

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke)
Energy Ohio, Inc. for Approval of Pilot) Case No. 12-3281-EL-ATA
Tariff Rate TD 2013.)

FINDING AND ORDER

The Commission finds:

- (1) Duke Energy Ohio, Inc. (Duke), is a public utility as defined in Section 4905.02, Revised Code, and, as such, is subject to the jurisdiction of this Commission.
- (2) On December 17, 2008, the Commission approved a Stipulation and Recommendation (ESP Stipulation) in *In the Matter of the Application of Duke Energy Ohio, Inc., for Approval of an Electric Security Plan*, Case No. 08-920-EL-SSO, to establish an electric security plan (ESP) for Duke. Among other terms in the ESP Stipulation, Duke committed to convene a collaborative group with Staff and other interested stakeholders (SmartGrid Collaborative) to maximize the benefits of the SmartGrid investment and to design and implement tariffs, which will assist customers in managing their electric costs. On November 22, 2011, the Commission issued its opinion and order in *In the Matter of Application of Duke Energy Ohio, Inc., 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., which provided that there would be no change to Duke's SmartGrid program or recovery mechanism during the term of the new ESP.
- (3) On December 21, 2012, Duke filed an application proposing to offer a new pilot rate, which is the latest in a series of pilot time differentiated rates. The new Rate TD-13, is a time-of-use rate featuring seasonally differentiated on-peak and off-peak rates.
- (4) As proposed, under Rate TD-13, Duke is proposing to offer participants a choice of three predefined 3-hour weekday periods in summer, and three predefined 3-hour weekday

periods in winter, as their peak periods. All other week day hours, which are not the customer's chosen peak periods, and all night, weekend and holiday hours, will be off-peak hours. Customers will be required to choose among the following periods:

- (a) Summer Period – June 1 through August 31
 - (i) 1:00 p.m. to 4:00 p.m.
 - (ii) 3:00 p.m. to 6:00 p.m.
 - (iii) 4:00 p.m. to 7:00 p.m.
- (a) Winter Period – December 1 through February 28 (February 29, if a leap year)
 - (i) 7:00 a.m. to 10:00 a.m.
 - (ii) 8:00 a.m. to 11:00 a.m.
 - (iii) 10:00 a.m. to 1:00 p.m.

This approach shortens the length of on-peak periods from prior pilot offerings. The fall and spring seasons not covered by summer or winter period will be off-peak. The initial term of this pilot tariff is 24 months. Customers will have the right to change their chosen peak periods for the second 12-month period.

- (5) As proposed, Rate TD 2013 is a time-of-use rate, which is based upon the three generation-related riders that make up Duke's standard service offer for generation customers for retail capacity (Rider RC), retail energy (Rider RE), and the electric service stability charge (Rider ESSC). Rider RE specifies the differentials between on-peak and off-peak periods. Energy taken during on-peak hours will be priced at \$0.330322 per kilowatt hour (kWh), while energy taken during off-peak hours will be priced at \$0.041422 per kWh.
- (6) Duke explains that it will target 5,000 customers for this acquisition into Rate TD-13 and that, due to recent enhancements in its billing system functionality, customers choosing to participate in the pilots can be on budget billing and other payment arrangements, excluding percentage of income payment plan (PIPP) program customers, and will be able to receive consolidated bills. Furthermore, Duke represents that it has designed Rate TD-13 in the manner described above in

order to gain insight into how a customer's behavior impacts energy usage given shorter time periods in which prices are set at on-peak levels, and to study the persistence of customers' responses. Duke believes the lessons learned about customer acceptance and about customer behaviors between and among the three rate periods will be critical to full scale rate offerings, as Duke moves closer to designing rates for full commercialization. According to Duke, the design of Rate TD-13 was vetted by the participants in the Duke SmartGrid Collaborative.

- (7) On January 11, 2013, the Ohio Consumers' Counsel (OCC) filed a motion to intervene. In support of its motion, OCC asserts that it represents the residential customers of Duke and, therefore, has a real and substantial interest in this proceeding. No memorandum contra was filed in response to OCC's motion to intervene. The Commission finds that OCC's motion to intervene is reasonable and should be granted.
- (8) No party filed any comment or raised any substantive issue regarding Duke's application.
- (9) The Commission notes that Rate TD-13 is a voluntary program that will provide customers with the opportunity to benefit by reducing demand for energy during peak periods, while still being able to use additional energy during off-peak periods. We also note that, as proposed by Duke, Rate TD-13 will be available to customers on budget billing and other payment arrangements, excluding PIPP customers, due to increased billing system functionality. Moreover, the Commission believes that participation in Rate TD-13 will provide valuable insight into customer behavior. Accordingly, the Commission finds that the proposed Rate TD-13 does not appear to be unjust or unreasonable, and should be approved. Therefore, the Commission finds that it is unnecessary to hold a hearing regarding the application.
- (10) The Commission finds that Duke should proceed with the process of acquiring customers to take service under this tariff in a manner consistent with the recommendation of the participants in Duke's SmartGrid Collaborative. The Commission further directs Duke to include in all customer

communications that there is a risk that customers' bills could rise if customers do not properly or adequately adjust their usage in response to the price signals built into the rates. We also direct Duke to monitor the usage of customers taking service under Rate TD-13 and to intervene if any customer's usage is likely to result in an extraordinary increase from what it otherwise would have been. Furthermore, the Commission directs Duke to, upon request, inform a prospective Rate TD-13 customer of the potential costs and/or benefits of taking service under Rate TD-13 based on the customer's current usage patterns and potential future modified patterns. Furthermore, the Commission finds that Duke should submit its enrollment materials, including customer education materials, for these pilot rates to the Commission's Service Monitoring and Enforcement (SME) Department prior to commencing the customer acquisition process and should inform the SmartGrid Collaborative, the Commission's SME Department, and the Commission's Energy and Environment Department of significant events in the customer acquisition process or complaints regarding the program.

It is, therefore,

ORDERED, That the motion for intervention filed by OCC be granted. It is, further,

ORDERED, That the application and proposed tariff filed by Duke on December 21, 2012, be approved. It is, further,

ORDERED, That Duke be authorized to file, in final form, complete copies of its tariffs, consistent with this finding and order. Duke shall file one copy in its TRF docket (or make such filing electronically as directed in Case No. 06-900-AU-WVR) and one copy of each in this case docket. It is, further,

ORDERED, That the effective date of the new tariff shall be a date not earlier than the date of this finding and order and the date upon which four complete copies are filed with the Commission. It is, further,

ORDERED, That the directives set forth in this finding and order be observed. It is, further,

ORDERED, That nothing in this finding and order shall be binding upon this Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

ORDERED, That a copy of this finding and order be served all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO

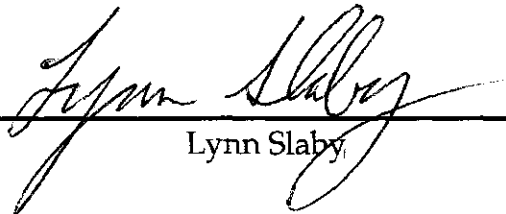
Todd A. Snitchler, Chairman



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