

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Duke Energy)
Ohio, Inc. to Adjust Rider DR-IM and) Case No. 13-1141-GE-RDR
Rider AU for 2012 Grid Modernization Costs.)

**OHIO PARTNERS FOR AFFORDABLE ENERGY'S
COMMENTS**

A. Introduction

Ohio Partners for Affordable Energy ("OPAE") herein submits its comments to the Public Utilities Commission of Ohio ("Commission") on the application filed by Duke Energy Ohio, Inc., ("Duke") to adjust Duke's Riders DR-IM and DR-AU for recovery of 2012 grid modernization costs. These comments are filed in accordance with the attorney examiner's entry dated September 27, 2013.

Duke's application proposes to collect \$4.91 per bill from each residential electric customer and \$7.30 per bill from each non-residential electric customer under Rider DR-IM. Testimony of Peggy A. Laub at 10. Duke proposes to collect \$1.48 per month from all gas customers under Rider AU and apply a bill credit of \$0.70 to gas-only customers to account for common costs of the electric and gas grid programs.

B. There is a need for the Commission Staff to review the revenue requirement calculations for the riders.

Duke witness Peggy A. Laub provides the revenue requirement calculations and the schedules for Rider DR-IM and Rider DR-AU. These are essentially rate

increase cases which ought to follow the procedure that after the applications are filed, the Staff of the Commission issues its report of investigation on the revenue requirements and the schedules supporting them. It is procedurally unfair to expect intervenors to duplicate the work of a Staff investigation. A Staff Report is a necessary precursor to intervenor comments or objections.

Both riders will continue until full deployment. Laub at 16. Duke will maintain Rider DR-IM as the means to recover electric smart grid investment through the year in which full deployment occurs. Rider AU will continue for investment in the gas smart grid project. In her pre-filed testimony Ms. Laub states that the new rider rates are reasonable and that the methodology is essentially consistent with the agreed upon methodologies for the riders. Laub at 11, 16. OPAE is unable to comment on the reasonableness of the rider rates. In the future, the Commission should revise the process for these rider applications so that a Staff Report of Investigation is issued before intervenor comments or objections are filed.

C. Implementation of the smart grid project has caused some concern.

Duke witness Schneider testified that Duke's goal for the installation of communications nodes/devices was not reached due to a large number of times contract crews were released for major storms nationwide. Schneider at 3. He also testified that Duke was back on schedule and still planned to meet the July 1, 2013 date for installation completion of communication nodes/devices. Because there has been no update on this issue since the filing of Duke's testimony on June 28, 2013,

an update on whether the installation of these devices is completed should be included in the record.

Mr. Schneider also testified that the total planned advanced metering infrastructure (“AMI”) deployment was approximately 75% complete, with deployment planned for completion in the middle of 2014. Schneider at 4. He also testified that distribution automation (“DA”) with two-way communications capability was approximately 65% complete, with field deployment planned for completion at the end of 2013. Id. Updates to this information should also be included in the record.

Mr. Schneider also discussed customer concerns during the AMI deployment. He testified that out of the 550,000 advanced electric meters installed through the first quarter of 2013, Duke received 300 advanced meter installation refusals. He also stated: “Out of the 300 customers refusing a smart meter installation, we have only disconnected service for three. All three of these customers immediately called for service to be reconnected with the smart meter remaining.” Id. at 7. It is not clear from the testimony if these three customers were disconnected simply for refusing installation of a smart meter. It is not certain that refusal to have a smart meter installed is a lawful reason for disconnection of service.

The Commission has adopted new rules that would allow for customers to opt out of advanced meter installations. *In the Matter of the Commission’s Review of Chapter 4901:1-10, Ohio Administrative Code, Regarding Electric Companies*, Case No. 12-2050-EL-ORD. A customer will be able to opt-out of advanced meter service under Rule 4901:1-10-05(I). The utility will file a proposed tariff for opt-out meter

service. Customers who are interested in this opt-out service will be able to obtain it once the new rules and tariffs are in effect. No customer should be disconnected for refusal to allow installation of an advanced meter.

D. The purpose of the smart grid project and collaborative has evolved.

Duke witness Duff provides testimony on the work of the Duke smart grid collaborative, now renamed the grid modernization collaborative. Duff at 2. He explained that Duke had financially justified its deployment of advanced meter technologies as a benefit to customers from time-differentiated rates. The deployment has not formally recognized any of the potential customer benefits from time-differentiated rates. Duff at 4.

The Commission has approved another pilot program to assess customer satisfaction with time-differentiated rates and customer willingness to respond to price signals over a period longer than twelve months, as was the time period of previous pilots. Duff at 10. The new pilot is in the process of being implemented, but it may be the last of the pilots involving time-differentiated rates offered by Duke alone.

Duke has also developed a general education and awareness campaign for time-differentiated rates. The education and awareness campaign will last two years and has a total budget of \$850,000. Id. at 12. The campaign will emphasize that time-differentiated rates offer customers an opportunity to take control of their electric usage. Id. at 13.

In its Reply to Duke's memorandum contra its motion to intervene, Direct Energy Services ("Direct"), a competitive retail electric service provider, refers to Mr. Duff's testimony regarding time variant-pricing pilots. Direct cites Mr. Duff's testimony that time differentiated rates are appealing to customers and refers to Duke's general education and awareness campaign that will last two years and has a total budget of \$850,000.

Direct notes that customers shopping for generation service, including customers of Direct, are not eligible to participate in Duke's pilot programs and that Direct does not yet have access to the interval data captured by AMI technology. Therefore, Direct does not have the ability to offer time-of-use rate products. While all customers may benefit from the general education and awareness campaign, only non-shopping customers will be eligible to enroll in the time-differentiated pilot programs offered by Duke.

Direct states that it has an interest in accessing interval data captured by AMI technology so that it can offer time-of-use products to its customers. Direct states that the competitive market in Ohio is not advanced by educating customers about the benefits of AMI technology and time-differentiated rates if the only time-of-use products are offered by Duke.

Direct's comments highlight the reason why the smart grid project is being transformed from an initiative that will benefit generation customers into a grid modernization project that will emphasize distribution modernization. Given Ohio's competitive generation market, there is no lawful alternative to distribution ratepayer funded projects being exclusively dedicated to non-competitive distribution service.

These issues affect the competitive generation market and must be considered by the Commission.

E. In light of the evolution of the smart grid project, there is a need for a review of the benefits associated with the project.

Duke witness Mark V. Wimberly testified on the benefits of grid modernization. He testified that an extensive process has been developed to track the achievement of benefits identified in the “business cases” for Duke’s projects in Ohio. The metrics are related to reliability, efficiency, and customer impact, and an annual report will be submitted to the Staff. Wimberly at 3. On-going benefits and costs are identified. Mr. Wimberly states that the program is designed to provide Duke’s customers with optimization of their grid modernization investment. Id. at 6.

Much of the benefits of smart grid deployment as set forth in Duke’s original business case are associated with the provision of generation service. OPAE is a participant in Duke’s grid modernization collaborative and has been an intervenor in Duke’s previous annual applications to recover the costs of its smart grid and grid modernization programs through the specially instituted Riders IM-DR and IM-AU. OPAE has an interest in the identification and recognition of customer benefits that can be realized from the grid modernization programs. Given that ratepayers are being asked to pay, on an annual basis, through the riders expenses on a dollar-for-dollar basis and given that capital investment is also recognized annually under the riders, it makes sense that ratepayers would enjoy the benefits of the programs on the same accelerated basis as the special cost recovery. However, if the benefits

need to be limited to only distribution service benefits, a re-examination of the entire cost recovery mechanism based on the original business case for the grid modernization project may be necessary.

Respectfully submitted,

/s/Colleen L. Mooney
Colleen L. Mooney
Cathryn N. Loucas
Ohio Partners for Affordable Energy
231 West Lima Street
Findlay, OH 45839-1793
Telephone: (419) 425-8860
or (614) 488-5739
FAX: (419) 425-8862
e-mail: cmooney@ohiopartners.org
cloucas@ohiopartners.org

CERTIFICATE OF SERVICE

I hereby certify that a copy of the Comments was served electronically upon the following parties identified below in this case on this 31st day of October 2013.

/s/Colleen L. Mooney
Colleen L. Mooney

Amy B. Spiller
Elizabeth H. Watts
Duke Energy Ohio
155 East Broad Street, 21st Floor
Columbus, Ohio 43215
Amy.Spiller@duke-energy.com
Elizabeth.Watts@duke-energy.com

Terry L. Etter
Assistant Consumers' Counsel
Office of the Ohio Consumers' Counsel
10 West Broad Street, Suite 1800
Columbus, Ohio 43215-3485
etter@occ.state.oh.us

Mark A. Hayden
Scott J. Casto
FirstEnergy Services Company
76 South Main Street
Akron, Ohio 44308
haydenm@firstenergycorp.com
scasto@firstenergycorp.com

Jennifer L. Lause
Joseph M. Clark
Direct Energy Services
21 East State Street, Suite 1950
Columbus, Ohio 43215
jennifer.lause@directenergy.com
joseph.clark@directenergy.com

Devin Parram
Thomas Lindgren
Attorney General's Office
Public Utilities Commission Section
180 E. Broad Street, 6th Floor
Columbus, Ohio 43215-3793
Devin.parram@puc.state.oh.us
Thomas.lindgren@puc.state.oh.us

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

10/31/2013 11:30:53 AM

in

Case No(s). 13-1141-GE-RDR

Summary: Comments electronically filed by Colleen L Mooney on behalf of Ohio Partners for Affordable Energy