

FILE

PUCO EXHIBIT FILING

75

Date of Hearing: 11/6/14

Case No. 14-841-EL-SSO/14-842-EL-ATA

PUCO Case Caption: 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 + In the Matter of the Application  
of Duke Energy Ohio for Authority to Amend its Certified Supplier tariff  
P.U.C.O. No. 20.

List of exhibits being filed:

Volume XII

Company 29

Company 30

Company 31

Company 32

Company 33

Company 34

Company 35

OCC 48

PUCO

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Reporter's Signature: Karen Sue Gibson

Date Submitted: 11/20/14

3333

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

- - -

In the Matter of the :  
 Application of Duke Energy:  
 Ohio for Authority to :  
 Establish a Standard :  
 Service Offer Pursuant to :  
 Section 4928.143, Revised : Case No. 14-841-EL-SSO  
 Code, in the Form of an :  
 Electric Security Plan, :  
 Accounting Modifications :  
 and Tariffs for Generation:  
 Service. :

- - -

In the Matter of the :  
 Application of Duke Energy:  
 Ohio for Authority to : Case No. 14-842-EL-ATA  
 Amend its Certified :  
 Supplier Tariff, P.U.C.O. :  
 No. 20. :

- - -

PROCEEDINGS

before Ms. Christine M.T. Pirik and Mr. Nick Walstra,  
 Attorney Examiners, at the Public Utilities  
 Commission of Ohio, 180 East Broad Street, Room 11-A,  
 Columbus, Ohio, called at 9:10 a.m. on Thursday,  
 November 6, 2014.

- - -

VOLUME XII

- - -

ARMSTRONG & OKEY, INC.  
 222 East Town Street, Second Floor  
 Columbus, Ohio 43215-5201  
 (614) 224-9481 - (800) 223-9481  
 Fax - (614) 224-5724

- - -



SNL Financial

Wednesday, October 29, 2014 6:22 PM ET ✱ Extra

## Reduced bid levels in Md. solicitation blamed on PJM capacity market uncertainty

By Glen Boshart

The uncertainty surrounding the future of the PJM Interconnection LLC's capacity markets is causing potential competitors to sit out retail solicitations, according to the consulting company hired to monitor a recent Maryland auction.

The Maryland Public Service Commission on Oct. 20 held a solicitation to provide standard offer service to the states' retail customers that do not choose their own suppliers, which is a large majority of all retail customers. The solicitations were for full requirements services for residential customers and/or small and medium-size commercial customers served by Baltimore Gas and Electric Co., Delmarva Power & Light Co., Potomac Electric Power Co. and Potomac Edison Co..

Boston Pacific was retained to be the monitor and technical consultant for the solicitations by the four utilities. After the bidding ended, Boston Pacific's Frank Mossburg and Katherine Gottshall recommended that the PSC accept the results of the auction, asserting that the winning bids "were consistent with broader market conditions" and that the solicitation was "open, fair and transparent."

However, the two consultants said their recommendation is not without reservation, expressing concern over the lack of competition in the procurement, especially for the residential and small commercial customers.

Mossburg and Gottshall reported that a total of five bidders submitted bids for one or more of the 10 products available, which was four fewer than the number of bidders that participated in an April auction. Moreover, only two bidders offered to supply power to residential and small commercial customers, and for most residential and small commercial customer products only one company submitted bids.

Looking at another measure of competitiveness, the ratio of megawatts bid to megawatts needed, Mossburg and Gottshall said for the most recent solicitation that only approximately 1.8 MW was bid for every 1 MW needed. For the residential and Type 1 small commercial products alone the number was 1.2 to 1, while the April solicitation saw 3 MW bid for every 1-MW block needed overall and 2.6 MW bid for every 1 MW needed for the residential and small commercial products alone.

Mossburg and Gottshall blamed the lack of competition on uncertainty over several proposed market rule changes being considered by PJM, including the RTO's efforts to establish a new "enhanced capacity" product, modify capacity auction parameters, and make other changes in response to a federal court ruling striking down FERC's signature demand response rule, Order 745.

What is of most concern to potential retail solicitation bidders, Mossburg and Gottshall said, is that some of the changes may not only affect prospective capacity prices but also prices that have already been established. Bidders use the established prices to price their bids and would be responsible for any changes to capacity prices under the service agreement signed by all winning bidders.

Thus, the consultants said the uncertainty about potential market rule changes "was great enough to keep many bidders from offering for the longer-term residential" and small commercial customer products. Mossburg and Gottshall added that since the uncertainty will not be resolved anytime soon given the lengthy process ahead for implementing any potential rule changes, "there is little reason to think that rejecting these results and holding another procurement will bring a better outcome."

Based on the recommendations of Mossburg and Gottshall, the PSC accepted the auction results and said the four Maryland investor-owned electric utilities may finalize the contracts awarded.

Baltimore Gas and Electric is a subsidiary of Exelon Corp., Delmarva Power & Light Co. and Potomac Electric are both subsidiaries of Pepco Holdings Inc., and Potomac Edison is a subsidiary of FirstEnergy Corp.

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SNL Financial LC, One SNL Plaza, PO Box 2124, Charlottesville, Virginia 22902 USA, (434) 977-1600



**DELIVERED BY EMAIL**

CRA No. D14673

February 19, 2014

James W. Burk  
FirstEnergy Corp.  
76 South Main Street  
Akron, OH 44308

Re: Notification of CBP Auction Results

Dear Mr. Burk:

Pursuant to the requirements of paragraph 9 of the January 29, 2014 Finding and Order of the Public Utility Commission of Ohio ("PUCO" or "Commission"), please find attached a redacted version of the post-auction letter addressed to you (and cc'd to others) that the CBP Manager, CRA International, submitted on January 28, 2014 following the conclusion of the FirstEnergy Ohio Utilities' Competitive Bidding Process Auction to procure supply for Standard Service Offer customers for the FirstEnergy Ohio Utilities.

Compared to the redacted letter submitted on January 28, the attached letter has fewer redactions pursuant to paragraph 9 of the Finding and Order cited above.

Sincerely yours,

CRA INTERNATIONAL, INC.

A handwritten signature in cursive script that reads "Bradley A. Miller".

Bradley A. Miller  
Vice President

cc:

Eric Weldele, Chief of Staff, Public Utilities Commission of Ohio  
Ray Strom, Public Utilities Commission of Ohio

Attachment





**DELIVERED BY EMAIL**

CRA No. D14673

January 28, 2014

James W. Burk  
FirstEnergy Corp.  
76 South Main Street  
Akron, OH 44308

Re: Notification of CBP Auction Results

Dear Mr. Burk:

This is to inform you that we have confirmed the results of the FirstEnergy Ohio Utilities' Competitive Bidding Process Auction ("Auction") to procure supply for Standard Service Offer (SSO) customers for the FirstEnergy Ohio Utilities. The Auction began on Tuesday, January 28, 2014 and concluded the same day.

There are three tables attached to this letter.

- Table 1 summarizes the results of the Auction.
- Table 2 shows, for each winning bidder, the number of tranches won for each contract in the auction.
- Table 3 provides the CBP Manager's assessment of the conduct of the auction.

In accordance with the Bidding Rules, winning bidders will be contacted directly by the FirstEnergy Ohio Utilities to execute the Master SSO Supply Agreement no later than three (3) business days following the close of the auction.



James W. Burk  
January 28, 2014  
Page 2

Sincerely yours,

CRA INTERNATIONAL, INC.

A handwritten signature in black ink that reads "Bradley A. Miller". The signature is written in a cursive, flowing style.

Bradley A. Miller  
Vice President

cc:

Todd A. Snitchler, Chairman, Public Utilities Commission of Ohio  
Lynn Slaby, Commissioner, Public Utilities Commission of Ohio  
M. Beth Trombold, Commissioner, Public Utilities Commission of Ohio  
Steven D. Lesser, Commissioner, Public Utilities Commission of Ohio  
Asim Z. Haque, Commissioner, Public Utilities Commission of Ohio  
Katie Stenman, Chief of Staff, Public Utilities Commission of Ohio  
Charles E. Jones, Senior Vice President and President, FirstEnergy Utilities  
Dennis M. Chack, President, Ohio Operations  
John Skory, Regional President, The Cleveland Electric Illuminating Company  
Randall A. Frame, Regional President, Ohio Edison Company  
Linda L. Moss, Regional President, The Toledo Edison Company  
Frank Mossburg, Boston Pacific Company

James W. Burk  
January 28, 2014  
Page 3

**Table 1. Summary of SSO Auction Results**

|  |      | Delivery Period                 |                                 |
|--|------|---------------------------------|---------------------------------|
|  |      | June 1, 2014 to<br>May 31, 2015 | June 1, 2014 to<br>May 31, 2016 |
| Number of Registered Bidders                                 | 9    |                                 |                                 |
| Total initial eligibility of Registered Bidders (# tranches) |      |                                 |                                 |
| Total initial eligibility divided by tranche target          |      |                                 |                                 |
| Number of bidders that submitted bids in round 1             |      |                                 |                                 |
| Number of tranches bid in round 1                            | 94   | 53                              | 41                              |
| Number of tranches bid in round 1 divided by tranche target  | 2.85 | 3.31                            | 2.41                            |
| Number of tranches to procure in auction (tranche target)    | 33   | 16                              | 17                              |
| Number of tranches procured in auction                       | 33   | 16                              | 17                              |
| Number of rounds in the auction                              | 21   |                                 |                                 |
| Number of winning bidders                                    | 5    | 5                               | 4                               |
| Starting price range (\$/MWh)                                |      | \$80.00-\$105.00                | \$80.00-\$105.00                |
| Starting price (\$/MWh)                                      |      |                                 |                                 |
| Clearing price (\$/MWh)                                      |      | \$55.83                         | \$68.31                         |

James W. Burk  
January 28, 2014  
Page 4

**Table 2. Winning Bidders and Tranches Won**

| Winning Bidder                                | Number of Winning Tranches |                                 |                                 |
|---|----------------------------|---------------------------------|---------------------------------|
|   | Total                      | Delivery Period                 |                                 |
|   |                            | June 1, 2014 to<br>May 31, 2015 | June 1, 2014 to<br>May 31, 2016 |
| ConocoPhillips Company                        | 2                          | 2                               | —                               |
| Duke Energy Commercial Asset Management, Inc. | 4                          | 1                               | 3                               |
| Exelon Generation Company, LLC                | 12                         | 3                               | 9                               |
| FirstEnergy Solutions Corp.                   | 7                          | 5                               | 2                               |
| The Dayton Power and Light Company            | 8                          | 5                               | 3                               |
| <b>TOTAL</b>                                  | <b>33</b>                  | <b>16</b>                       | <b>17</b>                       |





James W. Burk  
January 28, 2014  
Page 5

**Table 3. CBP Manager's Assessment of the Conduct of the Auction**

|   | Question  | Answer   |
|---|---|--|
| 1 | Were the competitive bidding rules violated?  | No   |
| 2 | Does the CBP Manager believe the auction was open, fair, transparent, and competitive?  | Yes  |
| 3 | Did bidders have sufficient information to prepare for the auction?   | Yes. Bidders received information from the competitive bidding process documents, the Information Website, questions-and-answers posted to the Information Website, and bidder information sessions.   |
| 4 | Was the information generally provided to bidders in accordance with the published timetable? Was the timetable updated appropriately as needed?  | Yes  |
| 5 | Were there any issues and questions left unresolved prior to the auction that created material uncertainty for bidders?   | We do not believe that there were any unresolved issues or questions that created material uncertainty for bidders.  |
| 6 | Were there any procedural problems or errors with the auction, including the electronic bidding process, the back-up bidding process, and communications between bidders and the CBP Manager? | At the end of round 2, the announced prices for round 3 were reported incorrectly due to human error in manually overriding the default price decrements. The correction to the announced prices temporarily affected the reported price decrements and aggregate eligibility for round 3. Bidders were properly informed of the issue via the Messages page and via the Help Desk. We do not believe this adversely affected bidding in the auction or affected the outcome of the auction. All bidders who bid in round 1 and round 2 bid their full eligibility — i.e., the maximum number of tranches they could bid — in round 3 and for a number of subsequent rounds. |
| 7 | Were protocols for communication between bidders and the CBP Manager adhered to?  | Yes  |
| 8 | Were there any hardware or software problems or errors, either with the auction system or with its associated communications systems?   | No   |



James W. Burk  
January 28, 2014  
Page 6

|    | Question  |  |
|----|---|--|
| 9  | Were there any unanticipated delays during the auction?   | Due to the issue noted in item 6 above, we delayed the opening of round 3 by 10 minutes to confirm the manual error had been corrected and to ensure bidders could submit their bids without being rushed. As noted in item 6 above we do not believe this adversely affected bidding in the auction or affected the outcome of the auction. |
| 10 | Did unanticipated delays appear to adversely affect bidding in the auction?   | No   |
| 11 | Were appropriate data back-up procedures planned and carried out?   | Yes  |
| 12 | Were any security breaches observed with the auction process?   | No   |
| 13 | Were protocols followed for communications among FirstEnergy Ohio Utilities, the CBP Manager, the PUCO, and the PUCO's consultant during the auction?               | Yes  |
| 14 | Were the protocols followed for decisions regarding changes in auction parameters (e.g., volume adjustments and price decrements)?                                  | Yes  |
| 15 | Were the calculations (e.g., for price decrements or bidder eligibility) produced by the auction software double-checked or reproduced off-line by the CBP Manager? | Yes  |
| 16 | Was there evidence of confusion or misunderstanding on the part of bidders that delayed or impaired the auction?  | No   |
| 17 | Were the communications between the CBP Manager and bidders timely and effective?   | Yes  |
| 18 | Was there evidence that bidders felt unduly rushed during the process?  | No   |
| 19 | Was there any evidence of collusion or improper coordination among bidders?   | No   |



James W. Burk  
January 28, 2014  
Page 7

|    | Question  |                               |
|----|---|-------------------------------|
| 20 | Was there any evidence of anti-competitive behavior in the auction?   | No                            |
| 21 | Was information made public appropriately? Was confidential and sensitive information treated appropriately?                                  | Yes                           |
| 22 | Were there factors exogenous to the auction (e.g., changes in market environment) that materially affected the auction in unanticipated ways? | No, not that we are aware of. |

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

**Commission of Ohio Docketing Information System on**

**2/19/2014 3:12:05 PM**

**in**

**Case No(s). 12-2742-EL-UNC**

**Summary: Report of Auction Manager - Notification of CBP Auction Results - Updated  
Redacted Version electronically filed by Raymond W. Strom on behalf of PUCO Staff**



**DELIVERED BY EMAIL**

CRA No. D14673

November 5, 2014

James W. Burk  
FirstEnergy Corp.  
76 South Main Street  
Akron, OH 44308

Re: Notification of CBP Auction Results

Dear Mr. Burk:

Pursuant to the requirements of paragraph 9 of the October 15, 2014 Finding and Order of the Public Utility Commission of Ohio ("PUCO" or "Commission"), please find attached a redacted version of the post-auction letter addressed to you (and cc'd to others) that the CBP Manager, CRA International, submitted on October 14, 2014 following the conclusion of the FirstEnergy Ohio Utilities' Competitive Bidding Process Auction to procure supply for Standard Service Offer customers for the FirstEnergy Ohio Utilities.

Compared to the redacted letter submitted on October 14, the attached letter has fewer redactions pursuant to paragraph 9 of the Finding and Order cited above.

Sincerely yours,

CRA INTERNATIONAL, INC.

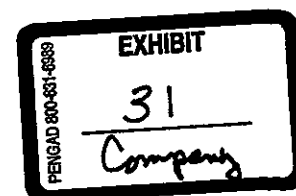
A handwritten signature in black ink that reads "Bradley A. Miller".

Bradley A. Miller  
Vice President

cc:

Katie Stenman, Chief of Staff, Public Utilities Commission of Ohio  
Ray Strom, Public Utilities Commission of Ohio

Attachment





**DELIVERED BY EMAIL**

CRA No. D14673

October 14, 2014

James W. Burk  
FirstEnergy Corp.  
76 South Main Street  
Akron, OH 44308

Re: Notification of CBP Auction Results

Dear Mr. Burk:

This is to inform you that we have confirmed the results of the FirstEnergy Ohio Utilities' Competitive Bidding Process Auction ("Auction") to procure supply for Standard Service Offer (SSO) customers for the FirstEnergy Ohio Utilities. The Auction began on Tuesday, October 14, 2014 and concluded the same day.

There are three tables attached to this letter.

- Table 1 summarizes the results of the Auction.
- Table 2 shows, for each winning bidder, the number of tranches won for each contract in the auction.
- Table 3 provides the CBP Manager's assessment of the conduct of the auction.

In accordance with the Bidding Rules, winning bidders will be contacted directly by the FirstEnergy Ohio Utilities to execute the Master SSO Supply Agreement no later than three (3) business days following the close of the auction.



James W. Burk  
October 14, 2014  
Page 2

Sincerely yours,

CRA INTERNATIONAL, INC.

A handwritten signature in cursive script that reads "Bradley A. Miller".

Bradley A. Miller  
Vice President

cc:

Thomas W. Johnson, Chairman, Public Utilities Commission of Ohio  
Lynn Slaby, Commissioner, Public Utilities Commission of Ohio  
M. Beth Trombold, Commissioner, Public Utilities Commission of Ohio  
Steven D. Lesser, Commissioner, Public Utilities Commission of Ohio  
Asim Z. Haque, Commissioner, Public Utilities Commission of Ohio  
Katie Stenman, Chief of Staff, Public Utilities Commission of Ohio  
Ray Strom, Public Utilities Commission of Ohio  
Charles E. Jones, Senior Vice President and President, FirstEnergy Utilities  
Dennis M. Chack, President, Ohio Operations  
John Skory, Regional President, The Cleveland Electric Illuminating Company  
Randall A. Frame, Regional President, Ohio Edison Company  
Linda L. Moss, Regional President, The Toledo Edison Company  
Frank Mossburg, Boston Pacific Company



James W. Burk  
 October 14, 2014  
 Page 3

**Table 1. Summary of SSO Auction Results**

| Delivery Period (12 months)                                  | June 1, 2015 to May 31, 2016 |
|--|------------------------------|
| Number of Registered Bidders                                 | 5                            |
| Total initial eligibility of Registered Bidders (# tranches) |                              |
| Total initial eligibility divided by tranche target          |                              |
| Number of bidders that submitted bids in round 1             |                              |
| Number of tranches bid in round 1                            | 43                           |
| Number of tranches bid in round 1 divided by tranche target  | 2.69                         |
| Number of tranches to procure in auction (tranche target)    | 16                           |
| Number of tranches procured in auction                       | 16                           |
| Number of rounds in clock phase                              | 18                           |
| Was there a sealed-bid round?                                | No                           |
| Number of winning bidders                                    | 4                            |
| Starting price range   | \$100-\$130                  |
| Starting price   |                              |
| Tranche-weighted average price of winning bids               | \$73.82                      |





James W. Burk  
 October 14, 2014  
 Page 4

**Table 2. Winning Bidders and Tranches Won**

| Winning Bidder                 | Number of Winning Tranches | Tranche-Weighted Average Price to be Paid (\$/MWh) |
|--------------------------------|----------------------------|--|
| AEP Energy Partners, Inc.      | 5                          | \$73.82  |
| ConocoPhillips Company         | 2                          | \$73.82  |
| Exelon Generation Company, LLC | 5                          | \$73.82  |
| FirstEnergy Solutions Corp.    | 4                          | \$73.82  |
| <b>TOTAL</b>                   | <b>16</b>                  | <b>\$73.82</b>                                     |

James W. Burk  
October 14, 2014  
Page 5

**Table 3. CBP Manager's Assessment of the Conduct of the Auction**

|    | Question  | Response   |
|----|---|--|
| 1  | Were the competitive bidding rules violated?  | No   |
| 2  | Does the CBP Manager believe the auction was open, fair, transparent, and competitive?  | Yes  |
| 3  | Did bidders have sufficient information to prepare for the auction?   | Yes. Bidders received information from the competitive bidding process documents, the Information Website, questions-and-answers posted to the Information Website, and bidder information sessions. |
| 4  | Was the information generally provided to bidders in accordance with the published timetable? Was the timetable updated appropriately as needed?  | Yes  |
| 5  | Were there any issues and questions left unresolved prior to the auction that created material uncertainty for bidders?   | We do not believe that there were any unresolved issues or questions that created material uncertainty for bidders.  |
| 6  | Were there any procedural problems or errors with the auction, including the electronic bidding process, the back-up bidding process, and communications between bidders and the CBP Manager? | No   |
| 7  | Were protocols for communication between bidders and the CBP Manager adhered to?  | Yes  |
| 8  | Were there any hardware or software problems or errors, either with the auction system or with its associated communications systems?   | No   |
| 9  | Were there any unanticipated delays during the auction?   | No   |
| 10 | Did unanticipated delays appear to adversely affect bidding in the auction?   | No   |
| 11 | Were appropriate data back-up procedures planned and carried out?   | Yes  |



James W. Burk  
 October 14, 2014  
 Page 6

|    | Question  |                               |
|----|---|-------------------------------|
| 12 | Were any security breaches observed with the auction process?   | No                            |
| 13 | Were protocols followed for communications among FirstEnergy Ohio Utilities, the CBP Manager, the PUCO, and the PUCO's consultant during the auction?               | Yes                           |
| 14 | Were the protocols followed for decisions regarding changes in auction parameters (e.g., volume adjustments and price decrements)?                                  | Yes                           |
| 15 | Were the calculations (e.g., for price decrements or bidder eligibility) produced by the auction software double-checked or reproduced off-line by the CBP Manager? | Yes                           |
| 16 | Was there evidence of confusion or misunderstanding on the part of bidders that delayed or impaired the auction?  | No                            |
| 17 | Were the communications between the CBP Manager and bidders timely and effective?   | Yes                           |
| 18 | Was there evidence that bidders felt unduly rushed during the process?  | No                            |
| 19 | Was there any evidence of collusion or improper coordination among bidders?   | No                            |
| 20 | Was there any evidence of anti-competitive behavior in the auction?   | No                            |
| 21 | Was information made public appropriately? Was confidential and sensitive information treated appropriately?  | Yes                           |
| 22 | Were there factors exogenous to the auction (e.g., changes in market environment) that materially affected the auction in unanticipated ways?                       | No, not that we are aware of. |

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

**Commission of Ohio Docketing Information System on**

**11/5/2014 11:53:19 AM**

**in**

**Case No(s). 12-2742-EL-UNC**

**Summary: Report of Auction Manager - Notification of CBP Auction Results - Updated  
Redacted Version electronically filed by Raymond W. Strom on behalf of PUCO Staff**

Duke Energy Ohio  
Case No. 14-841-EL-SSO, 14-842-EL-ATA  
OCC Eleventh Set Interrogatories  
Date Received: August 5, 2014

OCC-INT-11-322

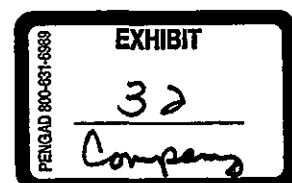
**REQUEST:**

Referring to the response attachment to OCC-POD-06-052, Duke listed the following peak values for 7-15-13:

|       |                 |
|-------|-----------------|
| RS    | 1,636,891 kW    |
| DS    | 1,064,261 kW    |
| DP    | 327,420 kW      |
| TS    | 360,077 kW      |
| DM    | 99,327 kW       |
| TL    | <u>1,737 kW</u> |
| Total | 3,489,713 kW    |

Please answer the following:

- A. Are these values at customer level or generation level;
- B. Do these values include municipal load or any other load that is in Duke's load zone, but not a part of the Company's demand responsibility;
- C. If these loads include municipal load or any other load that is in Duke's load zone, but not a part of the Company's demand responsibility, what part of each load by rate class is associated with this other load;
- D. Do these values include CRES supplied loads;
- E. If these values include CRES supplied loads, what part of each load by rate class is associated with this CRES load;
- F. What total load for 7-15-13 @ 6 pm did Duke report to PJM;
- G. If the total load for 7-15-13 @ 6 pm that Duke reported to PJM was anything but 3,489,713 kW, please explain and quantify all adjustment that were made;



- H. PJM weather normalizes its peak loads. Assuming that PJM weather normalized its peak load for 7-15-13 @ 6 pm, what was the overall weather normalized peak that was assigned to Duke by PJM? Please quantify the weather normalized load by the above rate categories;
- I. Assuming that PJM weather normalized its peak load for 7-15-13 @ 6 pm, what was the overall weather normalized peak that was assigned by PJM that only belonged to Duke SSO load? Please quantify the weather normalized load by the above rate categories;
- J. Assuming that PJM weather normalized its peak load for 7-15-13 thru 7-19-13 in the aggregate, what was the overall weather normalized peak that was assigned by PJM that only belonged to Duke SSO load? Please quantify the weather normalized load by the above rate categories;
- K. What are the weather normalized values for each of the values listed in the attachment to OCC-POD-06-052; and
- L. If the values listed in the attachment to OCC-POD-06-052 are not at generation level, what are the loss factors that would be applied to each rate group that would bring them to generation level?

**RESPONSE:**

- A. Customer level.
- B. No.
- C. N/A
- D. Yes.
- E. Not available. The Company's response to OCC-INT-07-140 shows the percentage of kWh by rate that was served by CRES suppliers.
- F. The Company reported 4,969 MW. This number includes Duke Energy Ohio and Duke Energy Kentucky retail loads and all other wholesale loads served on the DEOK transmission system. It includes losses.
- G. Not available. The Company has not performed these calculations. The numbers that appear in OCC-POD-06-052 were developed from Duke Energy Ohio retail load research data and were not reported to PJM.
- H. Not available.

- I. Not available.
- J. Not available.
- K. Not available.
- L. In its Rider RC and Rider RE calculations as approved in Case No. 11-3549-EL-SSO, the Company uses a distribution loss factor of 1.03552 and a transmission loss factor of 1.03314.

**PERSON RESPONSIBLE:** James E. Ziolkowski

**A report by the Staff of the  
Public Utilities Commission of Ohio**

Ohio Utility Rate Survey

August 15, 2014



# Ohio Utility Bills - Residential Customers

## Comparison of Utility Bills 16 Major Ohio Cities

| Rank    | Cities      | Combined Bill<br>01/15/13 | Combined Bill<br>08/15/14 | Electric<br>Standard<br>Service Offer*<br>08/15/14 | Gas **<br>08/15/14 | Telephone***<br>08/15/14 |
|---------|-------------|---------------------------|---------------------------|--|--------------------|--------------------------|
| 1       | Ashtabula   | \$187.10                  | \$204.55                  | \$104.40   | \$77.05            | \$23.10                  |
| 2       | Cleveland   | \$191.00                  | \$210.85                  | \$104.40   | \$77.05            | \$28.90                  |
| 3       | Youngstown  | 191.42                    | 211.69                    | 106.13   | 77.05              | 28.51                    |
| 4       | Akron       | 193.37                    | 211.75                    | 106.13   | 77.05              | 28.57                    |
| 5       | Canton      | 200.17                    | 212.98                    | 112.44   | 77.05              | 23.49                    |
| 6       | Lima        | 204.29                    | 216.58                    | 112.44   | 77.05              | 27.09                    |
| 7       | Lorain      | 195.35                    | 222.15                    | 106.13   | 92.85              | 23.17                    |
| 8       | Mansfield   | 197.95                    | 225.07                    | 106.13   | 92.85              | 26.09                    |
| 9       | Toledo      | 191.87                    | 226.03                    | 104.54   | 92.85              | 28.64                    |
| 10      | Marietta    | 210.17                    | 227.52                    | 121.83   | 77.05              | 28.64                    |
| 11      | Marion      | 194.18                    | 228.50                    | 106.13   | 92.85              | 29.52                    |
| 12      | Dayton      | 206.59                    | 231.10                    | 121.21   | 81.19              | 28.70                    |
| 13      | Zanesville  | 200.63                    | 233.93                    | 112.44   | 92.85              | 28.64                    |
| 14      | Cincinnati  | 213.39                    | 236.14                    | 93.82  | 105.77             | 36.55                    |
| 15      | Columbus    | 210.63                    | 243.32                    | 121.83   | 92.85              | 28.64                    |
| 16      | Chillicothe | \$214.57                  | \$248.52                  | \$121.83   | \$92.85            | \$33.84                  |
| Average |             | \$200.17                  | \$224.39                  | \$110.11   | \$86.02            | \$28.26                  |

Based on 750 KWH, 10 MCF, and Flat Rate Telephone Service

\* Price does not reflect savings available to customers participating in electric choice programs

\*\* Price does not reflect savings available to customers participating in gas choice programs

\*\*\* Price reflects incumbent local exchange carrier's flat rate, USF, SLC & 911 and local taxes for Residential

Combined Bill = Electric Standard Service Offer + Gas + Telephone

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## Ohio Utility Bills - Commercial Customers

### Comparison of Utility Bills 8 Major Ohio Cities

| Rank    | Cities     | Combined Bill<br>01/15/13 | Combined Bill<br>08/15/14 | Electric<br>Standard<br>Service Offer*<br>08/15/14 | Gas **<br>08/15/14 | Telephone***<br>08/15/14 |
|---------|------------|---------------------------|---------------------------|--|--------------------|--------------------------|
| 1       | Cincinnati | \$28,939.98               | \$31,456.71               | \$30,963.11  | \$435.99           | \$57.61                  |
| 2       | Canton     | 33,847.42                 | 35,400.80                 | 34,998.51  | 359.06             | 43.23                    |
| 3       | Akron      | 30,207.95                 | 36,763.10                 | 36,360.62  | 359.06             | 43.42                    |
| 4       | Youngstown | 30,227.23                 | 36,763.20                 | 36,360.62  | 359.06             | 43.52                    |
| 5       | Dayton     | 32,120.39                 | 37,753.27                 | 37,360.81  | 348.84             | 43.62                    |
| 6       | Toledo     | 32,298.84                 | 38,600.56                 | 38,181.91  | 375.13             | 43.52                    |
| 7       | Columbus   | 38,104.76                 | 38,761.86                 | 38,343.21  | 375.13             | 43.52                    |
| 8       | Cleveland  | \$32,553.82               | \$39,609.28               | \$39,206.29  | \$359.06           | \$43.93                  |
| Average |            | \$32,311.43               | \$36,888.60               | \$36,471.89  | \$371.42           | \$45.30                  |

Based on 300,000 KWH, 1,000 KWD, 46 MCF, and Business Rate Telephone Service

\* Price does not reflect savings available to customers participating in electric choice programs

\*\* Price does not reflect savings available to customers participating in gas choice programs

\*\*\* Price reflects incumbent local exchange carrier's flat rate, USF, SLC and 911

Combined Bill = Electric Standard Service Offer + Gas + Telephone

## Ohio Utility Bills - Industrial Customers

### Comparison of Utility Bills 8 Major Ohio Cities

| Rank    | Cities     | Combined Bill<br>01/15/13 | Combined Bill<br>08/15/14 | Electric<br>Standard<br>Service Offer*<br>08/15/14 | Gas **<br>08/15/14 | Telephone***<br>08/15/14 |
|---------|------------|---------------------------|---------------------------|--|--------------------|--------------------------|
| 1       | Columbus   | \$457,003.87              | \$498,347.98              | \$495,802.72                                       | \$2,501.74         | \$43.52                  |
| 2       | Cincinnati | 475,801.74                | 510,678.79                | 507,836.14   | 2,785.04           | 57.61                    |
| 3       | Canton     | 533,250.20                | 563,954.49                | 561,090.48   | 2,820.78           | 43.23                    |
| 4       | Toledo     | 492,410.98                | 611,606.14                | 609,060.88   | 2,501.74           | 43.52                    |
| 5       | Akron      | 492,317.93                | 618,275.97                | 615,411.77   | 2,820.78           | 43.42                    |
| 6       | Youngstown | 492,318.74                | 618,276.07                | 615,411.77   | 2,820.78           | 43.52                    |
| 7       | Cleveland  | 488,470.08                | 625,487.58                | 622,622.87   | 2,820.78           | 43.93                    |
| 8       | Dayton     | \$572,163.98              | \$696,128.98              | \$693,685.24                                       | \$2,400.12         | \$43.62                  |
| Average |            | \$500,467.19              | \$592,844.50              | \$590,115.23                                       | \$2,683.97         | \$45.30                  |

Based on 6,000,000 KWH, 20,000 KWD, 350 MCF, and Business Rate Telephone Service

\* Price does not reflect savings available to customers participating in electric choice programs

\*\* Price does not reflect savings available to customers participating in gas choice programs

\*\*\* Price reflects incumbent local exchange carrier's flat rate, USF, SLC and 911

Combined Bill = Electric Standard Service Offer + Gas + Telephone

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**Ohio Energy Bills - Residential Customers  
Major Ohio Cities  
As of August 15, 2014**

| Cities         | 2010 Population | Electric Bill   | Per KWH       | Gas Bill       | Per MCF       | GCR Rate       |
|----------------|-----------------|-----------------|---------------|----------------|---------------|----------------|
| Akron          | 199,110.00      | \$106.13        | \$0.14        | \$77.05        | \$7.71        | \$4.24         |
| Canton         | 73,007.00       | 112.44          | 0.15          | 77.05          | 7.71          | 4.24           |
| Cincinnati     | 296,943.00      | 93.82           | 0.13          | 105.77         | 10.58         | 5.79           |
| Cleveland      | 396,815.00      | 104.40          | 0.14          | 77.05          | 7.71          | 4.24           |
| Columbus       | 787,033.00      | 121.83          | 0.16          | 92.85          | 9.29          | 5.21           |
| Dayton         | 141,527.00      | 121.21          | 0.16          | 81.19          | 8.12          | 4.93           |
| Toledo         | 287,208.00      | 104.54          | 0.14          | 92.85          | 9.29          | 5.21           |
| Youngstown     | 66,982.00       | \$106.13        | \$0.14        | \$77.05        | \$7.71        | \$4.24         |
| <b>Average</b> |                 | <b>\$108.81</b> | <b>\$0.15</b> | <b>\$85.11</b> | <b>\$8.51</b> | <b>\$4.762</b> |

**Based on Usage of 750KWH and 10 MCF**

**Ohio Energy Bills - Commercial Customers  
Major Ohio Cities  
As of August 15, 2014**

| Cities         | 2010 Population | Electric Bill      | Per KWH       | Gas Bill        | Per MCF       | GCR Rate       |
|----------------|-----------------|--------------------|---------------|-----------------|---------------|----------------|
| Akron          | 199,110.00      | \$36,360.62        | \$0.12        | \$359.06        | \$7.81        | \$4.24         |
| Canton         | 73,007.00       | 34,998.51          | 0.12          | 359.06          | 7.81          | 4.24           |
| Cincinnati     | 296,943.00      | 30,963.11          | 0.10          | 435.99          | 9.48          | 5.79           |
| Cleveland      | 396,815.00      | 39,206.29          | 0.13          | 359.06          | 7.81          | 4.24           |
| Columbus       | 787,033.00      | 38,343.21          | 0.13          | 375.13          | 8.15          | 5.21           |
| Dayton         | 141,527.00      | 37,360.81          | 0.12          | 348.84          | 7.58          | 4.93           |
| Toledo         | 287,208.00      | 38,181.91          | 0.13          | 375.13          | 8.15          | 5.21           |
| Youngstown     | 66,982.00       | \$36,360.62        | \$0.12        | \$359.06        | \$7.81        | \$4.24         |
| <b>Average</b> |                 | <b>\$36,471.89</b> | <b>\$0.12</b> | <b>\$371.42</b> | <b>\$8.07</b> | <b>\$4.762</b> |

**Based on Usage of 300,000 KWH, 1,000 KWD and 46MCF**

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# Ohio Energy Bills - Industrial Customers

## Major Ohio Cities

### As of August 15, 2014

| Cities         | 2010 Population | Electric Bill       | Per KWH       | Gas Bill          | Per MCF       | GCR Rate       |
|----------------|-----------------|---------------------|---------------|-------------------|---------------|----------------|
| Akron          | 199,110.00      | \$615,411.77        | \$0.10        | \$2,820.78        | \$8.06        | \$4.24         |
| Canton         | 73,007.00       | 561,090.48          | 0.09          | 2,820.78          | 8.06          | 4.24           |
| Cincinnati     | 296,943.00      | 507,836.14          | 0.08          | 2,785.04          | 7.96          | 5.79           |
| Cleveland      | 396,815.00      | 622,622.87          | 0.10          | 2,820.78          | 8.06          | 4.24           |
| Columbus       | 787,033.00      | 495,802.72          | 0.08          | 2,501.74          | 7.15          | 5.21           |
| Dayton         | 141,527.00      | 693,685.24          | 0.12          | 2,400.12          | 6.86          | 4.93           |
| Toledo         | 287,208.00      | 609,060.88          | 0.10          | 2,501.74          | 7.15          | 5.21           |
| Youngstown     | 66,982.00       | \$615,411.77        | \$0.10        | \$2,820.78        | \$8.06        | \$4.24         |
| <b>Average</b> |                 | <b>\$590,115.23</b> | <b>\$0.10</b> | <b>\$2,683.97</b> | <b>\$7.67</b> | <b>\$4.762</b> |

Based on Usage of 6,000,000KWH, 20,000 KWD and 350 MCF

| Cities      | Electric                        | Gas          | Telephone             |
|-------------|---------------------------------|--------------|-----------------------|
| Akron       | Ohio Edison                     | Dominion     | AT&T Ohio             |
| Ashtabula   | Cleveland Electric Illuminating | Dominion     | Windstream            |
| Canton      | Ohio Power                      | Dominion     | AT&T Ohio             |
| Chillicothe | Columbus Southern Power         | Columbia Gas | Horizon Chillicothe   |
| Cincinnati  | Duke Energy                     | Duke Energy  | Cincinnati Bell       |
| Cleveland   | Cleveland Electric Illuminating | Dominion     | AT&T Ohio             |
| Columbus    | Columbus Southern Power         | Columbia Gas | AT&T Ohio             |
| Dayton      | Dayton Power & Light            | Vectren      | AT&T Ohio             |
| Lima        | Ohio Power                      | Dominion     | United dba CenturyLir |
| Lorain      | Ohio Edison                     | Columbia Gas | CenturyLink           |
| Mansfield   | Ohio Edison                     | Columbia Gas | United dba CenturyLir |
| Marietta    | Columbus Southern Power         | Dominion     | AT&T Ohio             |
| Marion      | Ohio Edison                     | Columbia Gas | Frontier              |
| Toledo      | Toledo Edison                   | Columbia Gas | AT&T Ohio             |
| Youngstown  | Ohio Edison                     | Dominion     | AT&T Ohio             |
| Zanesville  | Ohio Power                      | Columbia Gas | AT&T Ohio             |

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The Public Utilities Commission of Ohio  
John R. Kasich, Governor  
Thomas W. Johnson, Chairman

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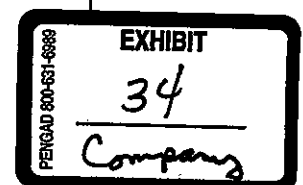


The Public Utilities  
Commission of Ohio

A report by the Staff of the  
Public Utilities Commission of Ohio

Ohio Utility Rate Survey

August 15, 2008



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# Ohio Utility Bills - Residential Customers

## Comparison of Utility Bills 16 Major Ohio Cities

| Rank    | Cities      | Combined Bill<br>01/15/07 | Combined Bill<br>08/15/08 | Electric<br>Standard<br>Service Offer*<br>08/15/08 | Gas **<br>08/15/08 | Telephone***<br>08/15/08 |
|---------|-------------|---------------------------|---------------------------|--|--------------------|--------------------------|
| 1       | Canton      | \$203.61                  | \$218.47                  | \$64.38  | \$133.16           | \$20.93                  |
| 2       | Lima        | 212.61                    | 227.47                    | 64.38  | 133.16             | 29.93                    |
| 3       | Marietta    | 217.06                    | 235.62                    | 81.53  | 133.16             | 20.93                    |
| 4       | Akron       | 229.75                    | 251.27                    | 97.18  | 133.16             | 20.93                    |
| 5       | Youngstown  | 229.75                    | 251.27                    | 97.18  | 133.16             | 20.93                    |
| 6       | Zanesville  | 214.22                    | 252.12                    | 64.38  | 166.81             | 20.93                    |
| 7       | Ashtabula   | 220.87                    | 255.65                    | 104.75   | 133.16             | 17.74                    |
| 8       | Dayton      | 220.93                    | 232.88                    | 81.68  | 130.27             | 20.93                    |
| 9       | Cleveland   | 224.06                    | 258.84                    | 104.75   | 133.16             | 20.93                    |
| 10      | Cincinnati  | 221.65                    | 243.08                    | 84.30  | 135.69             | 23.09                    |
| 11      | Columbus    | 227.67                    | 269.27                    | 81.53  | 166.81             | 20.93                    |
| 12      | Chillicothe | 232.50                    | 274.10                    | 81.53  | 166.81             | 25.76                    |
| 13      | Lorain      | 243.80                    | 288.36                    | 97.18  | 166.81             | 24.37                    |
| 14      | Marion      | 244.99                    | 289.55                    | 97.18  | 166.81             | 25.56                    |
| 15      | Toledo      | 237.27                    | 290.11                    | 102.37   | 166.81             | 20.93                    |
| 16      | Mansfield   | \$249.36                  | \$293.92                  | \$97.18  | \$166.81           | \$29.93                  |
| Average |             | \$226.88                  | \$258.25                  | \$87.59  | \$147.86           | \$22.80                  |

Based on 750 KWH, 10 MCF, and Flat Rate Telephone Service

\* Price does not reflect savings available to customers participating in electric choice programs

\*\* Price does not reflect savings available to customers participating in gas choice programs

\*\*\* Price reflects incumbent local exchange carrier's basic service rate

Combined Bill = Electric Standard Service Offer + Gas + Telephone

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## Ohio Utility Bills - Commercial Customers

### Comparison of Utility Bills 8 Major Ohio Cities

| Rank    | Cities     | Combined Bill<br>01/15/07 | Combined Bill<br>08/15/08 | Electric<br>Standard<br>Service Offer*<br>08/15/08 | Gas **<br>08/15/08 | Telephone***<br>08/15/08 |
|---------|------------|---------------------------|---------------------------|--|--------------------|--------------------------|
| 1       | Canton     | \$19,128.76               | \$20,650.84               | \$19,984.79  | \$626.32           | \$39.73                  |
| 2       | Dayton     | 24,187.22                 | 24,887.61                 | 24,406.13  | 446.40             | 35.09                    |
| 3       | Cincinnati | 27,751.95                 | 28,419.12                 | 27,838.01  | 476.99             | 104.12                   |
| 4       | Columbus   | 25,549.30                 | 29,276.85                 | 28,489.85  | 751.91             | 35.09                    |
| 5       | Akron      | 34,062.41                 | 36,925.95                 | 36,264.54  | 626.32             | 35.09                    |
| 6       | Youngstown | 34,064.47                 | 36,928.01                 | 36,264.54  | 626.32             | 37.15                    |
| 7       | Cleveland  | 33,058.82                 | 37,830.56                 | 37,169.15  | 626.32             | 35.09                    |
| 8       | Toledo     | \$36,233.75               | \$41,636.03               | \$40,849.03  | \$751.91           | \$35.09                  |
| Average |            | \$29,254.59               | \$32,069.37               | \$31,408.25  | \$616.56           | \$44.56                  |

Based on 300,000 KWH, 1,000 KWD, 46 MCF, and Business Rate Telephone Service

\* Price does not reflect savings available to customers participating in electric choice programs

\*\* Price does not reflect savings available to customers participating in gas choice programs

\*\*\* Price reflects incumbent local exchange carrier's basic service rate

Combined Bill = Electric Standard Service Offer + Gas + Telephone

## Ohio Utility Bills - Industrial Customers

### Comparison of Utility Bills 8 Major Ohio Cities

| Rank    | Cities     | Combined Bill<br>01/15/07 | Combined Bill<br>08/15/08 | Electric<br>Standard<br>Service Offer*<br>08/15/08 | Gas **<br>08/15/08 | Telephone***<br>08/15/08 |
|---------|------------|---------------------------|---------------------------|--|--------------------|--------------------------|
| 1       | Canton     | \$330,439.10              | \$353,419.93              | \$348,944.06                                       | \$4,436.14         | \$39.73                  |
| 2       | Columbus   | 319,026.75                | 358,307.84                | 352,714.16   | 5,558.59           | 35.09                    |
| 3       | Dayton     | 433,306.01                | 451,192.38                | 447,796.47   | 3,360.83           | 35.09                    |
| 4       | Cincinnati | 476,266.63                | 481,515.39                | 477,889.11   | 3,522.16           | 104.12                   |
| 5       | Akron      | 555,906.13                | 570,723.45                | 566,252.22   | 4,436.14           | 35.09                    |
| 6       | Youngstown | 555,908.19                | 570,725.51                | 566,252.22   | 4,436.14           | 37.15                    |
| 7       | Cleveland  | 641,928.95                | 694,905.51                | 690,434.28   | 4,436.14           | 35.09                    |
| 8       | Toledo     | \$790,988.42              | \$843,898.64              | \$838,304.95                                       | \$5,558.59         | \$35.09                  |
| Average |            | \$512,971.27              | \$540,586.08              | \$536,073.43                                       | \$4,468.09         | \$44.56                  |

Based on 6,000,000 KWH, 20,000 KWD, 350 MCF, and Business Rate Telephone Service

\* Price does not reflect savings available to customers participating in electric choice programs

\*\* Price does not reflect savings available to customers participating in gas choice programs

\*\*\* Price reflects incumbent local exchange carrier's basic service rate

Combined Bill = Electric Standard Service Offer + Gas + Telephone

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**Ohio Energy Bills - Residential Customers**  
**Major Ohio Cities**  
**As of August 15, 2008**

| Cities         | 2000 Population | Electric Bill  | Per KWH       | Gas Bill        | Per MCF        | GCR Rate        |
|----------------|-----------------|----------------|---------------|-----------------|----------------|-----------------|
| Akron          | 217,074.00      | \$97.18        | \$0.13        | \$133.16        | \$13.32        | \$11.07         |
| Canton         | 80,806.00       | 64.38          | 0.09          | 133.16          | 13.32          | 11.07           |
| Cincinnati     | 331,285.00      | 84.30          | 0.11          | 135.69          | 13.57          | 13.40           |
| Cleveland      | 478,403.00      | 104.75         | 0.14          | 133.16          | 13.32          | 11.07           |
| Columbus       | 711,740.00      | 81.53          | 0.11          | 166.81          | 16.68          | 13.54           |
| Dayton         | 166,179.00      | 81.68          | 0.11          | 130.27          | 13.03          | 13.76           |
| Toledo         | 313,619.00      | 102.37         | 0.14          | 166.81          | 16.68          | 13.54           |
| Youngstown     | 82,026.00       | \$97.18        | \$0.13        | \$133.16        | \$13.32        | \$11.07         |
| <b>Average</b> |                 | <b>\$89.17</b> | <b>\$0.12</b> | <b>\$141.53</b> | <b>\$14.15</b> | <b>\$12.313</b> |

Based on Usage of 750KWH and 10 MCF

**Ohio Energy Bills - Commercial Customers**  
**Major Ohio Cities**  
**As of August 15, 2008**

| Cities         | 2000 Population | Electric Bill      | Per KWH       | Gas Bill        | Per MCF        | GCR Rate        |
|----------------|-----------------|--------------------|---------------|-----------------|----------------|-----------------|
| Akron          | 217,074.00      | \$36,264.54        | \$0.12        | \$626.32        | \$13.62        | \$11.07         |
| Canton         | 80,806.00       | 19,984.79          | 0.07          | 626.32          | 13.62          | 11.07           |
| Cincinnati     | 331,285.00      | 27,838.01          | 0.09          | 476.99          | 10.37          | 13.40           |
| Cleveland      | 478,403.00      | 37,169.15          | 0.12          | 626.32          | 13.62          | 11.07           |
| Columbus       | 711,740.00      | 28,489.85          | 0.09          | 751.91          | 16.35          | 13.54           |
| Dayton         | 166,179.00      | 24,406.13          | 0.08          | 446.40          | 9.70           | 13.76           |
| Toledo         | 313,619.00      | 40,849.03          | 0.14          | 751.91          | 16.35          | 13.54           |
| Youngstown     | 82,026.00       | \$36,264.54        | \$0.12        | \$626.32        | \$13.62        | \$11.07         |
| <b>Average</b> |                 | <b>\$31,408.25</b> | <b>\$0.10</b> | <b>\$616.56</b> | <b>\$13.40</b> | <b>\$12.313</b> |

Based on Usage of 300,000 KWH, 1,000 KWD and 46MCF

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# Ohio Energy Bills - Industrial Customers

## Major Ohio Cities

### As of August 15, 2008

| Cities         | 2000 Population | Electric Bill       | Per KWH       | Gas Bill          | Per MCF        | GCR Rate        |
|----------------|-----------------|---------------------|---------------|-------------------|----------------|-----------------|
| Akron          | 217,074.00      | \$566,252.22        | \$0.09        | \$4,436.14        | \$12.67        | \$11.07         |
| Canton         | 80,806.00       | 348,944.06          | 0.06          | 4,436.14          | 12.67          | 11.07           |
| Cincinnati     | 331,285.00      | 477,889.11          | 0.08          | 3,522.16          | 10.06          | 13.40           |
| Cleveland      | 478,403.00      | 690,434.28          | 0.12          | 4,436.14          | 12.67          | 11.07           |
| Columbus       | 711,740.00      | 352,714.16          | 0.06          | 5,558.59          | 15.88          | 13.54           |
| Dayton         | 166,179.00      | 447,796.47          | 0.07          | 3,360.83          | 9.60           | 13.76           |
| Toledo         | 313,619.00      | 838,304.95          | 0.14          | 5,558.59          | 15.88          | 13.54           |
| Youngstown     | 82,026.00       | \$566,252.22        | \$0.09        | \$4,436.14        | \$12.67        | \$11.07         |
| <b>Average</b> |                 | <b>\$536,073.43</b> | <b>\$0.09</b> | <b>\$4,468.09</b> | <b>\$12.77</b> | <b>\$12.313</b> |

Based on Usage of 6,000,000KWH, 20,000 KWD and 350 MCF

| Cities      | Electric                        | Gas          | Telephone           |
|-------------|---------------------------------|--------------|---------------------|
| Akron       | Ohio Edison                     | Dominion     | AT&T Ohio           |
| Ashtabula   | Cleveland Electric Illuminating | Dominion     | Windstream          |
| Canton      | Ohio Power                      | Dominion     | AT&T Ohio           |
| Chillicothe | Columbus Southern Power         | Columbia Gas | Horizon Chillicothe |
| Cincinnati  | Duke Energy                     | Duke Energy  | Cincinnati Bell     |
| Cleveland   | Cleveland Electric Illuminating | Dominion     | AT&T Ohio           |
| Columbus    | Columbus Southern Power         | Columbia Gas | AT&T Ohio           |
| Dayton      | Dayton Power & Light            | Vectren      | AT&T Ohio           |
| Lima        | Ohio Power                      | Dominion     | Embarq              |
| Lorain      | Ohio Edison                     | Columbia Gas | CenturyTel          |
| Mansfield   | Ohio Edison                     | Columbia Gas | Embarq              |
| Marietta    | Columbus Southern Power         | Dominion     | AT&T Ohio           |
| Marion      | Ohio Edison                     | Columbia Gas | Verizon             |
| Toledo      | Toledo Edison                   | Columbia Gas | AT&T Ohio           |
| Youngstown  | Ohio Edison                     | Dominion     | AT&T Ohio           |
| Zanesville  | Ohio Power                      | Columbia Gas | AT&T Ohio           |





The Public Utilities  
Commission of Ohio

A report by the Staff of the  
Public Utilities Commission of Ohio

Ohio Utility Rate Survey

August 15, 2011



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EXHIBIT

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# Ohio Utility Bills - Residential Customers

## Comparison of Utility Bills 16 Major Ohio Cities

| Rank    | Cities      | Combined Bill<br>01/15/10 | Combined Bill<br>08/15/11 | Electric<br>Standard<br>Service Offer*<br>08/15/11 | Gas **<br>08/15/11 | Telephone***<br>08/15/11 |
|---------|-------------|---------------------------|---------------------------|--|--------------------|--------------------------|
| 1       | Zanesville  | \$169.12                  | \$196.52                  | \$86.33  | \$88.37            | \$21.82                  |
| 2       | Canton      | 207.23                    | 200.89                    | 86.33  | 92.74              | 21.82                    |
| 3       | Lima        | 214.10                    | 206.23                    | 86.33  | 92.74              | 27.16                    |
| 4       | Lorain      | 180.06                    | 208.04                    | 99.38  | 88.37              | 20.29                    |
| 5       | Ashtabula   | 227.41                    | 209.95                    | 97.62  | 92.74              | 19.59                    |
| 6       | Marion      | 183.61                    | 211.59                    | 99.38  | 88.37              | 23.84                    |
| 7       | Columbus    | 187.76                    | 211.91                    | 101.72   | 88.37              | 21.82                    |
| 8       | Cleveland   | 228.11                    | 212.18                    | 97.62  | 92.74              | 21.82                    |
| 9       | Youngstown  | 218.17                    | 212.41                    | 99.38  | 92.74              | 20.29                    |
| 10      | Toledo      | 182.58                    | 212.67                    | 102.48   | 88.37              | 21.82                    |
| 11      | Akron       | 218.17                    | 213.94                    | 99.38  | 92.74              | 21.82                    |
| 12      | Mansfield   | 186.93                    | 214.91                    | 99.38  | 88.37              | 27.16                    |
| 13      | Marietta    | 225.87                    | 216.28                    | 101.72   | 92.74              | 21.82                    |
| 14      | Dayton      | 237.76                    | 217.03                    | 107.05   | 88.16              | 21.82                    |
| 15      | Chillicothe | 194.90                    | 217.52                    | 101.72   | 88.37              | 27.43                    |
| 16      | Cincinnati  | \$239.98                  | \$227.86                  | \$98.70  | \$99.82            | \$29.34                  |
| Average |             | \$206.36                  | \$211.87                  | \$97.78  | \$90.98            | \$23.10                  |

Based on 750 KWH, 10 MCF, and Flat Rate Telephone Service

\* Price does not reflect savings available to customers participating in electric choice programs

\*\* Price does not reflect savings available to customers participating in gas choice programs

\*\*\* Price reflects incumbent local exchange carrier's flat rate, USF, SLC and 911

Combined Bill = Electric Standard Service Offer + Gas + Telephone

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## Ohio Utility Bills - Commercial Customers

### Comparison of Utility Bills 8 Major Ohio Cities

| Rank    | Cities     | Combined Bill<br>01/15/10 | Combined Bill<br>08/15/11 | Electric<br>Standard<br>Service Offer*<br>08/15/11 | Gas **<br>08/15/11 | Telephone***<br>08/15/11 |
|---------|------------|---------------------------|---------------------------|--|--------------------|--------------------------|
| 1       | Canton     | \$23,747.43               | \$26,303.20               | \$25,876.73  | \$390.12           | \$36.35                  |
| 2       | Dayton     | 29,320.32                 | 32,082.65                 | 31,632.77  | 413.53             | 36.35                    |
| 3       | Cincinnati | 36,694.16                 | 33,252.35                 | 32,785.18  | 413.53             | 53.64                    |
| 4       | Akron      | 31,203.95                 | 35,207.71                 | 34,781.24  | 390.12             | 36.35                    |
| 5       | Youngstown | 31,203.45                 | 35,232.35                 | 34,781.24  | 413.53             | 37.58                    |
| 6       | Toledo     | 33,941.29                 | 36,849.94                 | 36,400.06  | 413.53             | 36.35                    |
| 7       | Columbus   | 33,006.77                 | 36,939.21                 | 36,489.33  | 413.53             | 36.35                    |
| 8       | Cleveland  | \$37,466.61               | \$38,093.86               | \$37,632.06  | \$425.45           | \$36.35                  |
| Average |            | \$32,073.00               | \$34,245.16               | \$33,797.33  | \$409.17           | \$38.67                  |

Based on 300,000 KWH, 1,000 KWD, 46 MCF, and Business Rate Telephone Service

\* Price does not reflect savings available to customers participating in electric choice programs

\*\* Price does not reflect savings available to customers participating in gas choice programs

\*\*\* Price reflects incumbent local exchange carrier's flat rate, USF, SLC and 911

Combined Bill = Electric Standard Service Offer + Gas + Telephone

## Ohio Utility Bills - Industrial Customers

### Comparison of Utility Bills 8 Major Ohio Cities

| Rank    | Cities     | Combined Bill<br>01/15/10 | Combined Bill<br>08/15/11 | Electric<br>Standard<br>Service Offer*<br>08/15/11 | Gas **<br>08/15/11 | Telephone***<br>08/15/11 |
|---------|------------|---------------------------|---------------------------|--|--------------------|--------------------------|
| 1       | Columbus   | \$411,811.85              | \$446,127.26              | \$443,206.28                                       | \$2,884.63         | \$36.35                  |
| 2       | Canton     | 416,287.36                | 453,294.11                | 450,022.54   | 3,235.22           | 36.35                    |
| 3       | Akron      | 509,565.58                | 543,477.98                | 540,206.41   | 3,235.22           | 36.35                    |
| 4       | Youngstown | 509,565.08                | 543,479.21                | 540,206.41   | 3,235.22           | 37.58                    |
| 5       | Cincinnati | 649,635.85                | 550,669.53                | 547,731.26   | 2,884.63           | 53.64                    |
| 6       | Toledo     | 503,282.36                | 564,433.41                | 561,161.84   | 3,235.22           | 36.35                    |
| 7       | Dayton     | 649,635.85                | 574,300.91                | 571,550.34   | 2,714.22           | 36.35                    |
| 8       | Cleveland  | \$619,275.68              | \$612,558.82              | \$609,868.13                                       | \$2,654.34         | \$36.35                  |
| Average |            | \$533,632.45              | \$536,042.65              | \$532,994.15                                       | \$3,009.84         | \$38.67                  |

Based on 6,000,000 KWH, 20,000 KWD, 350 MCF, and Business Rate Telephone Service

\* Price does not reflect savings available to customers participating in electric choice programs

\*\* Price does not reflect savings available to customers participating in gas choice programs

\*\*\* Price reflects incumbent local exchange carrier's flat rate, USF, SLC and 911

Combined Bill = Electric Standard Service Offer + Gas + Telephone

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**Ohio Energy Bills - Residential Customers**  
**Major Ohio Cities**  
**As of August 15, 2011**

| Cities         | 2000 Population | Electric Bill  | Per KWH       | Gas Bill       | Per MCF       | GCR Rate       |
|----------------|-----------------|----------------|---------------|----------------|---------------|----------------|
| Akron          | 217,074.00      | \$99.38        | \$0.13        | \$92.74        | \$9.27        | \$5.33         |
| Canton         | 80,806.00       | 86.33          | 0.12          | 92.74          | 9.27          | 5.33           |
| Cincinnati     | 331,285.00      | 98.70          | 0.13          | 88.37          | 8.84          | 5.19           |
| Cleveland      | 478,403.00      | 97.62          | 0.13          | 99.82          | 9.98          | 5.33           |
| Columbus       | 711,740.00      | 101.72         | 0.14          | 92.74          | 9.27          | 6.21           |
| Dayton         | 166,179.00      | 107.05         | 0.14          | 88.16          | 8.82          | 5.75           |
| Toledo         | 313,619.00      | 102.48         | 0.14          | 88.37          | 8.84          | 6.21           |
| Youngstown     | 82,026.00       | \$99.38        | \$0.13        | \$92.74        | \$9.27        | \$5.33         |
| <b>Average</b> |                 | <b>\$99.08</b> | <b>\$0.13</b> | <b>\$91.96</b> | <b>\$9.20</b> | <b>\$5.582</b> |

Based on Usage of 750KWH and 10 MCF

**Ohio Energy Bills - Commercial Customers**  
**Major Ohio Cities**  
**As of August 15, 2011**

| Cities         | 2000 Population | Electric Bill      | Per KWH       | Gas Bill        | Per MCF       | GCR Rate       |
|----------------|-----------------|--------------------|---------------|-----------------|---------------|----------------|
| Akron          | 217,074.00      | \$34,781.24        | \$0.12        | \$425.45        | \$9.25        | \$5.33         |
| Canton         | 80,806.00       | 25,876.73          | 0.09          | 390.12          | 8.48          | 5.33           |
| Cincinnati     | 331,285.00      | 32,785.18          | 0.11          | 413.53          | 8.99          | 5.19           |
| Cleveland      | 478,403.00      | 37,632.06          | 0.13          | 425.45          | 9.25          | 5.33           |
| Columbus       | 711,740.00      | 36,489.33          | 0.12          | 418.82          | 9.10          | 6.21           |
| Dayton         | 166,179.00      | 31,632.77          | 0.11          | 413.53          | 8.99          | 5.75           |
| Toledo         | 313,619.00      | 36,400.06          | 0.12          | 413.53          | 8.99          | 6.21           |
| Youngstown     | 82,026.00       | \$34,781.24        | \$0.12        | \$413.53        | \$8.99        | \$5.33         |
| <b>Average</b> |                 | <b>\$33,797.33</b> | <b>\$0.11</b> | <b>\$414.25</b> | <b>\$9.01</b> | <b>\$5.582</b> |

Based on Usage of 300,000 KWH, 1,000 KWD and 46MCF

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# Ohio Energy Bills - Industrial Customers

## Major Ohio Cities

### As of August 15, 2011

| Cities         | 2000 Population | Electric Bill       | Per KWH       | Gas Bill          | Per MCF       | GCR Rate       |
|----------------|-----------------|---------------------|---------------|-------------------|---------------|----------------|
| Akron          | 217,074.00      | \$540,206.41        | \$0.09        | \$3,235.22        | \$9.24        | \$5.33         |
| Canton         | 80,806.00       | 450,022.54          | 0.08          | 3,235.22          | 9.24          | 5.33           |
| Cincinnati     | 331,285.00      | 547,731.26          | 0.09          | 2,884.63          | 8.24          | 5.19           |
| Cleveland      | 478,403.00      | 609,868.13          | 0.10          | 2,654.34          | 7.58          | 5.33           |
| Columbus       | 711,740.00      | 443,206.28          | 0.07          | 2,884.63          | 8.24          | 6.21           |
| Dayton         | 166,179.00      | 571,550.34          | 0.10          | 2,714.22          | 7.75          | 5.75           |
| Toledo         | 313,619.00      | 561,161.84          | 0.09          | 3,235.22          | 9.24          | 6.21           |
| Youngstown     | 82,026.00       | \$540,206.41        | \$0.09        | \$3,235.22        | \$9.24        | \$5.33         |
| <b>Average</b> |                 | <b>\$532,994.15</b> | <b>\$0.09</b> | <b>\$3,009.84</b> | <b>\$8.60</b> | <b>\$5.582</b> |

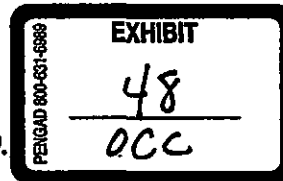
Based on Usage of 6,000,000KWH, 20,000 KWD and 350 MCF

| Cities      | Electric                        | Gas          | Telephone           |
|-------------|---------------------------------|--------------|---------------------|
| Akron       | Ohio Edison                     | Dominion     | AT&T Ohio           |
| Ashtabula   | Cleveland Electric Illuminating | Dominion     | Windstream          |
| Canton      | Ohio Power                      | Dominion     | AT&T Ohio           |
| Chillicothe | Columbus Southern Power         | Columbia Gas | Horizon Chillicothe |
| Cincinnati  | Duke Energy                     | Duke Energy  | Cincinnati Bell     |
| Cleveland   | Cleveland Electric Illuminating | Dominion     | AT&T Ohio           |
| Columbus    | Columbus Southern Power         | Columbia Gas | AT&T Ohio           |
| Dayton      | Dayton Power & Light            | Vectren      | AT&T Ohio           |
| Lima        | Ohio Power                      | Dominion     | Embarq              |
| Lorain      | Ohio Edison                     | Columbia Gas | CenturyTel          |
| Mansfield   | Ohio Edison                     | Columbia Gas | Embarq              |
| Marietta    | Columbus Southern Power         | Dominion     | AT&T Ohio           |
| Marion      | Ohio Edison                     | Columbia Gas | Verizon             |
| Toledo      | Toledo Edison                   | Columbia Gas | AT&T Ohio           |
| Youngstown  | Ohio Edison                     | Dominion     | AT&T Ohio           |
| Zanesville  | Ohio Power                      | Columbia Gas | AT&T Ohio           |

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OCC EXHIBIT NO.

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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 ) Case No. 14-841-EL-SSO  
Form of an Electric Security Plan, )  
Accounting Modifications and Tariffs for )  
Generation Service. )

In the Matter of the Application of Duke )  
Energy Ohio for Authority to Amend its ) Case No. 14-842-EL-ATA  
Certified Supplier Tariff, P.U.C.O. )  
No. 20. )

**DIRECT TESTIMONY  
OF  
BETH E. HIXON**

**On Behalf of the  
Office of the Ohio Consumers' Counsel  
10 West Broad Street, Suite 1800  
Columbus, Ohio 43215**

**September 26, 2014**

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## ATTACHMENTS

|        |   |
|--------|---|
| BEH-1  | Beth E. Hixon - Utility Testimony Submitted |
| BEH-2  | OCC Interrogatory No. 17                    |
| BEH-3  | OCC Interrogatory No. 10                    |
| BEH-4  | OCC Interrogatory No. 11                    |
| BEH-5  | IEU Interrogatory No. 1                     |
| BEH-6  | IEU Interrogatory No. 2                     |
| BEH-7  | OCC Interrogatory No. 107                   |
| BEH-8  | OCC Interrogatory No. 60                    |
| BEH-9  | OCC Interrogatory No. 14                    |
| BEH-10 | OCC Interrogatory No 15                     |

*CONFIDENTIAL VERSION - Direct Testimony of Beth E. Hixon  
On Behalf of the Office of the Ohio Consumers' Counsel  
PUCO Case Nos. 14-841-EL-SSO, et al.*

1    **I.     INTRODUCTION**

2

3    **Q1.    PLEASE STATE YOUR NAME, ADDRESS AND POSITION.**

4    **A1.**    My name is Beth Hixon. My business address is 10 West Broad Street, Suite  
5            1800, Columbus, Ohio 43215-3485. I am employed by the Office of the Ohio  
6            Consumers' Counsel ("OCC") as a Senior Energy Team Leader.

7

8    **Q2.    WOULD YOU PLEASE SUMMARIZE YOUR EDUCATIONAL AND**  
9            **PROFESSIONAL BACKGROUND?**

10   **A2.**    I received a Bachelor of Business Administration degree in accounting from Ohio  
11            University in June 1980. For the period June 1980 through April 1982, I was  
12            employed as an Examiner in the Field Audits Unit of the Ohio Rehabilitation  
13            Services Commission ("ORSC"). In this position, I performed compliance audits  
14            of ORSC grants to, and contracts with, various service agencies in Ohio.

15

16            In May 1982, I was employed in the position of Researcher by the OCC. In 1984,  
17            I was promoted to Utility Rate Analyst Supervisor and held that position until  
18            November 1987 when I joined the regulatory consulting firm of Berkshire  
19            Consulting Services. In April 1998, I returned to the OCC and have subsequently  
20            held positions as Senior Regulatory Analyst, Principal Regulatory Analyst,  
21            Assistant Director of Analytical Services and Senior Energy Team Leader.

1 **Q3. WHAT EXPERIENCE DO YOU HAVE IN THE AREA OF UTILITY**  
2 **REGULATION?**

3 **A3.** In my positions with the OCC, and as a consultant with Berkshire Consulting  
4 Services, I have performed analysis and research in numerous cases involving  
5 utilities' base rates, fuel, and gas rates and other regulatory issues. I have worked  
6 with attorneys, analytical staff, and consultants in preparing for, and litigating,  
7 utility proceedings involving Ohio's electric companies, the major gas companies,  
8 and several telephone and water utilities. At the OCC, I also chair the OCC's  
9 internal electric team, participate in and/or direct special regulatory projects  
10 regarding energy issues, and provide training on regulatory technical issues.

11

12 **Q4. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE**  
13 **REGULATORY COMMISSIONS?**

14 **A4.** Yes. I have submitted testimony before the Public Utilities Commission of Ohio  
15 ("PUCO" or "Commission") in the cases listed in Attachment BEH-1. As shown  
16 on this Attachment, I have also submitted testimony in a case before the Indiana  
17 Utility Regulatory Commission.

**II. PURPOSE OF TESTIMONY**

**Q5. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

**A5.** The purpose of my testimony is to present a comparison between the results of Duke Energy Ohio's ("Duke") proposed Electric Security Plan ("ESP") and the results that would be expected under a Market Rate Offer ("MRO"). This comparison has been referred to by the Commission as the "statutory test."<sup>1</sup> It is my understanding, confirmed by counsel, that under Section 4928.143(C)(1) of the Ohio Revised Code, the Commission shall approve or modify and approve an ESP if it finds that the ESP "including its pricing and all other terms and conditions, including any deferrals and future recovery of deferrals, is more favorable in the aggregate as compared to the expected results that would otherwise apply under section 4928.142 of the Revised Code." Section 4928.142 of the Revised Code pertains to a Standard Service Offer ("SSO") under an MRO.

In conducting the statutory test the Commission has generally evaluated three parts - comparing the results of these elements under the proposed ESP to the results expected under an MRO:

1. The SSO price of generation to customers,

---

<sup>1</sup> Duke Energy Ohio, Case No. 11-3549-EL-SSO, et al., Opinion and Order at 46 (November 22, 2011), Columbus Southern Power and Ohio Power, Case No. 11-346-EL-SSO, et al., Opinion and Order at 73 (August 8, 2012 ) and Dayton Power & Light, Case No. 12-426-EL-SSO, et al., Opinion and Order at 48-52 (September 3, 2013).

2. Other quantifiable provisions, and

3. Other qualitative provisions.<sup>2</sup>

**Q6. WHAT IS YOUR RECOMMENDATION TO THE COMMISSION  
REGARDING THE STATUTORY TEST FOR DUKE'S PROPOSED  
ELECTRIC SECURITY PLAN?**

**A6.** In my testimony I compare the proposed ESP results to the expected results of an MRO for the three parts that the Commission has evaluated under the statutory test. As indicated above, the first part of the analysis looks at the SSO price of generation to customers. When comparing Duke's proposed ESP to an MRO the SSO generation prices customers would pay under both the ESP and MRO are the same. This is because prices would be determined through a Competitive Bidding Process ("CBP") under Duke's proposed ESP and also under an MRO.

Secondly, for the other quantifiable provisions of Duke's proposed ESP, if the proposed Price Stability Rider ("PSR") is approved, then customers would pay ~~\$22 million~~<sup>3</sup> more in costs than under an MRO.

Finally, for the items that Duke claims are qualitative benefits of the ESP over an MRO, assuming *arguendo* that qualitative benefits may be considered in

<sup>2</sup> AEP Ohio ESP, Case No. 11-346-EL-SSO, et al., Opinion and Order at 73 (August 8, 2012) and Entry on Rehearing at 13-14 (January 30, 2013) and Dayton Power & Light, Case No. 12-426-EL-SSO, et al., Opinion and Order at 48-52 (September 3, 2013).

<sup>3</sup> OCC Witness Wilson Testimony.

*CONFIDENTIAL VERSION - Direct Testimony of Beth E. Hixon  
On Behalf of the Office of the Ohio Consumers' Counsel  
PUCO Case Nos. 14-841-EL-SSO, et al.*

1 evaluating an ESP and an MRO,<sup>4</sup> and to the extent those benefits do exist, most  
2 would be equally available in the scenario of an MRO being filed. For the  
3 qualitative benefits claimed by Duke related to the PSR, this provision of the ESP  
4 will not provide a benefit to customers but instead imposes costs and risks onto  
5 customers, as explained by OCC Witness Wilson.

6  
7 Based on these comparisons, I conclude that the ESP produces results that are less  
8 favorable in the aggregate than the expected MRO results by ~~\$22 million~~. I  
9 recommend the Commission not approve the ESP as proposed by Duke because it  
10 fails to meet the statutory test.

---

<sup>4</sup> I am advised by counsel that the question whether qualitative provisions should be considered in the comparison of an ESP and an MRO is currently pending before the Ohio Supreme Court. See *In the Matter of Northeast Ohio Public Energy Council*, Appeal No. 2013-0513.



1    **III.    STATUTORY TEST OF DUKE'S PROPOSED ELECTRIC SECURITY**

2            **PLAN**

4            **A.     Duke's "Better in the Aggregate Test".**

6    **Q7.    HOW DOES DUKE PROPOSE THAT THE COMMISSION EVALUATE THE**  
7            **ELECTRIC SECURITY PLAN FOR PURPOSES OF THE STATUTORY**  
8            **TEST?**

9    **A7.**    Duke Witness Wathen concludes that Duke's proposed ESP is "better in the  
10           aggregate than the results that would be expected under R.C. 4918.142 (sic)"<sup>5</sup>

11           This conclusion is supported by Mr. Wathen's determinations that:

- 12                    1.     The SSO price to customers would be the same under the  
13                                proposed ESP and an MRO - "the cost of generation  
14                                service to customers under the proposed ESP is necessarily  
15                                equal to the cost of generation under an MRO."
- 16                    2.     No other costs are quantifiable under the proposed ESP -  
17                                "the only driver of costs under the proposed ESP is  
18                                competitively priced, market-based generation service."
- 19                    3.     Qualitative benefits of the proposed ESP are not "available  
20                                under an MRO."<sup>6</sup>

<sup>5</sup> Duke Witness Wathen Direct Testimony at 27. The proper citation is to R.C. 4928.142.

<sup>6</sup> Duke Witness Wathen Direct Testimony at 24-27.

**B. ESP v. MRO - The SSO Price of Generation to Customers.**

**Q8. WHAT IS YOUR DETERMINATION IN COMPARING THE COST TO CUSTOMERS OF SSO GENERATION UNDER THE PROPOSED ESP VERSUS UNDER AN MRO?**

**A8.** Because Duke has proposed to obtain SSO generation supply during the ESP through a CBP, and under an MRO generation supply would also be procured through a CBP, the prices to customers under either scenario would be the same. For SSO generation, the proposed ESP with its CBP, as compared to an MRO with a CBP, does not save customers money or cost customers more money. Therefore, I agree with Mr. Wathen that the SSO generation pricing under the proposed ESP and an MRO would be equal.

**C. ESP v. MRO - Other Quantifiable Provisions**

**Q9. DO YOU AGREE WITH MR. WATHEN THAT THERE ARE NO OTHER QUANTIFIABLE COSTS OF THE ESP?**

**A9.** No. In his comparison, Mr. Wathen gives no consideration for the costs to customers of the new Price Stability Rider ("PSR") that Duke proposes in its ESP.

**Q10. WHY SHOULD THE PSR COSTS BE QUANTIFIED?**

**A10.** Assuming *arguendo* that the PSR can be included in an ESP, its costs should be considered costs of the ESP because the PSR would not be available to Duke

1 under an MRO scenario. Duke also clearly believes that the PSR would "not be  
2 available under an MRO" because Mr. Wathen claims certain qualitative benefits  
3 from the PSR to be "ascribed to an ESP" and "not available under an MRO."<sup>7</sup> In  
4 addition, in Duke's response to OCC Interrogatory No. 17, the utility indicated  
5 that R.C. 4928.142 "does not make provision for implementation of the proposed  
6 PSR." (Attachment BEH-2.)

7  
8 ***Q11. WHAT ARE THE ESTIMATED COSTS TO CUSTOMERS OF THE PSR?***

9 ***A11.*** While Duke did not provide estimates in its Application and Direct Testimonies  
10 of the costs to customers of the PSR,<sup>8</sup> Duke did provide estimates of PSR  
11 revenues and costs in responses to discovery. In his testimony OCC Witness  
12 Wilson provides Duke's estimate of a \$22 million cumulative net cost for the PSR  
13 over the ESP period, and explains how the proposed PSR will impose costs and  
14 risks onto customers.<sup>9</sup> These costs of the PSR to customers should be considered  
15 as costs of Duke's proposed ESP that customers would not pay under an MRO  
16 scenario.

---

<sup>7</sup> Duke Witness Wathen Direct Testimony at 27.

<sup>8</sup> Duke's financial projections in this case contain \$0 for PSR revenues and/or costs because the forecast "assumed that margins on Duke Energy Ohio's contractual entitlement in OVEC were \$0 for the term of the proposed ESP." (OCC Interrogatories Nos. 10 and 11, Attachments BEH-3 and BEH-4.)

Duke has not prepared forecasts of the expected rate impacts of the proposed PSR for the term of the ESP, or for the remaining term of Duke's contract with Ohio Valley Electric Corporation. (IEU-Interrogatories Nos. 1 and 2, Attachments BEH-5 and BEH-6.)

In Duke Witness Ziolkowski's Typical Bill Impacts, Attachment JEZ-3, proposed Riders DCI, DSR and PSR are set at zero. (OCC Interrogatory No. 60, Attachment BEH-7.)

<sup>9</sup> OCC Witness Wilson Testimony.

**D. ESP v. MRO – Non-quantifiable/Qualitative Provisions.**

**Q12. WHAT DOES DUKE CONSIDER TO BE THE QUALITATIVE BENEFITS  
OF ITS PROPOSED ESP?**

**A12.** Duke claims the following are qualitative benefits of the proposed ESP that make it better, in the aggregate, than the results under an MRO:

- “enables timely investment in the Company’s distribution system while simultaneously protecting Duke Energy Ohio’s financial integrity,”
- “provides customers with price stability and certainty, affording them the benefits of Duke Energy Ohio’s contractual entitlement in OVEC in an otherwise volatile environment,” and
- further enhancing “development of the competitive retail market” through:
  - modifications to rate design that “result in costs for SSO supply being charged consistent with the manner in which they are incurred and in a manner that is reflective of the offers that customers may receive from CRES providers,” and

1                   o       "eliminating non-market based rider or  
2                               arrangements" so that "generation-related costs will  
3                               be established by market forces."<sup>10</sup>  
4

5   **Q13. DO YOU AGREE WITH DUKE THAT THESE CLAIMED QUALITATIVE**  
6       **BENEFITS MAKE THE PROPOSED ESP BETTER, IN THE AGGREGATE,**  
7       **THAN THE RESULTS UNDER AN MRO?**

8   **A13.** No. Assuming *arguendo* that qualitative benefits can be considered under the  
9       statutory test,<sup>11</sup> and to the extent that the benefits do exist, most would be equally  
10      available if an MRO were filed and some come at additional costs to customers.  
11

12   **Q14. WHAT ARE THE PROVISIONS OF THE PROPOSED ESP THAT DUKE**  
13       **CLAIMS WILL ENABLE "TIMELY INVESTMENT IN THE COMPANY'S**  
14       **DISTRIBUTION SYSTEM WHILE SIMULTANEOUSLY PROTECTING**  
15       **DUKE ENERGY OHIO'S FINANCIAL INTEGRITY"?**

16   **A14.** In response to OCC Interrogatory No. 107 Duke stated that the "only provision of  
17       the ESP that enables timely investment in the Company's distribution system  
18       while simultaneously protecting Duke Energy Ohio's financial integrity"<sup>12</sup> is  
19       Rider DCI. Duke Witness Wathen states that Rider DCI provides a qualitative

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<sup>10</sup> May 29, 2014 Application at 15.

<sup>11</sup> I am advised by counsel that the question whether qualitative provisions should be considered in the comparison of an ESP and an MRO is currently pending before the Ohio Supreme Court. See *In the Matter of Northeast Ohio Public Energy Council*, Appeal No. 2013-0513.

<sup>12</sup> OCC Interrogatory No. 107, Attachment BEH-7.

1 benefit of the proposed ESP, which would not be available under an MRO.<sup>13</sup> On  
2 the contrary, Duke's Application at page 15 states that "Rider DCI and Rider DSR  
3 are also available should the Company provide an SSO in the form of an MRO,  
4 and as such, "they have no impact on the qualitative comparison and should be  
5 excluded." Under an MRO scenario, Duke would be able to seek approval of rate  
6 increases for investments in its distribution system by filing a distribution base  
7 rate case.

8  
9 ***Q15. IN EVALUATING THE PROPOSED ESP AS COMPARED TO THE***  
10 ***RESULTS UNDER AN MRO, WHAT CONSIDERATION SHOULD THE***  
11 ***COMMISSION GIVE TO RIDER DCI?***

12 ***A15.*** To the extent that Rider DCI can be claimed to be a qualitative benefit, the  
13 Commission should be aware of the potential additional costs to customers  
14 associated with those claimed qualitative benefits. Duke did not provide specific  
15 estimates of the costs and rate impacts to customers of Rider DCI in its  
16 Application and Direct Testimonies.<sup>14</sup> However, in response to OCC  
17 Interrogatory No. 10, Duke stated that its financial projections for the ESP term  
18 included \$272 million in revenue collected from customers through Rider DCI.<sup>15</sup>

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<sup>13</sup> Duke Witness Wathen Direct Testimony at 27.

<sup>14</sup> In Duke Witness Ziolkowski's Attachment JEZ-3, Typical Bill Impacts, proposed Riders DCI, DSR and PSR are set at zero. (OCC Interrogatory No. 60, Attachment BEH-8.)

<sup>15</sup> OCC Interrogatory No. 10, Attachment BEH-2. I also am advised by counsel that the question whether these quantified costs should be included as a cost of the ESP, and not an MRO, currently is pending before the Ohio Supreme Court. See *In the Matter of Northeast Ohio Public Energy Council*, Appeal No. 2013-0513.

1 While Duke could, under an MRO scenario, seek rate increases for similar types  
2 of investments in the distribution system, the proposed Rider DCI accelerates  
3 collection from customers as compared to collection determined in a distribution  
4 rate case. The Commission has acknowledged such accelerated collection in  
5 riders like Duke's proposed Rider DCI, characterizing AEP Ohio's Distribution  
6 Improvement Rider as an "incentive ratemaking to accelerate recovery of the  
7 Company's investment in distribution service."<sup>16</sup>

8  
9 Given that Duke's Rider DCI would collect only distribution investment, it is very  
10 possible that the same level of revenue might not be approved through a distribution rate  
11 case because such a rate case incorporates Commission review of the utility's entire rate  
12 base, revenues, expenses and rate of return. So even if it is assumed that the identical  
13 level of Rider DCI revenues would be paid by customers through a future distribution  
14 rate increase case, the additional cost for customers of having to pay the utility sooner  
15 needs to be considered. To estimate the difference between revenue collected under the  
16 Rider DCI and revenue that would be collected under a distribution rate increase,  
17 assumptions would have to be made on what increase the utility would request, what the  
18 Commission would approve and when the increase would be effective. Thus, estimates  
19 of the cost to customers for the accelerated payment may not be readily quantifiable – but  
20 it is known that customers will pay Duke sooner through Rider DCI.

---

<sup>16</sup> AEP Ohio Case Nos. 11-346-EL-SSO, et al., Opinion and Order at 46 (August 8, 2012).

1 **Q16. WHAT ARE THE PROVISIONS OF THE PROPOSED ESP THAT DUKE**  
2 **CLAIMS WILL PROVIDE "CUSTOMERS WITH PRICE STABILITY AND**  
3 **CERTAINTY, AFFORDING THEM THE BENEFITS OF DUKE ENERGY**  
4 **OHIO'S CONTRACTUAL ENTITLEMENT IN OVEC IN AN OTHERWISE**  
5 **VOLATILE ENVIRONMENT"?**

6 **A16.** Duke Witness Wathen explains that a qualitative benefit of the ESP not available  
7 under an MRO is the PSR, which is a "means to stabilize competitive generation  
8 prices for shopping and non-shopping customers."<sup>17</sup>  
9

10 **Q17. SHOULD THE COMMISSION CONSIDER DUKE'S PROPOSED PSR AS**  
11 **PROVIDING A QUALITATIVE BENEFIT TO CUSTOMERS?**

12 **A17.** No. As explained by OCC Witness Wilson, the proposed PSR will not provide  
13 the price stability and certainty that Duke claims, but instead will impose costs  
14 and risk onto customers,<sup>18</sup> which the Commission should consider as a cost of the  
15 ESP that would not exist under an MRO.  
16

17 **Q18. HOW DOES DUKE CLAIM ITS PROPOSED ESP WILL FURTHER**  
18 **ENHANCE "DEVELOPMENT OF THE COMPETITIVE RETAIL**  
19 **MARKET"?**

20 **A18.** Qualitative benefits related to the development of the competitive retail market  
21 that are claimed by Duke from its proposed ESP are described by Duke Witness

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<sup>17</sup> Duke Witness Wathen Direct Testimony at 27.

<sup>18</sup> OCC Witness Wilson Testimony.



1 Wathen as "changes to rate design and the elimination of non-market-based  
2 influences on customer behavior" and "further leveling the playing field between  
3 SSO auction winners and CRES providers."<sup>19</sup> As discussed in the testimonies of  
4 Duke Witnesses Wathen and Ziolkowski, provisions of the proposed ESP which  
5 Duke indicates will result in these qualitative benefits are:

- 6 1. Changes to allocation and rate design for Rider RC –  
7 allocating capacity costs to rate classes based on a class's  
8 PJM 5 CP demand, replacing demand charges for certain  
9 rate schedules with load factor kWh charges, and reducing  
10 the difference in stepped rates for certain rate schedules.
- 11 2. Changes to rate design for Rider RE – reducing the  
12 difference in stepped rates for certain rate schedules.
- 13 3. Not continue Rider LFA – eliminating the Load Factor  
14 Adjustment Rider now applicable to certain high load  
15 factor customers.
- 16 4. Not continue special provisions for demand response –  
17 eliminating the interruptible credits (which are paid for  
18 through Rider DR-ECF) provided to certain customers for  
19 participation in a demand response program.
- 20 5. Changes to Rider NM – clarifying the billing process for  
21 net metering customers.

---

<sup>19</sup> Duke Witness Wathen Direct Testimony at 26-27.

- 1                   6.     Not continue the Percentage of Income Payment Plan  
2                             ("PIPP") customer discount – combining PIPP load with  
3                             other SSO load supplied through the auction process.<sup>20</sup>  
4

5     **Q19. DO YOU AGREE WITH DUKE THAT THESE CLAIMED QUALITATIVE**  
6     **BENEFITS WOULD NOT BE AVAILABLE UNDER AN MRO AND THUS**  
7     **MAKE THE PROPOSED ESP BETTER THAN AN MRO?**

8     **A19.** No. Rather than following the statutory test which compares the *proposed ESP* to  
9     the expected results under an MRO, Duke's analysis of qualitative benefits is  
10    more of a comparison of the provisions of its current ESP with the provisions of  
11    its proposed ESP.<sup>21</sup> Comparing the proposed ESP to the current ESP is an  
12    incorrect evaluation.

13  
14    Second, even if Duke's evaluation were accepted as appropriate, an examination  
15    of these proposed changes, which are primarily rate design changes that Duke  
16    ascribes to the ESP, reveals that they would be available in an MRO and/or in  
17    other proceedings. If the changes are available in an MRO and/or in other  
18    proceedings, then the benefits which Duke claims from them would be equally  
19    available under an MRO scenario. Therefore, these changes proposed by Duke  
20    should not be considered in the comparison between an ESP and an MRO.

<sup>20</sup> OCC Interrogatories Nos. 14 and 15 (Attachments BEH-9 and BEH-10).

<sup>21</sup> For example, Duke considers the SCP method proposed in this ESP to be a benefit over the current allocation of capacity costs, and the proposed rate designs to be a benefit over current rate designs. In addition, it considers the elimination of the current ESP provisions for Riders LFA, DR-ECF, NM, and the PIPP customer discount to be benefits of the proposed ESP, when these items are due to expire anyway at the end of the current ESP.

1 **Q20. PLEASE EXPLAIN WHY YOU BELIEVE THAT THESE CHANGES**  
2 **PROPOSED BY DUKE WOULD BE AVAILABLE UNDER AN MRO**  
3 **SCENARIO.**

4 **A20.** First, changes to the rate design of SSO generation-related rates, like Duke's  
5 Rider RC, Rider RE and Rider LFA,<sup>22</sup> are clearly available in an MRO. Under  
6 the PUCO's rules for the filing an MRO, a utility is required to provide proposed  
7 SSO generation rates derived from a Competitive Bidding Process. The PUCO's  
8 requirements include a proposed retail rate design,<sup>23</sup> an indication of how bid  
9 prices were used for deriving rates,<sup>24</sup> and a description of the rate structure chosen  
10 by the utility with the method used to convert bid prices to retail rates.<sup>25</sup> In fact,  
11 when Duke filed an MRO application in 2010, it proposed a retail rate design for  
12 SSO generation, including a four coincident peak allocation method for capacity  
13 costs and elimination of demand-billed charges.<sup>26</sup> Thus, changes to SSO  
14 generation-related rates in Duke's proposed ESP (i.e., items 1, 2 and 3 listed  
15 above) should not be considered by the Commission as benefits of the ESP that  
16 are not available in an MRO.

---

<sup>22</sup> Duke Witness Wathen discusses reasons for not continuing Rider LFA as "the Company believes that the price customers pay for all generation-related costs should be established by market forces." (Direct Testimony at 21) It should also be noted that while Duke now claims elimination of Rider LFA as benefit, the establishment of the same rider was a considered a benefit in Duke's current ESP. (Case No. 10-2586-EL-SSO, Duke Witness Janson Supplemental Testimony at 11.)

<sup>23</sup> OAC 4901:1-35-03(B)(2)(a).

<sup>24</sup> OAC 4901:1-35-03(B)(2)(c).

<sup>25</sup> OAC 4901:1-35-03(B)(2)(i).

<sup>26</sup> Duke Case No. 10-2586-EL-SSO, Opinion and Order at 52-56 (February 23, 2011).

*CONFIDENTIAL VERSION - Direct Testimony of Beth E. Hixon  
On Behalf of the Office of the Ohio Consumers' Counsel  
PUCO Case Nos. 14-841-EL-SSO, et al.*

1 Second, Duke claiming that it will no longer continue its current demand response  
2 program for certain transmission voltage customers<sup>27</sup> does not constitute a  
3 qualitative benefit of the proposed ESP. Whether Duke had filed an ESP or an  
4 MRO, this program was scheduled to end. As Duke Witness Wathen states "the  
5 sunset provision on the program in the current ESP inarguably expires on May 31,  
6 2015." Mr. Wathen opines that for affected customers to think the program was  
7 to continue "could only be characterized as speculative."<sup>28</sup> Thus, this demand  
8 response program ending<sup>29</sup> (i.e., item 4 listed above) should not be considered by  
9 the Commission as a benefit of the ESP that is not available under an MRO.

10  
11 Third, Duke's proposal for changes to its Net Metering tariff is not a qualitative  
12 benefit of the proposed ESP. Duke Witness Ziolkowski explains that Duke  
13 proposes to add language to clarify the billing process for net metering customers.  
14 Whether Duke filed an ESP or an MRO, the utility has opportunities in other  
15 proceedings to seek PUCO approval of changes to tariff language. Thus, changes  
16 to tariff language (i.e., item 5 listed above) should not be considered by the  
17 Commission as a benefit of the ESP that is not available under an MRO.

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<sup>27</sup> This demand response program is funded through Rider DR-ECF.

<sup>28</sup> Duke Witness Wathen Direct Testimony at 23.

<sup>29</sup> It should also be noted that while Duke now claims elimination of this demand response program as a benefit, the establishment of the same program was a considered a benefit in Duke's current ESP. (Case No. 10-2586-EL-SSO, Duke Witness Jansen Supplemental Testimony at 11.)

*CONFIDENTIAL VERSION - Direct Testimony of Beth E. Hixon  
On Behalf of the Office of the Ohio Consumers' Counsel  
PUCO Case Nos. 14-841-EL-SSO, et al.*

1 Finally, not continuing the PIPP customer discount off the SSO generation price  
2 is not a qualitative benefit of the proposed ESP. Initially, it should be noted that a  
3 discount for PIPP customers would generally be viewed as benefit to customers  
4 and not having that discount as a detriment to customers. In evaluating Duke's  
5 current ESP, the five percent discount for PIPP customers was considered an  
6 "undeniable" quantifiable benefit.<sup>30</sup> It is unreasonable now to consider, as Duke  
7 does, the elimination of this discount as a benefit to customers. However, to the  
8 extent that any benefit exists related to no longer having the PIPP customer  
9 discount, such benefit would exist whether Duke had filed an ESP or an MRO.  
10 Because the discount was scheduled to end on May 31, 2015,<sup>31</sup> the PIPP load  
11 would have been included in the SSO load to be competitively bid under either an  
12 ESP or an MRO. Thus, including the PIPP load in the SSO load to be bid, and  
13 not having a PIPP customer discount (*i.e.*, item 6 listed above) should not be  
14 considered by the Commission as a benefit of the ESP that is not available under  
15 an MRO.

---

<sup>30</sup> Case No. 11-3549-EL-SSO, Duke Witness Wathen Supplemental Testimony at 31, "the estimated benefits of the ESP also includes the savings projected for PIPP customers" and Duke Witness Janson Supplemental Testimony at 11, "the ESP also provides an undeniable benefit to our customers enrolled in PIPP by affording them a confirmed discount."

<sup>31</sup> Duke witness Ziolkowski Direct Testimony at 7.

1 IV. CONCLUSION

2

3 **Q21. BASED ON YOUR REVIEW OF THE STATUTORY TEST FOR DUKE'S**  
4 **PROPOSED ELECTRIC SECURITY PLAN, WHAT IS YOUR**  
5 **RECOMMENDATION TO THE COMMISSION?**

6 **A21.** I recommend the Commission reject the ESP as proposed by Duke because it fails  
7 to meet the statutory test. Based on the following determinations, Duke's  
8 proposed ESP is not more favorable in the aggregate as compared to the expected  
9 results that would otherwise apply under an MRO under Ohio law:

10 1. For generation prices that SSO customers would pay, there  
11 would not be a benefit of the ESP over the MRO, because  
12 under both scenarios the SSO generation prices would be  
13 determined through a competitive bid.

14 2. For other quantifiable provisions, there would not be a  
15 benefit of the ESP over the MRO. Instead, Duke's  
16 proposed PSR would impose costs (\$22 million) and risks  
17 upon customers<sup>32</sup> that would not be imposed under an  
18 MRO.

19 3. Assuming *arguendo* that qualitative benefits can even be  
20 considered,<sup>33</sup> for Duke's claimed qualitative benefits of the  
21 ESP, to the extent such qualitative benefits exist, most

<sup>32</sup> See testimony of OCC Witness Wilson.

<sup>33</sup> I am advised by counsel that the question whether qualitative provisions should be considered in the comparison of an ESP and an MRO is currently pending before the Ohio Supreme Court. See *In the Matter of Northeast Ohio Public Energy Council*, Appeal No. 2013-0513.

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PUCO Case Nos. 14-841-EL-SSO, et al.*


1           would also be available in the scenario of an MRO being  
2           filed. Thus, Duke's claimed qualitative benefits should not  
3           be considered in comparison of the ESP to an MRO. For  
4           the qualitative benefits claimed by Duke related to the PSR,  
5           this provision of the ESP will not provide benefit to  
6           customers but instead is a quantifiable cost to customers.

7  
8   **Q22. DOES THIS CONCLUDE YOUR TESTIMONY?**

9   **A22.** Yes. However, I reserve the right to incorporate new information that may  
10       subsequently become available. I also reserve the right to supplement my  
11       testimony in the event that the utility, the PUCO Staff or other parties submit new  
12       or corrected information in connection with this proceeding.

**CERTIFICATE OF SERVICE**

I hereby certify that a true copy of the foregoing *Direct Testimony of Beth E. Hixon on Behalf of the Office of the Ohio Consumers' Counsel's, Confidential Version*, was served via electronic transmission to the persons listed below on this 26th day of September 2014.

  
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**Beth E. Hixon**  
**Testimony Submitted on Public Utility Regulation**

As an employee of the Office of the Ohio Consumers' Counsel (OCC):

| Company                | Docket No.             | Date |
|------------------------|------------------------|------|
| Ohio Power             | 83-98-EL-AIR           | 1984 |
| Ohio Gas               | 83-505-GA-AIR          | 1984 |
| Dominion East Ohio Gas | 05-474-GA-ATA          | 2005 |
| Dayton Power & Light   | 05-792-EL-ATA          | 2006 |
| Duke Energy Ohio       | 03-93-EL-ATA, et al.   | 2007 |
| Dominion East Ohio     | 08-729-GA-AIR          | 2008 |
| AEP Ohio               | 08-917-EL-SSO, et al.  | 2008 |
| AEP Ohio               | 11-346-EL-SSO, et al.  | 2012 |
| Duke Energy Ohio       | 12-1682-EL-AIR, et al. | 2013 |
| Duke Energy Ohio       | 12-1685-GA-AIR, et al. | 2013 |
| Dayton Power & Light   | 12-426-EL-SSO, et al.  | 2013 |
| AEP Ohio               | 13-1406-EL-RDR         | 2013 |

As an employee of Berkshire Consulting Service:

| Company                                | Docket No.            | Date | Client                 |
|--|-----------------------|------|------------------------|
| Toledo Edison                          | 88-171-EL-AIR         | 1988 | OCC                    |
| Cleveland Electric Illuminating        | 88-170-EL-AIR         | 1988 | OCC                    |
| Columbia Gas of Ohio                   | 88-716-GA-AIR, et al. | 1989 | OCC                    |
| Ohio Edison                            | 89-1001-EL-AIR        | 1990 | OCC                    |
| Indiana American Water                 | Cause No. 39595       | 1993 | Indiana                |
| Office of the Utility Consumer Counsel |                       |      |                        |
| Ohio Bell                              | 93-487-TP-CSS         | 1994 | OCC                    |
| Ohio Power                             | 94-996-EL-AIR         | 1995 | OCC                    |
| Toledo Edison                          | 95-299-EL-AIR         | 1996 | OCC                    |
| Cleveland Electric Illuminating        | 95-300-EL-AIR         | 1996 | OCC                    |
| Cincinnati Gas & Electric              | 95-656-GA-AIR         | 1996 | City of Cincinnati, OH |

**Duke Energy Ohio**  
**Case No. 14-841-EL-SSO**  
**OCC Second Set Interrogatories**  
**Date Received: June 13, 2014**

**OCC-INT-02-017**

**REQUEST:**

Referring to the qualitative benefit of Rider PSR on page 26-27 of the Direct Testimony of Duke witness Wathen,

- a. Would Rider PSR be available under an MRO?
- b. If the response to part (a) is negative, why not?
- c. If the response to part (a) is negative (i.e. Rider PSR not available under an MRO), then under an MRO how would Duke treat its continuing OVEC generation commitment for ratemaking and accounting purposes?

**RESPONSE:**

- a. Objection. Seeks to elicit a legal opinion of statutory construction. Without waiving said objection, to the extent discoverable and in the spirit of discovery, see R.C. 4928.142, which does not make provision for implementation of the proposed PSR.
- b. Objection. Seeks to elicit a legal opinion of statutory construction. Without waiving said objection, to the extent discoverable and in the spirit of discovery, see response to OCC-INT-02-007(a).
- c. Objection. This Interrogatory seeks to elicit information that can only be provided after resorting to speculation and guesswork. Duke Energy Ohio is not seeking an SSO in the form of an MRO and thus did not evaluate its contractual entitlement in OVEC under such a framework.

**PERSON RESPONSIBLE:** As to objection, Legal  
As to response, William Don Wathen Jr.

**Duke Energy Ohio  
Case No. 14-841-EL-SSO  
OCC Second Set Interrogatories  
Date Received: June 13, 2014**

**OCC-INT-02-010**

**REQUEST:**

Referring to Direct Testimony of Duke witness Mullin's pro forma financial projections and the ESP-related assumptions (page 5), for each calendar year 2015-2018, what is the amount of:

- a. Distribution Capital Investment Rider revenue,
- b. Distribution Storm Rider revenue, and
- c. Price Stabilization Rider revenue and/or cost?

**RESPONSE:**

- a. \$22M, \$63M, \$83M, \$104M for calendar years 2015 through 2018, respectively.
- b. \$0.
- c. \$0.

**PERSON RESPONSIBLE:** Patricia W. Mullins

**Duke Energy Ohio**  
**Case No. 14-841-EL-SSO**  
**OCC Second Set Interrogatories**  
**Date Received: June 13, 2014**

**OCC-INT-02-011**

**REQUEST:**

If Duke's response to the prior Interrogatory, part (c) indicates that no Price Stabilization Rider revenue and/or cost was included in the pro forma financial projections:

- a. How were revenue and costs associated with Duke's OVEC generation "entitlement" treated for these projections?
- b. For each year, what was the annual amount of revenue and cost associated with Duke's OVEC generation "entitlement"?

**RESPONSE:**

- a. The forecast assumed that margins on Duke Energy Ohio's contractual entitlement in OVEC were \$0 for the term of the proposed ESP.
- b. See response to OCC-INT-02-11(a).

**PERSON RESPONSIBLE:** Patty A. Mullins

**Duke Energy Ohio  
Case No. 14-841-EL-SSO  
IEU First Set Interrogatories  
Date Received: June 12, 2014**

**IEU-INT-01-001**

**REQUEST:**

Has Duke prepared any financial modeling or forecasts of the expected rate impacts of the proposed Price Stabilization Rider for the term of the proposed electric security plan?

**RESPONSE:**

No.

**PERSON RESPONSIBLE:** William Don Wathen Jr.

**Duke Energy Ohio  
Case No. 14-841-EL-SSO  
IEU First Set Interrogatories  
Date Received: June 12, 2014**

**IEU-INT-01-002**

**REQUEST:**

Has Duke prepared any financial modeling or forecasts of the expected rate impacts of the proposed Price Stabilization Rider for the remaining term of Duke's contract with Ohio Valley Electric Corporation ("OVEC")?

**RESPONSE:**

No.

**PERSON RESPONSIBLE:** William Don Wathen Jr.

Duke Energy Ohio  
Case No. 14-841-EL-SSO, 14-842-EL-ATA  
OCC Fifth Set Interrogatories  
Date Received: July 14, 2014

OCC-INT-05-107

**REQUEST:**

In response to OCC-INT-02-012 Duke states that "implementation of Rider DCI does contribute to this benefit" (i.e. the benefit of "enables timely investment in the Company's distribution system while simultaneously protecting Duke Energy Ohio's financial integrity" (Application at 15)). With respect to such statement, please identify the following:

- a. What other provisions, if any, of the proposed ESP "contribute to this benefit"?
- b. How do the provisions provided in response to part (a) contribute to this benefit?

**RESPONSE:**

Objection. To the extent this Interrogatory is intended to be duplicative of OCC-INT-02-016, it is overly burdensome and must be seen as intending to harass. Without waiving said objection, to the extent discoverable, and in the spirit of discovery:

- a. The only provision of the ESP that "enables timely investment in the Company's distribution system while simultaneously protecting Duke Energy Ohio's financial integrity" is the proposed Rider DCI.
- b. As the Commission opined in its order approving a similar rider for AEP Ohio, in Case No. 11-346-EL-SSO, *et al.*, "the [distribution investment rider] is an incentive to accelerate recovery of the Company's investment in distribution service." The proposed Rider DCI would allow for timely recovery of investments in the distribution system, significantly mitigating the regulatory lag that impedes Duke Energy Ohio's ability to make necessary investments to maintain and improve its distribution system and that impedes the Company's ability to meet its and its customers' expectations for reliability, safety, and efficiency.

**PERSON RESPONSIBLE:** William Don Wathen Jr.

**Duke Energy Ohio**  
**Case No. 14-841-EL-SSO, 14-842-EL-ATA**  
**OCC Third Set Interrogatories**  
**Date Received: June 25, 2014**

**OCC-INT-03-060**

**REQUEST:**

Please identify all charges (riders, rates) sought to be approved (new, existing, continued) in the Utility's ESP that are not included in the bill comparison shown on Witness Ziolkowski Schedule JEZ-3.

**RESPONSE:**

Objection. This Interrogatory seeks to elicit information readily available upon a review of the testimony filed in connection with these proceedings and, as such, it runs afoul of OAC 4901-1-16(G). Without waiving said objection and in the spirit of discovery,

Attachment JEZ-3 includes all riders that are projected to be in effect as of May 2015, except for Rider LFA. Rider ESSC terminates after December 31, 2014 by its own terms and is not included in Attachment JEZ-3. In the schedule, the proposed Riders DCI, DSR, and PSR are set at zero. Attachment JEZ-3 shows the impacts of the revised design of Rider RC and Rider RE.

**PERSON RESPONSIBLE:** As to objection – Legal  
As to response – James E. Ziolkowski



Duke Energy Ohio  
Case No. 14-841-EL-SSO  
OCC Second Set Interrogatories  
Date Received: June 13, 2014

OCC-INT-02-014

**REQUEST:**

Referring to "the benefits of the proposed ESP" on page 26 of the Direct Testimony of Duke witness Wathen:

- a. Which of the following Duke proposed changes are considered to be the "changes to rate design and the elimination of non-market-based influences on customer behavior"?
  - i. 5 CP allocation methodology of capacity costs for Rider RC
  - ii. Removal of demand charges from Rider RC
  - iii. Elimination of the LFA
  - iv. Elimination of the DR-ECF
- b. If any of the items (i) through (iv) are not considered, why not?
- c. If there are additional Duke proposed changes that are considered applicable to these benefits, what are they?
- d. Would the changes in items i through iv, and those provided in response to part (c) be available under an MRO?
- e. If the response to part (d) is negative, why not?

**RESPONSE:**

- a. Objection. This Interrogatory seeks to elicit information readily available upon a review of the testimony filed in connection with these proceedings and, as such, it runs afoul of OAC 4901-1-16(G). Without waiving said objection and in the spirit of discovery, all.

- b. Objection. This Interrogatory is confusing as written and can be answered only with regard to speculation and guesswork. Without waiving said objection, to the extent discoverable, and in the spirit of discovery, not applicable.
- c. Objection. This Interrogatory seeks to elicit information protected by the attorney client privilege and/or work product doctrine. Further, this Interrogatory seeks to elicit information readily available upon a review of the testimony filed in connection with these proceedings and, as such, it contradicts O.A.C. 4901-1-16(G). Without waiving said objection, to the extent discoverable, and in the spirit of discovery, as discussed in the testimony of James E. Ziolkowski, the Company is also proposing to migrate toward unified residential generation rates and away from energy blocks for those generation rates.

Mr. Ziolkowski also describes the changes to Rider RC to recognize load factor differences while still relying exclusively on energy rates by implementing an 'hours-use-demand' rate design.

Also, associated with the elimination of Rider DR-ECF, the Company is proposing to eliminate the current program to provide above-market demand response credits to certain commercial and industrial customers at one-half net cost.

Mr. Ziolkowski also proposes a change to the Net Metering Rider (Rider NM) to clarify the billing process for net metering customers.

Finally, the Company is proposing to eliminate the arrangement for PIPP customers to be served by FirstEnergy Solutions such that PIPP load is included in the SSO load.

- d. Objection. This Interrogatory can only be answered through application of speculation and guesswork. The riders and rate design referenced herein were the product of a settlement of an ESP filed under R.C. 4928.143. Whether similar rate designs would have been proposed by the Company and approved by the Commission in the context of an MRO is unknown. This Interrogatory is further objectionable in that it seeks legal interpretation of Ohio statute and thus impermissibly seeks attorney work product.
- e. Not applicable.

**PERSON RESPONSIBLE:** As to objection, Counsel  
As to response, James E. Ziolkowski

Duke Energy Ohio  
Case No. 14-841-EL-SSO  
OCC Second Set Interrogatories  
Date Received: June 13, 2014

OCC-INT-02-015

**REQUEST:**

Referring to "the benefits of the proposed ESP" on page 26-27 of the Direct Testimony of Duke witness Wathen:

- a. What provisions of the proposed ESP result in "Promotion of the competitive market by further leveling the playing field between SSO auction winners and CRES providers?"
- b. Would the provisions provided in response to part (a) be available under an MRO?
- c. If the response to part (b) is negative, why not?

**RESPONSE:**

- a. Objection. This Interrogatory calls for a narrative answer better suited for deposition. See generally, *Penn Cent. Transp. Co. v Armco Steel Corp.* (1971), 27 Ohio Misc. 76, 271 N.E.2d 877. Without waiving said objection and in the spirit of discovery, see direct testimony of William Don Wathen Jr., and references to the elimination of non-market based influences as described therein. As discussed in response to OCC-INT-02-014, the changes being proposed in this ESP to promote a level playing field include:
  - Allocation and rate design for Rider RC
  - Changes to Rider RE for residential customers
  - Elimination of Rider LFA
  - Elimination of special provisions for demand response
  - Elimination of special provision for PIPP load
- b. See response to OCC-INT-02-014.
- c. Not applicable.

**PERSON RESPONSIBLE:** As to objection, Counsel  
As to response, William Don Wathen Jr.