

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Duke)
Energy Ohio, Inc., for Approval of a) Case No. 11-5905-EL-RDR
Distribution Decoupling Rider.)

**COMMENTS
BY
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL**

On December 8, 2011, Duke Energy Ohio, Inc. (“Duke” or “the Company”) filed an Application at the Public Utilities Commission of Ohio (“PUCO” or “the Commission”) for approval of a three-year pilot program for a Distribution Decoupling Rider (“Rider DDR”) that “adjusts distribution rates between distribution base rate cases to remove the link between sales and distribution revenues.”¹ That filing was made as a result of a Stipulation and Recommendation among Duke, Staff, and a significant cross-section of stakeholders including the Office of the Ohio Consumers’ Counsel, (“OCC”) in Duke’s Electric Security Plan (“ESP”):

Within 45 days of an executed Stipulation in these proceedings, Duke Energy Ohio shall file, in a separate proceeding, for Commission approval of a distribution revenue decoupling mechanism that will adjust rates between rate cases to effectively remove Duke Energy Ohio's through-put incentive, with all parties retaining their rights to due process in such proceeding. The decoupling mechanism to be filed through such application shall not be applicable to Rates TS, DS, and DP. Nothing in this Stipulation is intended, or shall be interpreted, to signify Parties' agreement with such application. Further, nothing in this

¹*In the Matter of Duke Energy Ohio, Inc. for Approval of a Distribution Decoupling Rider*, Case No. 11-5905-EL-RDR, Testimony of James E. Ziolkowski (attached to the Application) at 3 (December 8, 2011).

Stipulation shall affect Duke Energy Ohio's existing SmartGrid recovery mechanism, which shall continue under Rider DR-IM.²

OCC appreciates the fact that Duke submitted a decoupling proposal. OCC conceptually supports the use of a volumetric decoupling mechanism as a means to promote cost-effective energy efficiency. Energy efficiency has the potential to save customers money. In general terms, a decoupling mechanism collects from, or refunds to, customers the difference between revenues actually collected by the Company and authorized revenues approved by the Commission in the Company's last rate case.

Although generally reasonable in its makeup, the Application lacks a cap to protect customers from potential significant volatility in the rider amount. A cap in some form is appropriate and should be subject to further development in this case.

OCC looks forward to reviewing the comments of other parties and participating with reply opportunities.

Respectfully submitted,

BRUCE J. WESTON
INTERIM CONSUMERS' COUNSEL

/s/ Joseph P. Serio

Joseph P. Serio, Counsel of Record
Assistant Consumers' Counsel

Office of the Ohio Consumers' Counsel
10 West Broad Street, Suite 1800
Columbus, Ohio 43215-3485
Telephone: (614) 466-9565
serio@occ.state.oh.us

² *In the Matter of the Application of Duke Energy Ohio for Authority to Establish a Standard Service Offer Pursuant to Section 4928.143, Revised Code, in the Form of an Electric Security Plan, Accounting Modifications and Tariffs for Generation Service*, Case Nos. 11-3549-EL-SSO et al., Stipulation and Recommendation (October 24, 2011) paragraph H at 30-31.

CERTIFICATE OF SERVICE

I hereby certify that a copy of these Comments was served on the persons stated below via electronic transmission, this 23rd day of February 2012.

/s/ Joseph P. Serio

Joseph P. Serio
Assistant Consumers' Counsel

SERVICE LIST

William Wright
Public Utilities Commission of Ohio
180 E. Broad St., 6th Fl.
Columbus, OH 43215
William.wright@puc.state.oh.us

Amy B. Spiller
Elizabeth H. Watts
139 East Fourth Street, 1303-Main
Cincinnati, OH 45201
Amy.spiller@dudke-energy.com
Elizabeth.watts@duke-energy.com

Trent Dougherty, Counsel of Record
Cathryn N. Loucas
The Ohio Environmental Council
1207 Grandview Avenue, Suite 201
Columbus, OH 43212-3449
trent@theOEC.org
cathy@the.OEC.org

Colleen L. Mooney
Ohio Partners for Affordable Energy
231 West Lima Street
Findlay, OH 45839-1793
cmooney2@columbus.rr.com

Attorney for Ohio Partners for Affordable
Energy

Attorneys for the Ohio Environmental
Council

Christopher J. Allwein
Williams, Allwein and Moser, LLC
1373 Grandview Avenue, Suite 212
Columbus, Ohio 43212
callwein@wamenergylaw.com

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Summary: Comments Comments by the Office of the Ohio Consumers' Counsel electronically filed by Patti Mallarnee on behalf of Serio, Joseph P.