

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Duke Energy of Ohio, Inc., for Approval of a Grid Modernization Opt-Out Tariff and for a Change in Accounting Procedures Including a Cost Recovery Mechanism.	)	Case No. 13- 1160 -EL-UNC
	)	Case No. 14- 1161 -EL-AAM

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**APPLICATION OF DUKE ENERGY OHIO, INC.,  
FOR APPROVAL OF AN ADVANCED METER OPT-OUT TARIFF AND COST  
RECOVERY MECHANISM**

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Pursuant to R.C. 4905.13, and the Public Utilities Commission of Ohio (Commission) Entry on Rehearing dated December 18, 2013 in Case No. 12-2050-EL-ORD, Duke Energy Ohio, Inc., (Duke Energy Ohio or Company) respectfully requests approval from the Commission to implement a new service to allow residential customers to employ non-standard traditional meters for purposes of metering distribution services provided by the Company. Duke Energy Ohio proposes to create Rider Non-Standard Metering (Rider NSM) and requests accounting authority to: (1) defer and recover costs associated with changes to the Company's billing and customer services systems in order to facilitate this new service; (2) defer and recover costs related to ongoing operations needed to integrate non-standard meters into the Company's systems; and (3) approve the Company's proposed tariff to permit customers to opt-out of receiving Duke Energy Ohio's standard, advanced meter and employ a non-standard, traditional meter.

In support of this Application, Duke Energy Ohio states as follows:

1. Duke Energy Ohio is an Ohio corporation engaged in the business of supplying electric distribution service in Adams, Brown, Butler, Clinton, Clermont, Hamilton, Montgomery, and Warren counties in southwestern Ohio to approximately 690,000 customers.
2. Duke Energy Ohio is a public utility, as defined by R.C. 4905.02 and 4905.03, and an electric distribution company, an electric light company, an electric supplier, and an electric utility, as defined by R.C. 4928.01.
3. Pursuant to R.C. 4905.13 and the Commission's Entry on Rehearing dated December 18, 2013, in Case No. 12-2050-EL-ORD, Duke Energy Ohio files this Application to implement a new advanced meter opt-out program to permit residential electric customers to receive a non-standard, traditional meter instead of an advanced meter, that is deployed as the standard electric meter through the Company's grid modernization program.
4. Duke Energy Ohio seeks to implement the opt-out program, referred to by the Company as the Non-Standard Metering Option (NSM), as requested through this Application, beginning with appropriate Commission approval and cost recovery.
5. As noted by the Commission in its Entry on Rehearing, allowing customers to opt-out from the advanced meter service decreases the effectiveness of grid modernization for all other customers and raises costs not otherwise recovered by the utility. In order to provide an NSMO, the Company is required to change billing systems, customer service operations, metering capabilities, and business operations. Such otherwise unnecessary changes do not inure to the benefit of all customers, but rather serve only those few customers who seek to have a non-advanced meter.

The Commission recognized this fact when it stated that distribution rider service rates, including distribution service riders, should be paid by all customers receiving distribution service.<sup>1</sup> Further, the Commission enacted O.A.C. 4901:1-10-05(J)(5)(e), directing that advanced meter opt-out service costs be borne only by customers who elect to receive advanced meter opt-out service. These costs are then to be recovered by the utility through the advanced meter opt-out service tariff.<sup>2</sup>

6. Duke Energy Ohio hereby submits that the total cost of the Rider NSM program, broken out between costs for immediate changes and ongoing annual costs, is expected to be approximately \$777,997.50 in one-time costs and \$353,468.68 in ongoing annual costs.
7. Duke Energy Ohio expects 725 customers, or around 0.1 percent of its residential electric customer population, will choose the advanced meter opt-out service. Contingent upon the number of customers electing to opt-out, the cost per customer is expected to total \$1,073.10 in one-time costs and \$40.63 in ongoing monthly costs. Attached hereto as Exhibit 1 is the Company's estimate of total costs for the Rider NSM program.
8. The majority of one-time, up-front costs are attributed to Information Technology (IT) system changes that enable customers to be enrolled in Rider NSM, have associated charges billed to them, and track their meter type to ensure they – and any non-participating customers – maintain the correct meter. Since those costs would result in a significant one-time, up-front fee when spread only among the limited number of anticipated advanced meter opt-out customers, and since the IT system changes can benefit any residential electric customer who may want to eventually take the Rider

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<sup>1</sup> *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, Finding and Order, (October 16, 2013).

<sup>2</sup> *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, Finding and Order, (December 18, 2013).

NSM, the Company proposes deferral of the IT system costs. Additionally, the Company seeks deferral authority for the ongoing costs that it will incur in providing the NSM consistent with the Commission's directive

9. If deferral is not approved, the one-time fee per customer would be \$1,073.10 and the monthly fee per customer would be \$40.63. . If deferral is approved, the one-time fee per customer would be \$126.70, and the monthly fee per customer would be the same at \$40.63.
10. Pursuant to R.C. 4905.13, Duke Energy Ohio requests that the Commission grant it authority to defer and recover costs incurred in establishing the necessary facilities to permit the Company to serve customers who wish to use a non-standard meter.
11. This Application will not result in an increase in any rate, joint rate, toll, classification, charge, or rental. Therefore, it is not an application for an increase in rates under R.C. 4909.18 and the Commission may thus approve this Application without a hearing.

Respectfully submitted,



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## RIDER NSM

### NON-STANDARD METER OPTION (NSMO) – RESIDENTIAL

#### APPLICABILITY

Applicable only to residential customers served under Rate RS, Rate RSLI, Rate RS3P, or Rate ORH who request a traditional meter rather than an advanced meter, i.e. the Company's standard meter for Ohio residential electric customers. Rider NSM is optional and is available subject to the Terms and Conditions below.

#### BACKGROUND

Section 4901:1-10-05(J) of the Ohio Administrative Code (OAC) states that electric utilities shall provide customers with the option to remove an installed advanced meter and replace it with a traditional meter, and the option to decline installation of an advanced meter and retain a traditional meter.

As defined in OAC 4901:1-10-01:

"Advanced meter" means any electric meter that meets the pertinent engineering standards using digital technology and is capable of providing two-way communications with the electric utility to provide usage and/or other technical data.

"Traditional meter" means any meter with an analog or digital display that does not have the capability to communicate with the utility using two-way communications.

#### CHARGES

Residential customers who request a traditional meter rather than an advanced meter shall pay a one-time fee of \$1,073.10 and a recurring monthly fee of \$40.63.

#### TERMS AND CONDITIONS

The Company shall have the right to refuse to provide advanced meter opt-out service in either of the following circumstances:

- (a) If such a service creates a safety hazard to consumers or their premises, the public, or the electric utility's personnel or facilities.
- (b) If a customer does not allow the electric utility's employees or agents access to the meter at the customer's premises.

Rider NSM is not available to customers taking service under a time-differentiated rate.

Rider NSM is not available to customers with a history of tampering or theft

The supplying and billing for service and all conditions applying thereto, are subject to the jurisdiction of the Public Utilities Commission of Ohio, and to the Company's Service Regulations currently in effect, as filed with the Public Utilities Commission of Ohio.

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Filed pursuant to an Order dated \_\_\_\_\_ in Case No. 14-XXXX-EL-ATA before the Public Utilities Commission of Ohio.

Issued:

Effective:

Issued by James P. Henning, President

**725 : Assumed # NSMO Customers**

	One-time Costs	Annual Costs	Monthly Costs	NSMO Costs per Customer (One-time and Monthly)
One-time	\$ 777,997.50	N/A	N/A	\$ 1,073.10
Ongoing	N/A	\$ 353,468.68	\$ 29,455.72	\$ 40.63

**725 : Assumed # NSMO Customers**

Topic Area	Total One-time Costs	One-time Costs per NSMO Customer
Metering Services <sup>1</sup>	\$ 54,737.50	\$ 75.50
Distribution Maintenance <sup>2</sup>	\$ 37,120.00	\$ 51.20
IT Systems <sup>3</sup>	\$ 686,140.00	\$ 946.40
<b>Cost Totals</b>	<b>\$ 777,997.50</b>	<b>\$ 1,073.10</b>

<sup>1</sup> Metering Services includes: meter repair/testing, meter storage labor, and buying meters for reserve stock.

<sup>2</sup> Distribution Maintenance includes: removal of AMI meters and/or installation of non-standard meters.

<sup>3</sup> IT Systems includes: IT project to build NSMO billing and service routing functionalities into Customer Management System (CMS).

**725 : Assumed # NSMO Customers**

Topic Area	Annual Cost	Monthly Cost	Monthly Cost per NSMO Customer
Metering Services <sup>1</sup>	\$ 349,015.00	\$ 29,084.58	\$ 40.12
Distribution Maintenance <sup>2</sup>	\$ 4,453.68	\$ 371.14	\$ 0.51
<b>Cost Totals</b>	<b>\$ 353,468.68</b>	<b>\$ 29,455.72</b>	<b>\$ 40.63</b>

<sup>1</sup> Metering Services includes: manual meter reading for monthly on-cycle reads, off-cycle reads, and revenue assurance.

<sup>2</sup> Distribution Maintenance includes: purchasing, locating, and installing additional communication devices to read stranded meters caused by NSMO.

**This foregoing document was electronically filed with the Public Utilities**

**Commission of Ohio Docketing Information System on**

**6/27/2014 3:31:40 PM**

**in**

**Case No(s). 14-1160-EL-UNC, 14-1161-EL-AAM**

Summary: Application Application of Duke Energy Ohio, Inc. for Approval of a Grid Modernization Opt-Out Tariff and for a Change in Accounting Procedures Including a Cost Recovery Mechanism. electronically filed by Ms. Elizabeth H Watts on behalf of Duke Energy Ohio, Inc.