

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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

**INITIAL OBJECTIONS TO DUKE’S PROPOSAL TO CHARGE RESIDENTIAL
CUSTOMERS UP TO \$1,073.10 AS A ONE-TIME FEE PLUS \$40.63 IN
MONTHLY CHARGES FOR DECLINING A SMART METER IN THEIR HOME
AND TO OTHER PROPOSALS IN THE APPLICATION
BY
THE OFFICE OF THE OHIO CONSUMERS’ COUNSEL**

Duke Energy Ohio, Inc. (“Duke”) has made several proposals for charging residential customers who decline a smart meter for their homes. Duke’s proposals range from bad to outrageous, and the Public Utilities Commission of Ohio (“PUCO”) should reject all of them in favor of ordering lower charges that are fair for customers who choose not to have a smart meter.

Duke is also seeking accounting authority to defer and collect from residential customers various alleged costs. The costs are associated with changes to information technology systems that Duke contends are necessary to serve the residential customers who do not have advanced electric meters installed at their homes.¹

If the PUCO approves the deferral authority, Duke proposes to charge residential customers a one-time fee of \$126.70 to remove the advanced meter and install a meter

¹ See Application (June 27, 2014) at 1.

without advanced capabilities.² If the PUCO does not approve the deferral authority sought by Duke, Duke proposes to set the one-time charge for residential customers at \$1,073.10.³ Residential customers who decline an advanced meter would also be charged \$40.63 per month, regardless of whether the PUCO approves the deferral authority.⁴

The Office of the Ohio Consumers' Counsel ("OCC"), an intervenor in this proceeding on behalf of all of Duke's 660,000 residential electric customers,⁵ files initial objections to Duke's Application.⁶ Duke has not provided sufficient documentation in the record of this proceeding to support its claim that it would incur \$777,997.50 in one-time costs and \$353,468.68 in annual costs to implement the opt-out service.⁷ Also, Duke's per-customer charges are based on unsupported assumptions regarding the number of customers who would choose not to have an advanced meter at their homes. In addition, Duke has not explained the details concerning its proposal to defer information technology costs.

Because the record of this proceeding does not support Duke's claims, the PUCO should reject Duke's Application. At the very least, the PUCO should hold a hearing on the Application.

² See id. at 4.

³ See id.

⁴ See id.

⁵ OCC filed a motion to intervene on July 18, 2014.

⁶ No procedural schedule has been established for this case. OCC reserves the right to make whatever additional filings that might be allowed once a procedural schedule is established.

⁷ See id. at 3.

Duke claims that it would incur \$777,997.50 in one-time costs and \$353,468.68 in annual costs to implement the opt-out service.⁸ Duke asserts that the one-time costs involve information technology system changes necessary to enroll customers in the opt-out program, to have associated charges billed to them and to track their meter type “to ensure they – and any non-participating customers – maintain the correct meter.”⁹ But Duke does not offer details of the costs or how the costs were calculated. Instead, Duke identifies the costs only by the general categories of “Metering Services,” “Distribution Maintenance” and “IT Systems.”¹⁰ Duke has filed no documentation to support the costs it claims to be associated with each of these categories.

Similarly, Duke does not offer details of the annual costs or how the annual costs were calculated. Duke merely identifies the costs by the general categories of “Metering Services” and “Distribution Maintenance.”¹¹ Again, Duke offers no documentation to support the costs it claims to be associated with each of these categories.

Duke has not provided sufficient documentation to support its claims regarding the one-time costs or the annual costs. Instead, Duke’s Application merely includes three charts that purport to show how the \$1,073.10 one-time and the \$40.63 annual per-customer charges were calculated. But there are no workpapers or other detail to support the overall amounts from which these charges were derived (\$777,997.50 in one-time costs and \$353,468.68 in annual costs). Without support for the overall amounts, the calculations of the per-customer charges are baseless.

⁸ See id.

⁹ Id.

¹⁰ See id., Exhibit 1. The exhibit is unmarked but is referenced on page 3 of the Application.

¹¹ See id.

Further, Duke provides no support for the one-time fee of \$126.70 that would apply if Duke's deferral request is approved. In arriving at the \$126.70 fee, Duke apparently removed the amount it designated for "IT Systems" from the total up-front costs.¹² Thus, the \$126.70 charge is for "Metering Services" and "Distribution Maintenance."¹³ But, as discussed above, Duke's Application includes no documentation to support the costs Duke claims to be associated with each of these categories. Thus, there is no basis for the \$126.70 fee.

Duke also asserts that it expects 725 (or 0.1%) of its residential electric customers to choose not to have an advanced meter at their homes.¹⁴ But again, Duke does not explain how it arrived at that figure. Duke's estimate could result in over-collection (or under-collection) of the costs associated with the opt-out program.

In addition, Duke does not explain how and when the deferred amount would ultimately be collected from customers. Duke also does not explain whether it proposes to collect carrying charges on the deferred amount and, if so, at what rate. The PUCO should reject Duke's deferral request for lack of specificity.

The PUCO has noted that it adopted advanced meter opt-out service "as a customer protection for customers that believe they are being affected by their electric meter."¹⁵ The PUCO also noted that the costs associated with advanced meter opt-out service must be borne only by those customers who elect to receive advanced meter opt-

¹² See id.

¹³ See id.

¹⁴ Id. at 3.

¹⁵ *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, Entry on Rehearing (December 18, 2013) at 23.

out service.¹⁶ At the same time, the PUCO must ensure that Duke's rates for opt-out service are just and reasonable.¹⁷ The rate should reflect only each customer's fair share of the up-front costs that are attributed to the opt-out service and actual monthly costs of service.

As filed, Duke's Application does not contain sufficient information for the PUCO to determine whether Duke's proposed rates are just and reasonable. Thus, the PUCO should reject Duke's Application as filed. If the PUCO does not reject the Application outright, it should hold a hearing on the Application in order to examine Duke's claimed costs and its method of calculating the customer charges.

Respectfully submitted,

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¹⁶ Id. at 4.

¹⁷ R.C. 4905.23.

CERTIFICATE OF SERVICE

I hereby certify that a copy of these Initial Objections was served on the persons stated below via electronic transmission, this 27th day of August 2014.

/s/ Terry L. Etter

Terry L. Etter

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Summary: Objection Initial Objections to Duke's Proposal to Charge Residential Customers up to \$1,073.10 as a One-Time Fee Plus \$40.63 in Monthly Charges for Declining a Smart Meter in Their Home and to Other Proposals in the Application by the Office of the Ohio Consumers' Counsel electronically filed by Ms. Deb J. Bingham on behalf of Etter, Terry L.