OCC EXHIBIT_____

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

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

TESTIMONY
OF
JAMES D. WILLIAMS

On Behalf of
The Office of the Ohio Consumers' Counsel
10 West Broad Street, Suite 1800
Columbus, Ohio 43215-3485

September 18, 2015

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ATTACHMENTS

I. INTRODUCTION

Q1. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND POSITION.

A1. My name is James D. Williams. My business address is 10 West Broad Street, 18th Floor, Columbus, Ohio 43215-3485. I am employed by the Office of the Ohio Consumers' Counsel ("OCC") as a Senior Utility Consumer Policy Analyst.

Q2. PLEASE BRIEFLY SUMMARIZE YOUR EDUCATION AND PROFESSIONAL EXPERIENCE

A2. I am a 1994 graduate of Webster University, in St. Louis, Missouri, with a Master of Business Administration, and a 1978 graduate of Franklin University, in Columbus, Ohio, with a Bachelor of Science, Engineering Technology. My professional experience includes a career in the United States Air Force and over 19 years of utility regulatory experience with the OCC.

Initially, I served as a compliance specialist with the OCC and my duties included the development of compliance programs for electric, natural gas, and water industries. Later, I was designated to manage all of the agency's specialists who were developing compliance programs in each of the utility industries. My role evolved into the management of the OCC consumer hotline, the direct service provided to consumers to resolve complaints and inquiries that involved Ohio utilities. More recently, following a stint as a Consumer Protection Research Analyst, I was promoted to a Senior Utility Consumer Policy Analyst. In this

role, I am responsible for developing and recommending policy positions on utility issues that affect residential consumers.

I have been directly involved in the development of comments in various rulemaking proceedings at the Public Utilities Commission of Ohio ("PUCO") and the Ohio Development Services Agency. Those comments included advocacy for consumer protections, affordability of utility rates, and the provision of reasonable access to essential utility services for residential consumers. Additionally, I helped formulate OCC's comments in the Electric Service and Safety Standards rules,[1] set forth in Ohio Administrative Code 4901:1-10. I also was involved in preparing OCC's Initial Objections that were filed in this case on August 27, 2014.

Q3. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY OR TESTIFIED BEFORE THE PUCO?

A3. Yes. The cases in which I have submitted testimony and/or have testified before the PUCO can be found in Attachment JDW-1.

[1] *In the Matter of the Commission's Review of Chapter 4901:1-10, Ohio Administrative Code*, Case No. 12-2050-EL-ORD.

II. PURPOSE OF MY TESTIMONY

Q4. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A4. The purpose of my testimony is to make recommendations to the PUCO that are fair for consumers in response to Duke's application to establish a tariff for consumers who want to maintain a traditional (not advanced) meter in their homes.[2]

III. GENERAL DESCRIPTION OF THE APPLICATION

Q5. CAN YOU BRIEFLY DESCRIBE DUKE'S ADVANCED METER OPT-OUT APPLICATION?

A5. Yes. Duke has proposed a one-time charge that would apply to residential customers who do not want their traditional meter replaced with an advanced meter as part of Duke's Smart Grid program.[3] In addition, the charge would apply to any customer who in the future requests to have an

[2] An advanced meter is defined in Ohio Adm. Code 4901:1-10-01(A) as "any electric meter that meets the pertinent engineering standards using digital technology and is capable of providing two-way communications with the electric utility to provide usage and/or other technical data." Duke uses the same definition in the proposed tariff attached to the Application.

[3] Apparently, this charge would apply even if Duke does not replace an advanced meter with a traditional meter. The proposed tariff attached to the Application states the charge applies to residential customers who "request a traditional meter rather than an advanced meter…."

advanced meter replaced with a non-advanced meter.[4] Duke proposes to charge residential customers a one-time fee of $1,037.10 to opt out of having an advanced meter at their homes and instead to have their electricity usage metered with a non-advanced meter. Duke proposes to lower the one-time charge to $126.70 if the PUCO authorizes deferral of the alleged implementation costs (meaning Duke could attempt to someday charge all customers), which Duke claims to total $777,957.50.[5] Duke also claims that it would incur $353,468.68 in "ongoing annual costs."[6] Because of these alleged costs, Duke proposes to charge each customer who opts-out of having an advanced meter $40.63 each month to perform a manual meter read of the non-advanced meter.

IV. OBJECTIONS TO DUKE'S ADVANCED METER OPT-OUT TARIFF

Q6. PLEASE PROVIDE A BRIEF SUMMARY OF OCC's OBJECTIONS TO THE DUKE ADVANCED METER OPT-OUT APPLICATION?

A6. Duke's Application does not result in charges (for its customers to pay) that are just and reasonable. As shown later in this testimony, Duke's estimate of the costs involved to implement and maintain the advanced

[4] A non-advanced meter is the same as a traditional meter. Under Ohio Adm. Code 4901:1-10-01(FF), a traditional meter is "any meter with an analog or digital display that does not have the capability to communicate with the utility using two-way communications." Duke uses the same definition in the proposed tariff attached to the Application.

[5] See Application at 3.

[6] See id.

meter opt-out program appear to be overstated and unsupported. Authorization for utility cost recovery from customers should only occur in an appropriate regulatory proceeding where all expenses and revenues of the utility are examined to ensure that the rates charged to customers are just and reasonable.[7] The PUCO's rules permit an electric utility to establish charges for customers opting-out of an advanced meter.[8] But the rules also contemplate special tariff provisions related to circumstances that are not addressed by rules.[9] Because Duke's advanced meter deployment is just now reaching completion, there has not been an opportunity for a full evaluation of the impact that the advanced meter deployment had on reducing Duke's operating costs. Without such an evaluation, there is no reason to believe that Duke is not already sufficiently recovering its costs through existing rates to provide customers with the ability to not have an advanced meter. In fact, Duke is continuing to perform meter reads for customers who have requested to

[7] Ohio Revised Code 4909.15(A).

[8] Ohio Adm. Code 4901:1-10-05(J)(1): "An electric utility shall provide customers with the option to remove an installed advanced meter and replace it with a traditional meter, and the option to decline installation of an advanced meter and retain a traditional meter, including a cost-based, tariffed opt-out service."

[9] Ohio Adm. Code 4901:1-10-05(J)(5)(b)(i): "In the event special tariff provisions are required due to circumstances not addressed in this rule, the electric utility shall address those circumstances in its tariff application, but shall make its best efforts to maintain consistency with the rules herein."

not have an advanced meter[10] and to provide the option for customers to provide meter reads to the utility.[11]

Q7. IS THERE AN UPCOMING CASE WHERE THE MATTER OF DUKE'S COSTS AND PROPOSED CHARGES TO CUSTOMERS TO IMPLEMENT THE ADVANCED METER OPT-OUT IS MORE APPROPRIATELY EXAMINED?

A7. Yes. Duke is required to file an electric distribution rate case in the first year after completing its SmartGrid deployment.[12] My understanding is that the deployment was to be completed by the middle of 2015.[13] Based on recent information provided by Duke, the large-scale deployment of SmartGrid was substantially complete as of December 2014.[14] The test year to be used in the base rate application should reflect the reduced operating expenses that are attributable to the SmartGrid. These reductions in the operating expenses can be evaluated concurrent with the revenues Duke is collecting from customers to enable a more reasonable

[10] Duke response to OCC-INT-03-041 (attached herein as JDW-2).

[11] http://www.duke-energy.com/ohio/billing/read-meter.asp Reading Your Meter (Attached herein as JDW-3).

[12] *In the Matter of the Application of Duke Energy Ohio, Inc. to adjust and Set Its Gas and Electric Rate for 2010 SmartGrid Costs Under Riders AU and Rider DR-IM and Mid-deployment Review of AMI/SmartGrid Program*, Case No. 10-2326-GE-RDR, Stipulation and Recommendation (February 24, 2010) at 7.

[13] The settlement in Case No. 10-2326-EL-RDR states that full deployment means that "all SmartGrid hardware and systems necessary to generate the benefits set forth in Attachment 2, Column 2015" to the stipulation. Id. at 6, n.4. The settlement goes on to state that "[t]he point in time when full deployment occurs or has been achieved shall be determined by the Staff of the Commission based upon information provided by the Company." Id.

[14] *In the Matter of the Application Of Duke Energy Ohio, Inc., to Adjust Rider DR-IM and Rider AU for 2014 Grid Modernization Costs*, Case No. 15-883-GE-RDR, Direct Testimony of Donald Schnieder (June 4, 2015) at 3.

assessment of the overall costs involved in providing the advanced meter opt out. While the exact timing of the future rate case is currently uncertain, the PUCO should consider this to be a special circumstance[15] where separate charges on customers to opt-out of the advanced meter should not be allowed at this time.

Q8. ARE THERE OTHER REASONS WHY THE PUCO SHOULD PROTECT CUSTOMERS FROM PAYING ADVANCED METER OPT-OUT CHARGES AT THIS TIME?

A8. Yes. As explained later in this testimony, Duke's cost estimates for serving customers who wish to opt-out appear to be inflated because they include new rates for services that Duke currently provides to customers without separate charges. In addition, Duke's estimate of the initial number of customers who might choose not to have an advanced meter appears to be inaccurate. And the actual number of customers who would be subject to the advanced meter opt-out tariff will likely decrease over time if Duke provides other alternatives to help address customer-specific concerns with advanced meters. Finally, the magnitude of the advanced meter opt-out charges as proposed by Duke could force customers into having advanced meters against their wishes.

[15] As referenced in the Ohio Adm. Code 4901:1-10-05(J)(5)(b)(i).

Q9. DO DUKE'S PROPOSED CHARGES FOR CUSTOMERS TO PAY VIOLATE THE RATE DESIGN PRINCIPLE OF GRADUALISM?

A9. Yes.

Q10. PLEASE EXPLAIN.

A10. In establishing rates and charges, state utility commissions will often consider the magnitude of the proposed increase and the impact on customers. When faced with the prospect of a hefty $1,037.10 one-time charge and a recurring monthly meter-reading charge of $40.63 (or $487.56 annually), I suspect that the 725 customers[16] that Duke anticipates participating in the advanced meter opt-out will feel pressured into taking an advanced meter against their wishes.

Duke's attempts to force customers to subscribe to advanced meter technology is inconsistent with the PUCO rules. The PUCO's rules give customers the option to decide if they want to have an advanced meter. Ohio Adm. Code 4901:1-10-05(J)(1) requires:

> An electric utility shall provide customers with the *option* to remove an installed advanced meter and replace it with a traditional meter, and the *option* to decline installation of an

[16] Application at 3.

advanced meter and retain a traditional meter …. (Emphasis added.)

But, the high charges proposed by Duke are not reasonable and would impede many customers from exercising the option to not have an advanced meter as provided under the PUCO's rules. Based on Duke's rates that were in effect in July 2015, the average annual cost of electricity for a residential family using 750 kWh per month is approximately $1,144.08. As proposed by Duke, the additional first year's charges associated with the advanced meter opt-out would increase an average customer's annual cost of electricity to $2,768.74 – **a 142 percent increase!** Assuming no change in rates, the monthly meter reading charge in the advanced meter opt-out tariff would result in **a 43 percent increase** in an average customer's annual cost of electricity after the initial year. Gradualism requires changes to occur in gradual steps rather than in a single drastic change at one time. By ignoring the concept of gradualism, Duke is using the advanced meter opt-out as a way to coerce customers to have an advanced meter, even if they do not want one.

Q11. DO YOU HAVE AN OPINION ABOUT DUKE'S PROPOSED COSTS RELATED TO THE PROPOSED ADVANCED METER OPT-OUT APPLICATION?

A11. Yes. Duke's estimate of the costs involved to implement and maintain the advanced meter opt-out program appear to be overstated and unsupported.

Furthermore, the proposed costs do not appear to be incremental to and above what Duke is already collecting from consumers in base rates and/ or through the grid modernization rider. Duke's Application results in a violation of PUCO rules because the proposed deferral of costs would result in all customers paying for the advanced meter opt-out service and not just those customers who have caused the cost by electing to receive the service.[17]

Q12. PLEASE EXPLAIN HOW DUKE CALCULATED THE ONE-TIME CHARGE OF $1,037.10.

A12. Duke provided very few details in its application as to how the one-time costs were estimated. Duke claimed that there are $777,997.50 in one-time costs spread among Metering Services ($54,737.50), Distribution Maintenance ($37,120.00), and Information Technology ("IT") Systems ($686,140.00). The one-time charge to customers of $1,037.10 was determined by dividing the total of the alleged one-time costs by the 725 customers Duke expects will participate in the advanced meter opt-out.

[17] Ohio Adm. Code 4901:1-10-05(J)(5)(e).

Q13. IS DUKE'S ESTIMATE OF $686,140 TO MODIFY THE INFORMATION TECHNOLOGY SYSTEMS REASONABLE?

A13. No. Prior to the deployment of the smart meters, Duke had the functionality within its IT systems to bill customers based upon actual meter reads performed by the utility, usage information provided by customers, or estimates of the amount of usage. For customers who are objecting to having an advanced meter, Duke currently renders bills to these customers without modification to the IT systems. In fact, in its response to OCC-INT-02-035 (attached herein as JDW-4), Duke admitted that changes in the Customer Management System were not necessary in order to bill the usage of customers who opted out from having an advanced meter. Furthermore, Duke admitted in its response to OCC-INT-02-034 (attached herein as JDW-5) that changes in the Customer Management System were not necessary for Duke to continue to bill the usage of customers who opted out from having an advanced meter. Seemingly, the primary change that Duke is making to the Customer Management Systems is the ability to bill customers for the advanced meter opt-out fee.[18] But there is no indication that the costs to perform these changes are incremental to costs Duke is already recovering from customers through base rates. When asked about the total annual costs for billing system changes that Duke incurred during the test year for its last

[18] Duke's response to Staff-DR-01-002 (attached herein as JDW-6).

electric distribution rate case, Duke responded that the information was not available.[19] When asked about the total annual costs for billing system changes that Duke has incurred each year since the last distribution rate case, Duke responded that the information was not available.[20] To the extent that cost information is not available, Duke is unable to demonstrate that the proposed IT costs are just and reasonable.

Q14. IS DUKE'S ESTIMATE OF $54,737.50 TO PERFORM METERING SERVICES REASONABLE?

A14. No. Duke claims that it will incur $54,737.50 in upfront costs to purchase, store, repair, and test non-AMI meters.[21] Because customers who have refused an advanced meter already have a traditional meter, Duke has no need to purchase, store, test, and repair 725 non-advanced meters. In addition, should the need arise, Duke can use some of the fully functional, used and useful traditional meters that customers have already paid for in base rates and that were replaced by advanced meters during the smart meter deployment. Finally, Duke has not demonstrated that any metering service costs are incremental to the costs Duke currently receives from customers through base rates. When asked about the total annual costs for metering capabilities that Duke incurred during the test year for its last

[19] Duke's response to OCC-INT-02-021 (attached herein as JDW-7).

[20] Duke's response to OCC-INT-02-022 (attached herein as JDW-8).

[21] Duke's response to Staff-DR-01-008 (attached herein as JDW-9).

electric distribution rate case, Duke responded that the information was not available.[22] When asked about the total annual costs for metering capabilities that Duke has incurred each year since the last distribution rate case, Duke responded that the information was not available.[23] To the extent that cost information is not available, Duke is unable to demonstrate that the proposed Metering Service costs are just and reasonable.

Q15. IS DUKE'S ESTIMATE OF $37,120.00 TO PERFORM DISTRIBUTION MAINTENANCE REASONABLE?

A15. No. Duke claims that it will incur these costs to install non-advanced meters and to install additional communication devices. However, the majority of customers who might choose not to have an advanced meter already have a traditional meter, and Duke does not need to install a new meter. Duke estimated that it would need $4,453.68 to purchase additional communication devices.[24] However, this estimate is not substantiated, and in fact, no additional communication devices have been needed for the customers who have already requested to not have an advanced meter.[25]

[22] Duke's response to OCC-INT-02-025 (attached herein as JDW-10).

[23] Duke's response to OCC-INT-02-026 (attached herein as JDW-11).

[24] Id.

[25] Duke's response to OCC-INT-02-036 (attached herein as JDW-12).

Q16. PLEASE EXPAIN HOW DUKE CALCULATED THE RECURRING MONTHLY CHARGE OF $40.63.

A16. Duke also provided very few details as to how the recurring monthly charge was calculated in the Application. Duke contends there will be an annual recurring cost of $353,468.68 spread between Metering Services ($349,015.00) and Distribution Maintenance ($4,453.68). The recurring monthly charge of $40.63 was determined by dividing Duke's estimate of the monthly costs by the 725 customers Duke assumes will choose not to have an advanced meter.

Q17. IS DUKE'S ESTIMATED COST OF $349,015.00 FOR METERING SERVICES REASONABLE?

A17. No. Duke has assumed that there will be a monthly meter read for each customer who chooses not to have an advanced meter and that each meter read will entail an hour of work.[26] However, Duke has not substantiated the hour required for each meter read. In fact, Duke should be able to more effectively plan the routes for their meter readers to enable multiple reads to be performed within an hour. In addition, Duke has not considered any alternatives to a monthly meter read by a meter reader. Such alternatives would be for Duke to perform the reads on a quarterly basis or for customers to read their own meters and report the reading to

[26] Duke's response to Staff-DR-03-009 (attached herein as JDW-13).

Duke.[27] Ohio Adm. Code 4901:1-10-05(I)(1) requires an electric utility to make reasonable efforts to read a meter each billing period and to ensure each meter is actually read on an annual basis. The Rule also allows for the customer and the electric utility to agree to other arrangements. Providing advanced meter opt-out customers with the option to do their own meter reading can reduce Duke's costs and help reduce the expense for customers. Finally, Duke has not demonstrated that the metering service costs are incremental to the costs customers are already paying in base rates. As of August 2014, Duke employed 42 meter readers in Ohio,[28] which is a reduction from the 74 meter readers that were already included in base rates from the last distribution rate case.[29] This should be a sufficient number of meter readers to perform manual meter reads for the 725 customers Duke assumes will participate in the advanced meter opt-out.

[27] Duke's response to OCC-INT-01-009 (attached herein as JDW-14).

[28] Duke's response to Staff-DR-03-0008 (attached herein as JDW-15).

[29] Duke's response to Staff-DR-03-010 (attached herein as JDW-16).

Q18. DOES DUKE'S PROPOSED RECURRING MONTHLY CHARGE GUARANTEE TRADITIONAL-METERED CUSTOMERS WILL RECEIVE AN ACTUAL METER READING EACH MONTH?

A18. No. Based upon Duke's response to OCC-INT-01-008 (attached herein as JDW-17), the $40.63 recurring monthly charge will be assessed even if Duke does not perform an actual meter read.

Q19. IS DUKE'S ESTIMATED COST OF $4,453.68 FOR DISTRIBUTION MAINTENANCE REASONABLE?

A19. No. Duke included $4,453.68 for purchasing, locating, and installing additional communication devices that may be necessary to read meters of customers who have chosen not to have an advanced meter.[30] But in its response to OCC-INT-02-036 (attached herein as JDW-17), Duke stated that it has experienced no communications gaps as a result of customers who refused an advanced meter. Considering that Duke's deployment of electric advanced meters is substantially complete, there is no practical basis for assuming that there will be communications gaps because of customers without an advanced meter in the future. Duke's request to charge customers for these alleged costs to the advanced meter opt-out charge is unfounded and unreasonable.

[30] Application at 8.

Q20. DO THE TRENDS IN THE NUMBER OF CUSTOMERS WHO HAVE REFUSED AN ADVANCED METER SUPPORT YOUR RECOMMENDATION THAT THE PUCO SHOULD NOT ALLOW THE ADVANCED METER OPT-OUT CHARGES AT THIS TIME?

A20. Yes. Duke expects that 725 residential customers, or around 0.1 percent of the total number of residential customers in its service territory, will choose not to have an advanced meter.[31] In response to OCC-INT-01-003,[32] Duke claimed that 325 residential customers refused installation of an advanced meter over the course of Duke's Smart Grid deployment. Duke's estimate also included another 400 residential customers with what Duke categorized as "hard-to-access meters." However, as of May 2015, only 105 residential customers, or 0.016 percent of the total number of Duke residential customers, refused an advanced meter and are being served with a non-advanced meter.[33] Therefore the number of customers who have refused an advanced meter decreased from 325 in August 2014 to 105 by May 2015. This occurred without the one-time charge of $1,037.10 and the monthly meter reading charge of $40.63 proposed by Duke. Furthermore, providing traditional metered service to this small number of customers doesn't appear to financially impact Duke.

[31] Application at 3.

[32] Duke's response to OCC-INT-01-003 (attached herein as JDW-17).

[33] Duke's response to OCC-INT-02-030 (attached herein as JDW-18).

Q21. DOES DUKE'S APPLICATION INCLUDE TARIFF LANGUAGE THAT MIGHT LIMIT THE OPTIONS FOR CUSTOMERS WHO CHOOSE NOT TO HAVE AN ADVANCED METER?

A21. Yes. The terms and conditions that Duke included within its proposed tariffs can serve to further limit the number of customers who might choose not to have an advanced meter at their homes. For example, Duke claims it has the right to refuse advanced meter opt-out service if customers do not provide access to meters. Duke also proclaims the right to refuse to provide advanced meter opt-out service to customers with a history of tampering or theft. But in its Entry on Rehearing in Case 12-2050-EL-ORD, the PUCO rejected Duke's proposal that it be able to deny advanced meter opt-out service to customers with inside meters and those whom Duke allege to have a history of fraud and theft.[34] Duke's inclusion of these restrictions in its Application is counter to the PUCO's ruling in the Entry on Rehearing.

Q22. DO YOU HAVE ANY ADDITIONAL OBJECTIONS TO DUKE'S ADVANCED METER OPT-OUT APPLICATION?

A22. Yes. I have three additional general objections.

[34] Case 12-2050-EL-ORD, EOR, (December 18, 2013 at 6).

First, as I have mentioned earlier, Duke appears to be using the advanced meter opt-out tariff as a punitive measure to force customers to have an advanced meter against their wishes. There is no indication that Duke is working with customers to address their specific concerns with advanced meters. For example, there is no indication Duke will turn off the communications function of the advanced meter or will relocate meters to address customer concerns. Yet, the PUCO requires Duke to work with customers to provide alternatives to the advanced meter opt-out tariff.[35] When alternatives are not provided, Duke's customers are at a disadvantage in making an informed decision regarding their participation in the advanced meter opt-out tariff.

Second, Duke proposed deferring some of the implementation costs to reduce the magnitude of the one-time charges to $126.70.[36] However, Duke provided no support for the alternative one-time charge. Authorizing a deferral of these costs is unreasonable because it diverts costs from the cost causers to then have all customers pay. Duke has failed to demonstrate that any of the costs associated with the advanced meter opt-out are incremental to cost recovery customers already pay in base rates.

[35] 12-2050-EL-ORD, Entry on Rehearing (December 18, 2013 at 3).

[36] Application at 3-4.

Third, Duke does not explain how and when the deferred amount would ultimately be collected from customers. Duke also does not explain whether it proposes to collect carrying charges on the deferred amount and, if so, at what rate.

V. RECOMMENDATIONS

Q23. CAN YOU SUMMARIZE YOUR RECOMMENDATIONS?

A23. Yes. I recommend that the PUCO reject both the one-time and the recurring monthly charges at this time. Duke's revenues and expenses can be examined more fully on this issue, during a future rate case. In addition, to protect customers from future Duke requests for charges on electric bills, I recommend that the PUCO not authorize the deferral of any of the alleged costs that Duke claims are associated with the advanced meter opt-out. Also, Duke should be required to provide alternatives to monthly meter reads such as allowing customers to read their meters, to reduce Duke's costs. Finally, when more accurate estimates of the number of customers who are interested in the advanced meter opt-out are available, Duke should be required to minimize its implementation costs in a number of ways. These ways include Duke reusing pre-existing billing system capabilities, through efficiencies in meter reading routes, and more fully examining technical issues, such as the communications gaps, to determine if more communication devices are really required.

VI. CONCLUSION

Q24. DOES THIS CONCLUDE YOUR TESTIMONY?

A24. Yes. However, I reserve the right to incorporate new information that may subsequently become available through outstanding discovery or otherwise.

CERTIFICATE OF SERVICE

It is hereby certified that a true copy of the foregoing *Testimony of James D. Williams on Behalf of the Office of the Ohio Consumers' Counsel* has been served via electronic transmission this 18th day of September 2015.

/s/Terry L. Etter
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Testimony of James D. Williams
Filed at the Public Utilities Commission of Ohio

1. *In the Matter of the Application of the Cincinnati Gas and Electric Company for an Increase in Its Rates for Gas Service to All Jurisdictional Customers*, Case No. 95-0656-GA-AIR (August 12, 1996).

2. *In the Matter of the Application of the Cincinnati Gas and Electric Company for an Increase in Its Rates for Gas Service to All Jurisdictional Customers*, Case No. 01-1228-GA-AIR (February 15, 2002).

3. *In the Matter of the Commission's Investigation into the Policies and Procedures of Ohio Power Company, Columbus Southern Power Company, The Cleveland Electric Illuminating Company, Ohio Edison Company, The Toledo Edison Company and Monongahela Power Company regarding installation of new line extensions*, Case No. 01-2708-EL-COI (May 30, 2002).

4. *In the Matter of the Application of The East Ohio Gas Company d/b/a Dominion East Ohio for an Increase in Its Rates for Gas Service to All Jurisdictional Customers*, Case No. 07-0829-GA-AIR (June 23, 2008).

5. *In the Matter of the Application of the Columbia Gas of Ohio, Inc. for Authority to Amend Filed Tariffs to Increase the Rates and Charges for Gas Distribution,* Case No. 08-072-GA-AIR (September 25, 2008).

6. *In the Matter of a Settlement Agreement Between the Staff of the Public Utilities Commission of Ohio, The Office of the Consumers' Counsel and Aqua Ohio, Inc. Relating to Compliance with Customer Service Terms and Conditions Outlined in the Stipulation and Recommendation in Case No. 07-564-WW-AIR and the Standards for Waterworks Companies and Disposal System Companies*, Case No. 08-1125-WW-UNC (February 17, 2009).

7. *In the Matter of the Application of the Ohio American Water Company to Increase its Rates for water and Sewer Services Provided to its Entire Service Area*, Case No. 09-391-WS-AIR (January 4, 2010).

8. *In the Matter of the Application of Aqua Ohio, Inc. for Authority to Increase its Rates and Charges in its Masury Division,* Case No. 09-560-WW-AIR (February 22, 2010).

9 *In the Matter of the Application of Aqua Ohio, Inc. for Authority to Increase its Rates and Charges in Its Lake Erie Division*, Case No. 09-1044-WW-AIR (June 21, 2010).

10. *In the Matter of the Application of The Ohio American Water Company to Increase its Rates for Water Service and Sewer Service,* Case No. 11-4161-WS-AIR (March 1, 2012).

11. *In the Matter of Columbus Southern Power Company and Ohio Power Company for Authority to Establish a Standard Service Offer Pursuant to Section 4928.143, Ohio Rev. Code, in the Form of an Electric Security Plan*, Case No. 11-346-EL-SSO, et al (May 4, 2012).

12. *In the Matter of the Application of The Dayton Power and Light Company for Approval of its Market Rate Offer*, Case No. 12-426-EL-SSO (June 13, 2012).

13. *In the Matter of the Application of Ohio Power Company to Establish Initial Storm Damage Recovery Rider Rates*, Case No. 12-3255-EL-RDR (December 27, 2013).

14. *In the Matter of the Application of Ohio Power Company for Authority to Establish a Standard Service Offer Pursuant to Section 4928.143, Ohio Rev. Code, in the Form of an Electric Security Plan*, Case No. 13-2385-EL-SSO (May 6, 2014).

15. *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 Service*, Case 14-841-EL-SS0 (May 29, 2014).

16. *In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company for Authority to Provide for a Standard Service Offer Pursuant to R.C. 4928.143 in the Form of an Electric Security Plan,* Case No. 14-1297-EL-SSO (December 22, 2014).

17. *In the Matter of the Application of Duke Energy Ohio, Inc., to Adjust Rider DR-IM and Rider AU for 2013 Grid Modernization Costs,* Case No. 14-1051-EL-RDR (December 31, 2014) and (February 6, 2015).

18. *In the Matter of the Application Not for an Increase in Rates Pursuant to Section 4901:18, Revised Code, of Ohio Power Company to Establish Meter Opt Out Tariff,* Case No. 14-1158-EL-ATA (April 24, 2015).

19. *In the Matter of the Application of Duke Energy of Ohio, Inc., for Approval of a Grid Modernization Opt-out Tariff and for a Change in Accounting Procedures Including a Cost Recovery Mechanism.*, Case 14-1160-EL-UNC and 14-1161-EL-AAM (September 18, 2015).

Duke Energy Ohio
Case Nos. 14-1160-EL-UNC, 14-1161-EL-AAM
OCC Third Set Interrogatories
Date Received: August 21, 2015

OCC-INT-03-041

REQUEST:

Does Duke manually read the meters of residential customers who do not have an advanced meter (i.e., by sending a meter reader to the customer's residence)? If not, how does Duke read the meters of residential customers who do not have an advanced meter and when was this process initiated?

RESPONSE:

Duke Energy Ohio sends a meter reader to the premises for most customers who have traditional meters.

PERSON RESPONSIBLE: Everett Greene

DUKE ENERGY.

Ohio change location View Mobile Investors

Reading Your Meter

Submit Your Meter Reads Online

For your convenience, when Duke Energy is unable to access your meter, we offer you the opportunity to read your gas and/or electric meter and **submit these meter readings to us (https://ols.duke-energy.com/037/EnterpriseSingleSignOn/ExternalCustomerLogonServlet?Mode=2&tpage=/Content/SAM/meter_read_submit.asp?Utility=coe)** via the Internet.

Find out more on how to **read your electric and/or gas meter(s) (/ohio/billing/how-to-read-meters.asp)**.

To learn more about other easy-to-use tools, sign up for **Online Services (/registration.asp)**.

Learn how Duke Energy works to **keep its meter readers safe (/ohio/billing/keeping-our-meter-readers-safe.asp)**.

DUKE ENERGY.

Ohio change location

View Mobile Investors

How to Read Your Electric and Gas Meters

Reading the Electric Meter
The dials on your electric meter resemble small clocks. Within each dial the numbers range from zero to nine and a hand points to a number within each dial. When reading each dial, it is important to note that some dials run clockwise and others run counterclockwise. The hand follows the numbers and only advances when electricity is being used.

Steps:

- Stand directly in front of the meter (this will give you the best view of where the hand is pointing)
- Read and record the number from each dial starting from the right and moving left
- When the hand is between two numbers or has just passed a number, record the smaller number (e.g. hand is between the 5 and 6 or has just passed the 5, record the number 5).
- When the hand appears to be directly on a number, before recording that number, be sure to check the dial to the right. If the hand has not passed zero record the smaller number instead.

What reading would you record for this example? (see answer below)

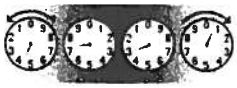
The correct reading for this example is 1 4 8 3 0

Reading the Gas Meter
The face of a gas meter usually has two sets of dials. The dials marked "One-Half Foot" and "Two Feet" are for test purposes only and are not to be used for meter reading purposes. The dials on your gas meter resemble small clocks. Within each dial the numbers range from zero to nine and a hand points to a number within each dial. When reading each dial, it is important to note that some dials run clockwise and others run counterclockwise. The hand follows the numbers and only advances when gas is being used. Some gas meters look much like the odometer on your car. To read this type of gas meter, simply record the numbers displayed.

Steps:

- Stand directly in front of the meter (this will give you the best view of where the hand is pointing).
- Read and record the number from each dial starting from the right and moving left.
- When the hand is between two numbers or has just passed a number, record the smaller number (e.g. hand is between the 5 and 6 or has just passed the 5, record the number 5).
- When the hand appears to be directly on a number, before recording that number, be sure to check the dial to the right. If the hand has not passed zero record the smaller number instead.

What reading would you record for this example? (see answer below)



The correct reading for this example is 4 7 3 0

Questions? **Contact us (/ohio/service.asp)**

Duke Energy Ohio
Case No. 14-1160-EL-UNC, 14-1161-EL-AAM
OCC Second Set Interrogatories
Date Received: May 15, 2015

OCC-INT-02-035

REQUEST:

Prior to filing the Application in this case, did Duke make any changes to the Customer Management System necessary in order to bill the usage of customers those customers who have already opted out from having an advanced meter? If so, please explain what the changes were, why they were necessary and the cost involved in making the changes.

RESPONSE:

No.

PERSON RESPONSIBLE: Donald L. Schneider, Jr.

Duke Energy Ohio
Case No. 14-1160-EL-UNC, 14-1161-EL-AAM
OCC Second Set Interrogatories
Date Received: May 15, 2015

OCC-INT-02-034

REQUEST:

Are any changes to the Customer Management System necessary in order for Duke to bill the usage of customers who opt out from having an advanced meter? If so, please explain what the changes are, why they are necessary and the cost involved in making the changes.

RESPONSE:

No.

PERSON RESPONSIBLE: Donald L. Schneider, Jr.

Duke Energy Ohio
Case No. 14-1160-EL-UNC, 14-1161-EL-AAM
STAFF First Set Data Requests
Date Received: June 30, 2014

STAFF-DR-01-002

REQUEST:

Proposed IT Changes

Is the company planning on modifying the existing billing system or proposing to develop a new system?

RESPONSE:

Duke Energy Ohio is modifying the existing billing system – CMS – in order to bill NSM fees and ensure that customers have the correct meter type based on their Non-Standard Metering Option (NSMO) status.

PERSON RESPONSIBLE:

Justin Brown

Duke Energy Ohio
Case No. 14-1160-EL-UNC, 14-1161-EL-AAM
OCC Second Set Interrogatories
Date Received: May 15, 2015

OCC-INT-02-021

REQUEST:

What were the total annual costs for billing system changes in the test year for the last electric distribution rate case?

RESPONSE:

Objection. This Interrogatory is overly broad, unduly burdensome, and designed to elicit information that is both irrelevant and not reasonably calculated to lead to the discovery of admissible evidence. Moreover, the question is susceptible to different interpretations and Duke Energy Ohio would have to engage in speculation or conjecture to ascertain the intended meaning of this request. Without waiving said objections, to the extent discoverable and in the spirit of discovery, this information is not available.

PERSON RESPONSIBLE: Legal

Duke Energy Ohio
Case No. 14-1160-EL-UNC, 14-1161-EL-AAM
OCC Second Set Interrogatories
Date Received: May 15, 2015

OCC-INT-02-022

REQUEST:

What were the annual costs for billing system changes for each year since the last electric distribution rate case?

RESPONSE:

Objection. This Interrogatory is overly broad, unduly burdensome, and designed to elicit information that is both irrelevant and not reasonably calculated to lead to the discovery of admissible evidence. Moreover, the question is susceptible to different interpretations and Duke Energy Ohio would have to engage in speculation or conjecture to ascertain the intended meaning of this request. Without waiving said objections, to the extent discoverable and in the spirit of discovery, this information is not available.

PERSON RESPONSIBLE: Legal

Duke Energy Ohio
Case No. 14-1160-EL-UNC, 14-1161-EL-AAM
OCC First Set Interrogatories
Date Received: August 19, 2014

OCC-INT-01-008

REQUEST:

Does Duke intend to assess the recurring monthly charge of $40.63 if an actual read of a customer's meter is not performed by the Company?

RESPONSE:

Yes, Duke Energy Ohio intends to assess the recurring monthly charge if an actual read is not performed. However, the Company intends to perform an actual read of every NSMO customer every month.

PERSON RESPONSIBLE:

Everett Greene

Duke Energy Ohio
Case No. 14-1160-EL-UNC, 14-1161-EL-AAM
OCC Second Set Interrogatories
Date Received: May 15, 2015

OCC-INT-02-025

REQUEST:

What were the total annual costs for metering capabilities in the test year for the last electric distribution rate case?

RESPONSE:

Objection. This Interrogatory is overly broad, unduly burdensome, and designed to elicit information that is both irrelevant and not reasonably calculated to lead to the discovery of admissible evidence. Moreover, the question is susceptible to different interpretations and Duke Energy Ohio would have to engage in speculation or conjecture to ascertain the intended meaning of this request. Without waiving said objections, to the extent discoverable and in the spirit of discovery, this information is not available.

PERSON RESPONSIBLE: Legal

Duke Energy Ohio
Case No. 14-1160-EL-UNC, 14-1161-EL-AAM
OCC Second Set Interrogatories
Date Received: May 15, 2015

OCC-INT-02-026

REQUEST:

What were the total annual costs for metering capabilities for each year since the last electric distribution rate case?

RESPONSE:

Objection. This Interrogatory is overly broad, unduly burdensome, and designed to elicit information that is both irrelevant and not reasonably calculated to lead to the discovery of admissible evidence. Moreover, the question is susceptible to different interpretations and Duke Energy Ohio would have to engage in speculation or conjecture to ascertain the intended meaning of this request. Without waiving said objections, to the extent discoverable and in the spirit of discovery, this information is not available.

PERSON RESPONSIBLE: Legal

Duke Energy Ohio
Case No. 14-1160-EL-UNC, 14-1161-EL-AAM
OCC Second Set Interrogatories
Date Received: May 15, 2015

OCC-INT-02-036

REQUEST:

Has Duke had to install any devices to fill in communications gaps caused by a customer who opted out from having an advanced meter? If so, how many communications devices were installed and what was the cost of the devices?

RESPONSE:

For the customers currently without AMI meters due to installation refusal, the Company has not experienced any communications gaps requiring additional communications devices.

PERSON RESPONSIBLE: Donald L. Schneider, Jr.

Duke Energy Ohio
Case No. 14-1160-EL-UNC, 14-1161-EL-AAM
STAFF Third Set Data Requests
Date Received: August 6, 2014

STAFF-DR-03-009

REQUEST:

Currently, what are the primary functions of manual meter reading?

RESPONSE:

Manual meter reading involves: identification of meters requiring manual reads, preparation of meter reading routes, travel by vehicle throughout the meter reading route, access to the property, performance of the meter read (which can include entering a premise that has an indoor meter), input of the meter read into a handheld device, and upload/download of the meter reading data. The one hour meter read time is based on the average travel, access and read time to and from the Queensgate Operations Center, where the Duke Energy Ohio meter reading functions will be consolidated.

PERSON RESPONSIBLE:

Everett Greene

Duke Energy Ohio
Case No. 14-1160-EL-UNC, 14-1161-EL-AAM
OCC First Set Interrogatories
Date Received: August 19, 2014

OCC-INT-01-009

REQUEST:

Can customers who participate in Rider NSM choose to have their meter read by Duke on a quarterly basis as opposed to monthly? If so, what will Duke charge customers for quarterly meter readings?

RESPONSE:

Duke Energy Ohio plans to read on a monthly basis to provide accurate and timely bills for its customers, and has not considered charging customers for quarterly meter readings.

PERSON RESPONSIBLE:

Everett Greene

Duke Energy Ohio
Case No. 14-1160-EL-UNC, 14-1161-EL-AAM
STAFF Third Set Data Requests
Date Received: August 6, 2014

STAFF-DR-03-008

REQUEST:

Currently, how many manual meter readers are employed by the company?

RESPONSE:

Duke Energy Ohio currently employs 42 meter readers for Ohio.

PERSON RESPONSIBLE:

Everett Greene

Duke Energy Ohio
Case No. 14-1160-EL-UNC, 14-1161-EL-AAM
STAFF Third Set Data Requests
Date Received: August 6, 2014

STAFF-DR-03-010

REQUEST:

How many meter readers were submit/request in base rates in Case No.12-1682-EL-AIR?

RESPONSE:

The labor amount in Case No. 12-1682-EL-AIR was a settled amount based on 2012 actual dollars. As of December 2012, Duke Energy Ohio had 74 meter readers.

PERSON RESPONSIBLE:

Everett Greene, Peggy Laub

Duke Energy Ohio
Case No. 14-1160-EL-UNC, 14-1161-EL-AAM
OCC First Set Interrogatories
Date Received: August 19, 2014

OCC-INT-01-003

REQUEST:

On page 3 of the Application, Duke states that it expects that 725 customers will choose the advanced meter opt-out service. How did Duke arrive at that number?

RESPONSE:

Over the course of Duke Energy Ohio's AMI deployment, about 325 customers have refused installation of an AMI meter. When the Company filed the Application, there were about 400 customers with hard-to-access meters who have been unresponsive to the Company's attempts to install an AMI meter. The Company assumes all those customers, 725 total, will enroll in the NSMO program.

PERSON RESPONSIBLE:

Tracy Tinsley

Duke Energy Ohio
Case No. 14-1160-EL-UNC, 14-1161-EL-AAM
OCC Second Set Interrogatories
Date Received: May 15, 2015

OCC-INT-02-030

REQUEST:

How many customers have refused to have an advanced meter and are currently being served with a non-advanced meter?

RESPONSE:

As of the end of May 2015, there are 105 customers who have refused an AMI meter and are being served with a non-AMI meter.

PERSON RESPONSIBLE: Don Schneider

Summary: Testimony Testimony of James D. Williams on Behalf of the Office of the Ohio Consumers' Counsel electronically filed by Patti Mallarnee on behalf of Etter, Terry L Mr.