLE ENERGY
MOONEY COLLEEN L
1431 MULFORD RD
COLUMBUS OH 43212

MOONEY, COLLEEN
231 WEST LIMA STREET
FINDLAY OH 45840

PEOPLE WORKING COOPERATIVELY INC
4612 PADDOCK RD
CINCINNATI OH 45229

*SANTARELLI, TARA
ENVIRONMENTAL LAW & POLICY CENTER
1207 GRANDVIEW AVE., STE. 201
COLUMBUS OH 43212

CHRISTENSEN, MARY W
8760 ORION PLACE SUITE 300
COLUMBUS OH 43240

*CLARK, JOSEPH M MR
DIRECTOR OF REGULATORY AFFAIRS AND
CORPORATE COUNS
VECTREN SOURCE 6641 NORTH HIGH STREET SUITE 200
WORTHINGTON OH 43085

ALLWEIN, CHRISTOPHER J
1373 GRANDVIEW AVE SUITE 212
COLUMBUS OH 43212

*SANTARELLI, TARA
ENVIRONMENTAL LAW & POLICY CENTER
1207 GRANDVIEW AVE., STE. 201
COLUMBUS OH 43212

OHIO CONSUMERS COUNSEL
JEFFREY SMALL
10 WEST BROAD STREET, SUITE 1800
COLUMBUS OH 43215-3485

*DOUGHERTY, TRENT A MR.
OHIO ENVIRONMENTAL COUNCIL
1207 GRANDVIEW AVE. SUITE 201
COLUMBUS OH 43212

OHIO ENVIRONMENTAL COUNCIL
1207 GRANDVIEW AVE. SUITE 201
COLUMBUS OH 43212-3449

MOONEY, COLLEEN
231 WEST LIMA STREET
FINDLAY OH 45840

ALLWEIN, CHRISTOPHER J
1373 GRANDVIEW AVE SUITE 212
COLUMBUS OH 43212

**BEFORE THE
PUBLIC UTILITY COMMISSION OF OHIO**

**In The Matter Of The Application Of Duke Energy Ohio, :
Inc. For An Energy Efficiency Cost Recovery Mechanism : Case No. 11-4393-EL-RDR
And For Approval Of Additional Programs For Inclusion :
In Its Existing Portfolio :**

**REPLY COMMENTS
OF
THE OHIO ENERGY GROUP**

I. INTRODUCTION

The Ohio Energy Group (“OEG”) hereby submits Reply Comments addressing Duke Energy Ohio, Inc.’s (“Duke” or “Company”) proposal to establish Rider EE-PDR to recover the costs associated with implementing both existing and new energy efficiency and peak demand reduction programs. OEG is a non-profit entity organized to represent the interests of large industrial customers in electric and gas regulatory proceedings before the Public Utilities Commission of Ohio (“PUCO” or “Commission”). OEG’s members who are participating in this proceeding are: AK Steel Corporation, Air Products & Chemicals, Inc., BP-Husky Refining, LLC, E.I. DuPont de Nemours & Co., Ford Motor Company, GE Aviation, General Motors LLC, The Procter & Gamble Co., and Worthington Industries. These companies purchase electric distribution services from Duke.

II. ARGUMENT

OEG Recommends That The Commission Expressly Require Duke To Allocate Proposed Rider EE-PDR Charges By Rate Class/Schedule.

The Company's proposed tariff sheets for Rider EE-PDR, attached to the Direct Testimony of Duke witness James E. Ziolkowski, provide, in part:

“For each twelve month period, the [Program Costs] shall include all expected costs for the energy efficiency and peak demand response programs. Such program costs shall include the cost of planning, developing, implementing, monitoring, and evaluating the EE-PDR programs. Program costs will be assigned for recovery purposes to the rate classes whose customers are directly participating in the program. In addition, all costs incurred by or on behalf of the collaborative process, including but not limited to costs for consultants, employees and administrative expenses, will be recovered through the [Program Costs]. Administrative costs that are allocable to more than one rate class will be recovered from those classes and allocated by rate class on the basis of the estimated avoided capacity and energy costs resulting from each program.”¹

This language appears to indicate that Duke would have separate Rider EE-PDR charges for each rate class/schedule and would assign EE-PDR program costs to each rate class/schedule based on each rate class'/schedule's participation in those EE-PDR programs. However, under Duke's proposed tariff sheets for Rider EE-PDRR, the costs of Duke's energy efficiency and peak demand reduction programs seem to be allocated using more generic classifications, which simply distinguish between “residential” or “non-residential” customers.² This allocation seems to result in *all* non-residential rate classes/schedules paying for the costs of *all* non-residential energy efficiency and peak demand reduction programs. The Commission should not approve an allocation of energy efficiency and peak demand reduction compliance charges that simply divides the charges on a residential/non-residential basis. Instead, Rider EE-PDR should be billed to each specific rate class/schedule based on that schedule's direct benefit from the EE-PDR programs, consistent with the tariff language cited above.

¹ JEZ Attachment 2 at 1; JEZ Attachment 5 at 1(emphasis added).

² See Duke Application, Direct Testimony of James E. Ziolkowski, JEZ Attachment 3(reflecting a residential rate of \$0.002317 per kilowatt-hour and a non-residential rate of \$0.001301 per kilowatt-hour); JEZ Attachment 6. (reflecting a residential rate of \$0.002450 per kilowatt-hour and a non-residential rate of \$0.001334 per kilowatt-hour).

Allocating program costs solely on a residential versus non-residential basis is inequitable and unreasonable. The non-residential “bucket” of Duke’s customers includes a diverse group of rate classes that have varying levels of energy efficiency sophistication.³ The level of benefit that non-residential customers receive from one of Duke’s energy efficiency and peak demand reduction programs varies greatly by rate class/schedule. For example, the purpose of Duke’s existing Non-Residential Energy Assessment program is “to assist non-residential customers in assessing their energy usage and providing recommendations for more efficient use of energy.”⁴ This Energy Assessment program is simply not applicable to large, energy-intensive manufacturers. Such businesses are invariably sophisticated consumers that already spend a substantial amount of time and resources on minimizing their energy consumption. The national and international markets that such manufacturers compete in provide their own natural incentive to minimize energy costs. It is not realistic to believe that an energy assessment performed by a utility or third-party contractor could identify energy efficiency improvements better than the engineers and plant managers employed by a large auto manufacturing facility, oil refinery, or other large industrial company. It would not be appropriate to assign the costs of an energy efficiency or peak demand reduction program to a rate class/schedule that does not actually benefit from that program.

The energy efficiency and peak demand reduction riders of the other Ohio investor-owned utilities are already broken down by rate class/schedule.⁵ There is no justification for Duke to use a different method. Assigning Rider EE-PDR charges by rate class/schedule ensures that the costs of an energy efficiency and peak demand reduction program are assigned to the rate class or classes who actually benefit from that program. Duke Energy Ohio should adhere to the same allocation method as the other Ohio investor-owned utilities.

³ See Direct Testimony of James E. Ziolkowski, Attachment JEZ-4 at 6 (listing the following Rate Schedules as “Non-Residential:” DS-Service at Secondary Distribution Voltage, DP-Service at Primary Distribution Voltage, DM-Secondary Distribution Service-Small, GS-FL-Optional Unmetered General Service Rate for Small Fixed Loads, EH-Optional Rate for Electric Space Heating, SP, SFL-ADPL-Optional Unmetered Rate for Small Fixed Loads Attached Directly to Company’s Power Lines, TS-Service at Transmission Voltage, RTP-Real-Time Pricing, and CUR-Common Use Residential Service).

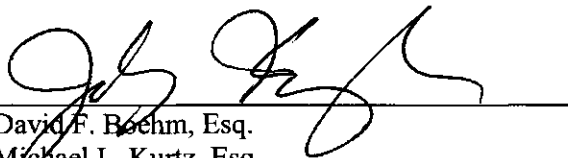
⁴ Duke Application, PUCO Case No. 09-1999 at 20.

⁵ See attachment.

III. CONCLUSION

Accordingly, the Commission should expressly require Duke to allocate Rider EE-PDR charges by rate class/schedule to ensure that only those customers that benefit from one of Duke's energy efficiency and peak demand programs will pay for the costs of that program.

Respectfully submitted,



David F. Boehm, Esq.

Michael L. Kurtz, Esq.

Jody M. Kyler, Esq.

BOEHM, KURTZ & LOWRY

36 East Seventh Street, Suite 1510

Cincinnati, Ohio 45202

Ph: (513) 421-2255 Fax: (513) 421-2764

E-Mail: dboehm@BKLawfirm.com

mkurtz@BKLawfirm.com

jkyler@BKLawfirm.com

COUNSEL FOR THE OHIO ENERGY GROUP

October 5, 2011

THE DAYTON POWER AND LIGHT COMPANY
MacGregor Park
1065 Woodman Drive
Dayton, Ohio 45432

Second Revised Sheet No. D38
Cancels
First Revised Sheet No. D38
Page 1 of 1

P.U.C.O. No. 17
ELECTRIC DISTRIBUTION SERVICE
ENERGY EFFICIENCY RIDER

The rates and charges listed in this tariff are intended to recover the costs associated with meeting the energy efficiency and peak demand reduction targets set forth in Section 4928.66 of the Ohio Revised Code. This is a non-bypassable charge (except if the customer qualifies for a mercantile opt-out exemption). The Energy Efficiency Rider (EER) shall be assessed on kilowatt-hours (kWh) of electricity per tariff class distributed under this Schedule at the rates stated below, effective on a service-rendered basis in the Company's first billing unit for the month of January 2010.

Residential	\$0.0020875	/kWh
Residential Heating - Rate A	\$0.0020875	/kWh
Residential Heating - Rate B	\$0.0020875	/kWh
Secondary	\$0.0006284	/kWh
Primary	\$0.0006284	/kWh
Primary-Substation	\$0.0006284	/kWh
High Voltage	\$0.0006284	/kWh
Private Outdoor Lighting		
9,500 Lumens High Pressure Sodium	\$0.0245076	/lamp/month
28,000 Lumens High Pressure Sodium	\$0.0603264	/lamp/month
7,000 Lumens Mercury	\$0.0471300	/lamp/month
21,000 Lumens Mercury	\$0.0967736	/lamp/month
2,500 Lumens Incandescent	\$0.0402176	/lamp/month
7,000 Lumens Fluorescent	\$0.0414744	/lamp/month
4,000 Lumens PT Mercury	\$0.0270212	/lamp/month
School	\$0.0006284	/kWh
Street Lighting	\$0.0006284	/kWh

The Energy Efficiency Rider Tariff shall be assessed until the Company's costs are fully recovered and will be revised once a year.

Filed pursuant to the Opinion and Order in Case No. 09-1908-EL-ATA dated April 6, 2010 of the Public Utilities Commission of Ohio.

Issued April 29, 2010

Effective May 1, 2010

Issued by
PAUL M. BARBAS, President and Chief Executive Officer

P.U.C.O. NO. 7

ENERGY EFFICIENCY AND PEAK DEMAND REDUCTION COST RECOVERY RIDER

Effective Cycle 1 June 2010, all customer bills subject to the provisions of this Rider, including any bills rendered under special contract, shall be adjusted by the Energy Efficiency and Peak Demand Reduction Cost Recovery charge per KWH as follows:

Schedule	¢/KWH
R-R, R-R-1, RLM, RS-ES and RS-TOD	0.28415
GS-1	0.27589
GS-2 and GS-2-TOD	0.27589
GS-3	0.27589
GS-4 and IRP-D	0.04108
SBS	0.00000
SL	0.00000
AL	0.00000

If approved by the Commission, mercantile customers that have committed their demand response or other customer-sited capabilities, whether existing or new, for integration into the Company's demand response, energy efficiency or peak demand reduction programs, may be exempted from this Rider.

Filed pursuant to Order dated May 13, 2010 in Case No. 09-1089-EL-POR

Issued: May 21, 2010

Issued by
Joseph Hamrock, President
AEP Ohio

Effective: Cycle 1 June 2010

P.U.C.O. NO. 19

ENERGY EFFICIENCY AND PEAK DEMAND REDUCTION COST RECOVERY RIDER

Effective Cycle 1 June 2010, all customer bills subject to the provisions of this Rider, including any bills rendered under special contract, shall be adjusted by the Energy Efficiency and Peak Demand Reduction Cost Recovery charge per KWH as follows:

Schedule	¢/KWH
RS, RS-ES, RS-TOD and RDMS	0.29405
GS-1	0.26073
GS-2 and GS-TOD	0.26073
GS-3	0.26073
GS-4 and IRP-D	0.03662
EHG	0.26073
EHS	0.26073
SS	0.26073
OL	0.00000
SL	0.00000
SBS	0.00000

If approved by the Commission, mercantile customers that have committed their demand response or other customer-sited capabilities, whether existing or new, for integration into the Company's demand response, energy efficiency or peak demand reduction programs, may be exempted from this Rider.

Filed pursuant to Order dated May 13, 2010 in Case No. 09-1090-EL-POR

Issued: May 21, 2010

Issued by
Joseph Hamrock, President
AEP Ohio

Effective: Cycle 1 June 2010

RIDER DSE
Demand Side Management and Energy Efficiency Rider

The Company reserves the right to revise such schedule consistent with the Commission's final rules, which may include modification or deletion of all or portions of this schedule.

APPLICABILITY:

Applicable to any customer that takes electric service under the Company's rate schedules. The following charges will apply, by rate schedule, effective for service rendered beginning July 1, 2011, for all kWhs per kWh:

<u>RATE:</u>	<u>DSE1</u>	<u>DSE2</u>
RS	0.0590¢	0.2957¢
GS	0.0590¢	0.0609¢
GP	0.0590¢	0.0865¢
GSU	0.0590¢	0.0804¢
GT	0.0590¢	0.0805¢
STL	0.0590¢	0.0000¢
TRF	0.0590¢	(0.0680)¢
POL	0.0590¢	0.0000¢

PROVISIONS:

1. The DSE1 charges set forth in this Rider recover costs incurred by the Company associated with customers taking service under the Economic Load Response Rider (ELR) and Optional Load Response Rider (OLR).
2. The DSE2 charges set forth in this Rider recover costs incurred by the Company associated with the programs that may be implemented by the Company to secure compliance with the, energy efficiency and peak demand reduction requirements in Section 4928.66, Revised Code through demand-response programs, energy efficiency programs, peak demand reduction programs, and self-directed demand-response, energy efficiency or other customer-sited programs. The costs initially deferred by the Company and subsequently fully recovered through this Rider will be all program costs, including but not limited to any customer incentives or rebates paid, applicable carrying costs, all reasonable administrative costs to conduct such programs, and lost distribution revenues resulting from the implementation of such programs.

RIDER UPDATES:

1. The DSE1 charges set forth in this Rider shall be updated semi-annually. No later than December 1st and June 1st of each year, the Company shall file with the PUCO a request for approval of the these charges which, unless otherwise ordered by the PUCO, shall become effective on a service rendered basis on January 1st and July 1st of each year, beginning with the January 1, 2010 effective date.

Filed pursuant to Orders dated May 27, 2009 and May 4, 2011, in Case Nos. 08-935-EL-SSO et al., and
09-581-EL-EEC et al., respectively, before The Public Utilities Commission of Ohio

RIDER DSE
Demand Side Management and Energy Efficiency Rider

2. The DSE2 charges set forth in this Rider shall be updated semi-annually. No later than December 1st and June 1st of each year, the Company shall file with the PUCO a request for approval of these charges which, unless otherwise ordered by the PUCO, shall become effective on a service rendered basis on January 1st and July 1st of each year, beginning with the January 1, 2010 effective date. The deferred balance at April 30th and at October 31st of each year, utilizing a three year amortization schedule, will be used to calculate the semi-annual charges. This rider shall be in effect until all costs are fully recovered.

AVOIDABILITY:

1. The DSE1 charges set forth in this Rider are avoidable only for those customers taking service under Rider ELR and Rider OLR.
2. The DSE2 charges set forth in this Rider are avoidable for Non-Residential customers who (1) are not taking service under either a unique arrangement (special contract) or the Reasonable Arrangements Rider (RAR) and (2) meet the criteria of all of paragraphs a) through e) below.

Each customer applying to the Company to avoid the DSE2 charges must at a minimum meet all of the criteria set forth below and must submit to the Company verifiable information detailing how the criteria are met, and must provide an affidavit from a company official attesting to the accuracy and truthfulness of the information provided. Qualification and verification on an annual basis is required, subject to the Failure to Comply section of this rider.

- a) The customer identifies its capital investments and expenses related to customer-sited advanced energy resource programs, alternative energy programs, demand-response programs, energy efficiency programs or peak demand reduction programs.
- b) For consideration of avoidance of this Rider, the customer shall provide sufficient data to illustrate that it has undertaken or will undertake self-directed energy efficiency and/or demand reduction programs that have produced or will produce energy savings and/or peak demand reductions equal to or greater than the statutory benchmarks to which the Company is subject. The energy savings and demand reductions resulting from the customer's self-directed programs shall be calculated using the same methodology used to calculate the Company's energy savings and demand reductions for purposes of determining compliance with statutory benchmarks, including normalization adjustments to the baseline, where appropriate.
- c) The customer commits, in writing, its customer-sited capabilities for integration into the Company's portfolio of programs such that the customer-sited capabilities shall assist the Company in satisfying the requirements in Section 4928.66, Revised Code.
- d) The customer demonstrates to the satisfaction of the Company that the avoidance of the DSE2 charges shall reasonably encourage the customer to commit its customer-sited capabilities for integration into the Company's portfolio of programs described above.
- e) The customer commits to use its best efforts to cooperate with and assist the Company in conjunction with any reviews conducted by a regulatory authority of the Company's efforts to utilize the customer's customer-sited capabilities to satisfy the requirements in Section 4928.66, Revised Code.

The customer must complete a standard application form in order to be considered for qualification to avoid charges under this Rider. The Company shall provide a standard application form upon request by the customer. Customers applying to avoid the DSE2 charges must successfully demonstrate that they have completed an energy efficiency project on or after January 1, 2006 without financial support from the Company. The burden of proof to successfully demonstrate compliance with the standard application form lies with the customer.

RIDER DSE
Demand Side Management and Energy Efficiency Rider

Upon the Commission's approval of the customer's completed standard application form, the DSE2 charges shall be avoidable by the customer as long as, on an annual basis, the customer makes a filing with the Commission demonstrating that it remains eligible for the exemption under the criteria set forth herein.

Customer information provided to demonstrate eligibility under the criteria above shall remain confidential by the Company. Nonetheless, the name and address of customers eligible to avoid the DSE2 charges shall be public information. The Commission Staff shall have access to all customer and electric utility information related to service provided pursuant to the DSE2 charges for periodic and random audits.

REPORTING REQUIREMENTS:

Customers served under this Rider must submit an annual report to the Company (Director, Ohio Rates and Regulatory Affairs), no later than April 30th of each year. The format of that report shall be identical to the Standard Application Form such that a determination of the compliance with the eligibility criteria can be determined.

The burden of proof to demonstrate on-going compliance with this Rider lies with the customer.

CONFIDENTIALITY:

Customer information provided to demonstrate eligibility under this Rider shall remain confidential by the Company. The name and address of customers eligible for the schedules shall be public information. The Public Utilities Commission of Ohio shall have access to all customer and Company information related to service provided pursuant to this Rider for periodic and random audits.

FAILURE TO COMPLY:

If the customer being provided with service pursuant to this Rider fails to comply with any of the criteria for eligibility to avoid charges under this Rider, the Company will provide reasonable notice to the customer that the customer will pay all charges under this Rider. Furthermore, the Company shall charge the customer for the sum of all of the customer's avoided charges realized under this Rider, which the customer shall thus be obligated to pay.

RIDER DSE
Demand Side Management and Energy Efficiency Rider

The Company reserves the right to revise such schedule consistent with the Commission's final rules, which may include modification or deletion of all or portions of this schedule.

APPLICABILITY:

Applicable to any customer that takes electric service under the Company's rate schedules. The following charges will apply, by rate schedule, effective for service rendered beginning July 1, 2011, for all kWhs per kWh:

<u>RATE:</u>	<u>DSE1</u>	<u>DSE2</u>
RS	0.0590¢	0.2855¢
GS	0.0590¢	0.1426¢
GP	0.0590¢	0.2580¢
GSU	0.0590¢	0.2556¢
GT	0.0590¢	0.2544¢
STL	0.0590¢	0.0000¢
TRF	0.0590¢	0.0534¢
POL	0.0590¢	0.0000¢

PROVISIONS:

1. The DSE1 charges set forth in this Rider recover costs incurred by the Company associated with customers taking service under the Economic Load Response Rider (ELR) and Optional Load Response Rider (OLR).
2. The DSE2 charges set forth in this Rider recover costs incurred by the Company associated with the programs that may be implemented by the Company to secure compliance with the, energy efficiency and peak demand reduction requirements in Section 4928.66, Revised Code through demand-response programs, energy efficiency programs, peak demand reduction programs, and self-directed demand-response, energy efficiency or other customer-sited programs. The costs initially deferred by the Company and subsequently fully recovered through this Rider will be all program costs, including but not limited to any customer incentives or rebates paid, applicable carrying costs, all reasonable administrative costs to conduct such programs, and lost distribution revenues resulting from the implementation of such programs.

RIDER UPDATES:

1. The DSE1 charges set forth in this Rider shall be updated semi-annually. No later than December 1st and June 1st of each year, the Company shall file with the PUCO a request for approval of the these charges which, unless otherwise ordered by the PUCO, shall become effective on a service rendered basis on January 1st and July 1st of each year, beginning with the January 1, 2010 effective date.

Filed pursuant to Orders dated May 27, 2009 and May 4, 2011, in Case Nos. 08-935-EL-SSO et al. and
09-580-EL-EEC et al., respectively, before The Public Utilities Commission of Ohio

RIDER DSE
Demand Side Management and Energy Efficiency Rider

2. The DSE2 charges set forth in this Rider shall be updated semi-annually. No later than December 1st and June 1st of each year, the Company shall file with the PUCO a request for approval of the these charges which, unless otherwise ordered by the PUCO, shall become effective on a service rendered basis on January 1st and July 1st of each year, beginning with the January 1, 2010 effective date. The deferred balance at April 30th and at October 31st of each year, utilizing a three year amortization schedule, will be used to calculate the semi-annual charges. This rider shall be in effect until all costs are fully recovered.

AVOIDABILITY:

1. The DSE1 charges set forth in this Rider are avoidable only for those customers taking service under Rider ELR and Rider OLR.
2. The DSE2 charges set forth in this Rider are avoidable for Non-Residential customers who (1) are not taking service under either a unique arrangement (special contract) or the Reasonable Arrangements Rider (RAR) and (2) meet the criteria of all of paragraphs a) through e) below.

Each customer applying to the Company to avoid the DSE2 charges must at a minimum meet all of the criteria set forth below and must submit to the Company verifiable information detailing how the criteria are met, and must provide an affidavit from a company official attesting to the accuracy and truthfulness of the information provided. Qualification and verification on an annual basis is required, subject to the Failure to Comply section of this rider.

- a) The customer identifies its capital investments and expenses related to customer-sited advanced energy resource programs, alternative energy programs, demand-response programs, energy efficiency programs or peak demand reduction programs.
- b) For consideration of avoidance of this Rider, the customer shall provide sufficient data to illustrate that it has undertaken or will undertake self-directed energy efficiency and/or demand reduction programs that have produced or will produce energy savings and/or peak demand reductions equal to or greater than the statutory benchmarks to which the Company is subject. The energy savings and demand reductions resulting from the customer's self-directed programs shall be calculated using the same methodology used to calculate the Company's energy savings and demand reductions for purposes of determining compliance with statutory benchmarks, including normalization adjustments to the baseline, where appropriate
- c) The customer commits, in writing, its customer-sited capabilities for integration into the Company's portfolio of programs such that the customer-sited capabilities shall assist the Company in satisfying the requirements in Section 4928.66, Revised Code.
- d) The customer demonstrates to the satisfaction of the Company that the avoidance of the DSE2 charges shall reasonably encourage the customer to commit its customer-sited capabilities for integration into the Company's portfolio of programs described above.
- e) The customer commits to use its best efforts to cooperate with and assist the Company in conjunction with any reviews conducted by a regulatory authority of the Company's efforts to utilize the customer's customer-sited capabilities to satisfy the requirements in Section 4928.66, Revised Code.

The customer must complete a standard application form in order to be considered for qualification to avoid charges under this Rider. The Company shall provide a standard application form upon request by the customer. Customers applying to avoid the DSE2 charges must successfully demonstrate that they have completed an energy efficiency project on or after January 1, 2006 without financial support from the Company. The burden of proof to successfully demonstrate compliance with the standard application form lies with the customer.

Filed pursuant to Order dated March 25, 2009, in Case No. 08-935-EL-SSO et al., before

The Public Utilities Commission of Ohio

RIDER DSE
Demand Side Management and Energy Efficiency Rider

Upon the Commission's approval of the customer's completed standard application form, the DSE2 charges shall be avoidable by the customer as long as, on an annual basis, the customer makes a filing with the Commission demonstrating that it remains eligible for the exemption under the criteria set forth herein.

Customer information provided to demonstrate eligibility under the criteria above shall remain confidential by the Company. Nonetheless, the name and address of customers eligible to avoid the DSE2 charges shall be public information. The Commission Staff shall have access to all customer and electric utility information related to service provided pursuant to the DSE2 charges for periodic and random audits.

REPORTING REQUIREMENTS:

Customers served under this Rider must submit an annual report to the Company (Director, Ohio Rates and Regulatory Affairs), no later than April 30th of each year. The format of that report shall be identical to the Standard Application Form such that a determination of the compliance with the eligibility criteria can be determined.

The burden of proof to demonstrate on-going compliance with this Rider lies with the customer.

CONFIDENTIALITY:

Customer information provided to demonstrate eligibility under this Rider shall remain confidential by the Company. The name and address of customers eligible for the schedules shall be public information. The Public Utilities Commission of Ohio shall have access to all customer and Company information related to service provided pursuant to this Rider for periodic and random audits.

FAILURE TO COMPLY:

If the customer being provided with service pursuant to this Rider fails to comply with any of the criteria for eligibility to avoid charges under this Rider, the Company will provide reasonable notice to the customer that the customer will pay all charges under this Rider. Furthermore, the Company shall charge the customer for the sum of all of the customer's avoided charges realized under this Rider, which the customer shall thus be obligated to pay.

RIDER DSE
Demand Side Management and Energy Efficiency Rider

The Company reserves the right to revise such schedule consistent with the Commission's final rules, which may include modification or deletion of all or portions of this schedule.

APPLICABILITY:

Applicable to any customer that takes electric service under the Company's rate schedules. The following charges will apply, by rate schedule, effective for service rendered beginning July 1, 2011, for all kWhs per kWh:

<u>RATE:</u>	<u>DSE1</u>	<u>DSE2</u>
RS	0.0590¢	0.2819¢
GS	0.0590¢	0.0729¢
GP	0.0590¢	0.1265¢
GSU	0.0590¢	0.1304¢
GT	0.0590¢	0.1165¢
STL	0.0590¢	0.0000¢
TRF	0.0590¢	(0.1517)¢
POL	0.0590¢	0.0000¢

PROVISIONS:

1. The DSE1 charges set forth in this Rider recover costs incurred by the Company associated with customers taking service under the Economic Load Response Rider (ELR) and Optional Load Response Rider (OLR).
2. The DSE2 charges set forth in this Rider recover costs incurred by the Company associated with the programs that may be implemented by the Company to secure compliance with the, energy efficiency and peak demand reduction requirements in Section 4928.66, Revised Code through demand-response programs, energy efficiency programs, peak demand reduction programs, and self-directed demand-response, energy efficiency or other customer-sited programs. The costs initially deferred by the Company and subsequently fully recovered through this Rider will be all program costs, including but not limited to any customer incentives or rebates paid, applicable carrying costs, all reasonable administrative costs to conduct such programs, and lost distribution revenues resulting from the implementation of such programs.

RIDER UPDATES:

1. The DSE1 charges set forth in this Rider shall be updated semi-annually. No later than December 1st and June 1st of each year, the Company shall file with the PUCO a request for approval of the these charges which, unless otherwise ordered by the PUCO, shall become effective on a service rendered basis on January 1st and July 1st of each year, beginning with the January 1, 2010 effective date.

Filed pursuant to Orders dated May 27, 2009 and May 4, 2011, in Case Nos. 08-935-EL-SSO et al. and
09-582-EL-EEC et al., respectively, before The Public Utilities Commission of Ohio

RIDER DSE
Demand Side Management and Energy Efficiency Rider

2. The DSE2 charges set forth in this Rider shall be updated semi-annually. No later than December 1st and June 1st of each year, the Company shall file with the PUCO a request for approval of the these charges which, unless otherwise ordered by the PUCO, shall become effective on a service rendered basis on January 1st and July 1st of each year, beginning with the January 1, 2010 effective date. The deferred balance at April 30th and at October 31st of each year, utilizing a three year amortization schedule, will be used to calculate the semi-annual charges. This rider shall be in effect until all costs are fully recovered.

AVOIDABILITY:

1. The DSE1 charges set forth in this Rider are avoidable only for those customers taking service under Rider ELR and Rider OLR.
2. The DSE2 charges set forth in this Rider are avoidable for Non-Residential customers who (1) are not taking service under either a unique arrangement (special contract) or the Reasonable Arrangements Rider (RAR) and (2) meet the criteria of all of paragraphs a) through e) below.

Each customer applying to the Company to avoid the DSE2 charges must at a minimum meet all of the criteria set forth below and must submit to the Company verifiable information detailing how the criteria are met, and must provide an affidavit from a company official attesting to the accuracy and truthfulness of the information provided. Qualification and verification on an annual basis is required, subject to the Failure to Comply section of this rider.

- a) The customer identifies its capital investments and expenses related to customer-sited advanced energy resource programs, alternative energy programs, demand-response programs, energy efficiency programs or peak demand reduction programs.
- b) For consideration of avoidance of this Rider, the customer shall provide sufficient data to illustrate that it has undertaken or will undertake self-directed energy efficiency and/or demand reduction programs that have produced or will produce energy savings and/or peak demand reductions equal to or greater than the statutory benchmarks to which the Company is subject. The energy savings and demand reductions resulting from the customer's self-directed programs shall be calculated using the same methodology used to calculate the Company's energy savings and demand reductions for purposes of determining compliance with statutory benchmarks, including normalization adjustments to the baseline, where appropriate
- c) The customer commits, in writing, its customer-sited capabilities for integration into the Company's portfolio of programs such that the customer-sited capabilities shall assist the Company in satisfying the requirements in Section 4928.66, Revised Code.
- d) The customer demonstrates to the satisfaction of the Company that the avoidance of the DSE2 charges shall reasonably encourage the customer to commit its customer-sited capabilities for integration into the Company's portfolio of programs described above.
- e) The customer commits to use its best efforts to cooperate with and assist the Company in conjunction with any reviews conducted by a regulatory authority of the Company's efforts to utilize the customer's customer-sited capabilities to satisfy the requirements in Section 4928.66, Revised Code.

The customer must complete a standard application form in order to be considered for qualification to avoid charges under this Rider. The Company shall provide a standard application form upon request by the customer. Customers applying to avoid the DSE2 charges must successfully demonstrate that they have completed an energy efficiency project on or after January 1, 2006 without financial support from the Company. The burden of proof to successfully demonstrate compliance with the standard application form lies with the customer.

Filed pursuant to Order dated March 25, 2009, in Case No. 08-935-EL-SSO et al., before

The Public Utilities Commission of Ohio

RIDER DSE
Demand Side Management and Energy Efficiency Rider

Upon the Commission's approval of the customer's completed standard application form, the DSE2 charges shall be avoidable by the customer as long as, on an annual basis, the customer makes a filing with the Commission demonstrating that it remains eligible for the exemption under the criteria set forth herein.

Customer information provided to demonstrate eligibility under the criteria above shall remain confidential by the Company. Nonetheless, the name and address of customers eligible to avoid the DSE2 charges shall be public information. The Commission Staff shall have access to all customer and electric utility information related to service provided pursuant to the DSE2 charges for periodic and random audits.

REPORTING REQUIREMENTS:

Customers served under this Rider must submit an annual report to the Company (Director, Ohio Rates and Regulatory Affairs), no later than April 30th of each year. The format of that report shall be identical to the Standard Application Form such that a determination of the compliance with the eligibility criteria can be determined.

The burden of proof to demonstrate on-going compliance with this Rider lies with the customer.

CONFIDENTIALITY:

Customer information provided to demonstrate eligibility under this Rider shall remain confidential by the Company. The name and address of customers eligible for the schedules shall be public information. The Public Utilities Commission of Ohio shall have access to all customer and Company information related to service provided pursuant to this Rider for periodic and random audits.

FAILURE TO COMPLY:

If the customer being provided with service pursuant to this Rider fails to comply with any of the criteria for eligibility to avoid charges under this Rider, the Company will provide reasonable notice to the customer that the customer will pay all charges under this Rider. Furthermore, the Company shall charge the customer for the sum of all of the customer's avoided charges realized under this Rider, which the customer shall thus be obligated to pay.