

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Duke)	
Energy Ohio, Inc. for Approval to Modify)	Case No. 15-50-GA-RDR
Rider FBS, Rider EFBS, Rider FRAS, and)	
Rider GTS.)	

**COMMENTS OF
DIRECT ENERGY SERVICES, LLC
DIRECT ENERGY SMALL BUSINESS, LLC
AND DIRECT ENERGY BUSINESS MARKETING, LLC**

I. INTRODUCTION

On January 15, 2015, Duke Energy Ohio filed an application under R.C. 4909.18 for approval to increase the rates in Rider Firm Balancing Service (“FBS”) and Rider Enhanced Firm Balancing Service (“EFBS”). Duke asks the Commission to require larger competitive retail natural gas service (“CRNGS”) providers utilize EFBS, which would eliminate a larger CRNGS provider’s option to make an annual election between EFBS and FBS. Duke also seeks to modify certain of the terms under Rate FRAS (Full Requirements Aggregation Service) and Rate GTS (Gas Trading Service) to coincide with the changes sought in respect of Rider FBS and Rider EFBS.

Duke Energy Ohio requested a Commission decision issued no later than February 27, 2015 to implement these changes by April 1, 2015. Duke Energy Ohio also requested that the Commission retroactively apply these changes to supersede any prior CRNGS provider election. On January 22, 2015, the Attorney Examiner issued a procedural schedule establishing a deadline for intervention, as well as a schedule for comments and reply comments. Direct Energy Services, LLC, Direct Energy Small Business, LLC, and Direct Energy Business Marketing, LLC (collectively “Direct Energy”) hereby timely files its Initial Comments.

II. COMMENTS

On February 5, 2015, the Retail Energy Supply Association (“RESA”) filed a Motion to modify the procedural schedule as well as comments in this docket. Direct Energy agrees with and supports the comments of RESA. While the legal arguments raised by RESA are significant, the practical and market effects highlighted by RESA that impact CRNGS providers and will ultimately impact customers too warrant full review by the Commission.

Alternatively, Direct Energy wishes to offer another construct the Commission should consider in the context of making changes to Duke Energy Ohio’s balancing tariffs. The Commission could amend Duke Energy Ohio’s Application to (1) eliminate EFBS and (2) change the balancing fee charge to be a straight charge to the customer and not the supplier.

First, the Commission could eliminate EFBS service. As Duke notes in its Application, the number of CRNGS providers taking EFBS “has declined, resulting in an inability for Duke Energy Ohio to manage storage balances within interstate pipeline tariff requirements.” Application at 4. Duke noted at page seven (7) of its Memo Contra RESA’s February 5 filing that three (3) CRNGS providers elected EFBS. Since there are so few suppliers using EFBS that Duke felt the need to make this tariff filing, eliminating EFBS would appear to be much simpler than making all solely the largest CRNGS providers who have made a current election to use FBS migrate to using EFBS. Such a decision would also solve issues related to (1) unfair advantages to smaller CRNGS providers (and their customers) arbitrarily allowed to remain on FBS as compared to the more expensive EFBS for larger CRNGS providers (and their customers); (2) lack of a mechanism to drop back to FBS if a CRNGS provider’s maximum daily quantity (“MDQ”) goes below 20,000 dth/day; (3) disruption of CRNGS provider contracts which were based on the costs and choice of using FBS; and (4) cost associated with EFBS. See

RESA Motion and Initial Comments at 6 (February 5, 2015).

Second, the Commission should consider assessing balancing service charges directly to customers instead of passing such charges through CRNGS provider rates. Balancing service is a tariff-based service and cost so it is better handled by charging customers directly. This change would also provide more transparency for customers into the costs of their natural gas service. Additionally, there is precedent to support this change inasmuch as the Commission approved charging balancing service fees directly to Columbia Gas of Ohio (“Columbia”) customers. In the Matter of the Application to Modify, in Accordance with Section 4929.08, Revised Code, the Exemption Granted Columbia Gas of Ohio, Inc. in Case No. 08-1344-GA-EXM, Opinion and Order at 16-17 (January 9, 2013).

Direct Energy recognizes assessing balancing charges to customers directly would cause a need to ensure CRNGS providers remove balancing services costs from their rates. Similar to what the Commission ordered for Columbia, the Commission could establish a process by which CRNGS providers work with Staff to ensure customers are notified of the change and CRNGS providers certify to Staff that balancing fees (in the amount included in prices) are no longer included in their rates after the effective date of the change. Direct Energy is not aware of any material problems or hiccups when Staff managed this process for Columbia customers.

Direct Energy’s suggestions (and those of other Parties or commenters) demonstrate that a larger conversation about additional options beyond Duke Energy Ohio’s proposals need discussed in a forum more detailed than a comment period. On February 5, 2015 the Retail Energy Supply Association (“RESA”) filed a Motion to modify the procedural schedule in this proceeding to include a hearing. Interstate Gas Supply, Inc. (“IGS”) also filed a Motion to modify the procedural schedule on February 5, 2015.

Direct Energy supports those requests and asks the Commission to provide additional process in this case to provide the Parties additional time and mechanisms to explain their concerns with Duke Energy Ohio's proposed tariff change. Direct Energy anticipates Duke Energy Ohio's reply comments (just like its Memorandum Contra RESA's February 5 filing) will raise questions and concerns related to Parties' proposals, including Direct Energy's proposals to eliminate EFBS and move balancing charges directly to customer bills. These concerns raised by Duke Energy Ohio will only give more weight to the need for additional process beyond the comment period, especially for discovery and a hearing to fully investigate Duke's claims in its Application and any reply comments it might offer for the Commission's consideration. Duke Energy Ohio's request is not a simple change without ramifications. Those ramifications should be explored in a larger context that will provide the Commission a much deeper set of information upon which to make this decision that will impact customers, CRNGS providers, and Duke Energy Ohio.

Respectfully Submitted,

/s/ Joseph M. Clark

Joseph M. Clark (Counsel of Record)

Direct Energy

21 East State Street, 19th Floor

Columbus, Ohio 43215

Tel. (614) 220-4369 Ext 232

Fax (614) 220-4674

joseph.clark@directenergy.com

(Willing to accept e-mail service)

Attorney for Direct Energy Services, LLC, Direct Energy
Small Business, LLC, and Direct Energy Business
Marketing, LLC.

CERTIFICATE OF SERVICE

The Public Utilities Commission of Ohio's e-filing system will electronically serve notice of the filing of this document on the parties referenced on the service list of the docket card who have electronically subscribed to the case. In addition, the undersigned hereby certifies that a copy of the foregoing document is also being served (via electronic mail) on the 12th day of February 2015 upon the persons listed below.

/s/ Joseph M. Clark
Joseph M. Clark

Duke Energy Ohio, Inc.
Amy.spiller@duke-energy.com
Elizabeth.watts@duke-energy.com

Retail Energy Supply Association
mhpetricoff@vorys.com
glpetrucci@vorys.com

Interstate Gas Supply, Inc.
joliker@igsenergy.com

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

2/12/2015 12:19:07 PM

in

Case No(s). 15-0050-GA-RDR

Summary: Comments (Initial) electronically filed by JOSEPH CLARK on behalf of Direct Energy Services, LLC and Direct Energy Business Marketing, LLC and Direct Energy Small Business, LLC