BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Regulation of the Purchased Gas Adjustment Clause Contained Within the Rate Schedules of Duke Energy Ohio, Inc. and Related Matters.	))))	Case No. 15-218-GA-GCR
In the Matter of the Percentage of Income Payment Plan Rider of Duke Energy Ohio, Inc.	))	Case No. 15-418-GA-PIP

. .

OHIO PARTNERS FOR AFFORDABLE ENERGY'S POST-HEARING BRIEF

I. Introduction

Ohio Partners for Affordable Energy ("OPAE") submits this post-hearing brief in these proceedings before the Public Utilities Commission of Ohio ("Commission") considering the regulation of the Purchased Gas Adjustment Clause contained within the rate schedules of Duke Energy Ohio, Inc., ("Duke") and the Percentage of Income Payment Plan ("PIPP") Rider of Duke.

On January 29, 2016, a Stipulation and Recommendation ("Stipulation") signed by Duke and the Staff of the Commission was filed in these cases. The Stipulation purports to resolve issues identified by the management/performance audit ("Audit Report") performed by Exeter Associates Inc. ("Auditor") filed December 9, 2015 in Case No. 15-218-GA-GCR. The Commission should find that the Stipulation does not adequately resolve all the issues identified in the Audit Report and therefore should modify the Stipulation to protect consumers.

II. The Commission should order Duke to conduct bids to determine if Percentage of Income Payment Plan ("PIPP") customers could be served at a lower rate than Duke's Gas Cost Recovery ("GCR") Rate.

The Audit Report stated that Duke typically issues a Request for Proposals ("RFP") each year to competitive natural gas suppliers to serve PIPP customers. Audit Report at 37. For the period September 2012 through March 2014, Duke's PIPP customers were served by third-party suppliers. Beginning April 1, 2014, Duke received only one response to its RFP and that response would have resulted in PIPP customers being charged a rate that was higher than the GCR. As a result, Duke filed an application in Case No. 14-315-GA-UNC asking that PIPP customers be returned to GCR service. The application was granted. Id.

The Audit Report also states that future PIPP suppliers may be required to subscribe to mandatory Enhanced Firm Balancing Service ("EFBS") as a result of Duke's application in Case No. 15-50-GA-RDR. According to Duke, future RFPs for PIPP suppliers await the resolution of Case No. 15-50-GA-RDR. After the balancing issues in Case No. 15-50-GA-RDR are resolved, Duke is preparing to send out another RFP to see if it can get a supplier to supply the PIPP program. Whatever rate results from that RFP, Duke will determine whether or not it will save money for the PIPP customers. If it does, Duke would file with the Commission to get the RFP rate approved and get PIPP customers onto that rate. But if the RFP results in a rate that is not competitive with or will not beat the GCR rate, then PIPP customers will remain with the GCR rate. Tr. at 91.

There is a need to look again at whether or not PIPP customers could receive a lower price under a bid process than under the GCR. Tr. at 90. It is likely that the PIPP pool could receive a lower rate than the Duke GCR rate if the PIPP pool were bid out as has been done in the past. The Commission should order Duke to issue an RFP for the PIPP pool to determine if the RFP results in a lower rate than Duke's GCR rate.

III. The Stipulation should have adopted the Audit Report recommendation regarding Duke's affiliate KO Transmission.

The Audit Report recommended that Duke reevaluate whether its current KO Transmission capacity entitlements are reasonable and recommended that Duke adjust those entitlements as appropriate. The Audit Report also recommended that Duke file a report with the Commission identifying the estimated increase in costs of the expected KO Transmission rate case at the Federal Energy Regulatory Commission ("FERC"). Audit Report at 19. KO Transmission will be filing a rate case at FERC to pay for upgrades to the KO Transmission line. The Auditor estimates that the costs for such upgrades could increase current costs by a factor of nine. Audit at 18. The Stipulation did not adopt this Audit Report recommendation.

The Commission should require Duke to file a report identifying the estimated cost increase that could impact consumers from the KO Transmission rate case at FERC. The report should also show how Duke managed its role in the FERC case. OCC Ex. 1 at 12.

IV. Duke should be ordered to provide to customers, at least annually, a comparison of the bill impacts of its GCR rate to the rates paid by customers who purchase their natural gas from a marketer.

The Audit Report states that Columbia Gas of Ohio, Dominion East Ohio, and Vectren Energy Delivery of Ohio are no longer subject to the GCR mechanism and that they instead have a Standard Service Offer ("SSO") Gas Cost Rate, under which the cost of acquiring supplies is determined by an auction process in which suppliers bid fixed adjustments to the NYMEX monthly settlement price. Audit Report at 45. Duke has stayed with the GCR based on a report that was filed in May 2009. Id. Duke provided the Auditor, through a data request, information that Duke's GCR customers saved approximately $7 million per year since 2012 compared to Duke's Choice customers. Id. Therefore, according to the Audit Report, Duke has no current plans to exit the merchant function. Id.

Duke customers have a choice to purchase gas under the GCR or to purchase gas from a competitive supplier. Tr. at 52. Unlike customers of Columbia, Vectren, and Dominion, Duke customers do not have the choice of a price determined by an auction process. Id. at 53. The Auditor did not consider whether an auction process could have resulted in a lower price than Duke's GCR but instead accepted the Duke data that Duke's customers were saving money with the GCR. Id.

The Audit Report accepted Duke's calculation that since 2012, customers on Duke's GCR have saved on average approximately $7 million per year in gas commodity costs over the cost of natural gas if purchased from a marketer. Audit Report at 45. This information should be a continuing calculation, made at least annually. OCC Ex. 1 at 3. Duke should provide to customers, at least annually, a comparison of the bill impacts of its GCR rate to the rates paid by customers who purchase their natural gas from a marketer.

At a minimum, the Commission should require Duke to provide annually the comparison of its GCR price to the weighted average marketers' prices for natural gas. The information for educating consumers should also include presentation of the aggregate savings or losses for customers who purchased gas from Duke through the GCR or from a marketer.

The information should be available to customers so that they know whether they are saving or losing money with their choices for a natural gas supplier or choice to stay with the GCR. In the absence of sufficient information for consumers to make informed choices about natural gas offers, natural gas choice may not work for consumers. Just as the Audit Report discussed customer savings since 2007, Duke should be ordered to inform customers how much money Duke's GCR rate saved consumers annually over what the natural gas would have cost if purchased from a marketer. OCC Ex. 1 at 8. If consumers can save money from marketer offers, consumers should know this. If marketer offers cannot save money for consumers, then consumers should know that before they make a purchasing decision. Retail consumers should have ready access to this information to empower them to make informed choices. Historic bill information can enhance price transparency and sharpen competition for the benefit of consumers. Consumers should be receiving value from retail energy markets.

The data should be displayed so that a person shopping for natural gas could easily access the information. The information should be placed on Duke's website and the Commission's Energy Choice Ohio website. OCC Ex. 1 at 14.

V. Conclusion

The Stipulation lacks benefits for customers and should be modified to provide customer benefits. First, the Commission should order Duke to issue an RFP for the PIPP pool to determine if the RFP results in a lower rate than Duke's GCR rate. Second, the Commission should require Duke to file a report identifying the estimated cost increase that could impact consumers from the KO Transmission rate case at FERC and showing how Duke managed its role in the FERC case. Third, the Commission should require Duke to provide annually comparisons of its GCR price to marketer prices or, at least, to the weighted average marketers' prices and also information on how much customers saved or lost by choosing the GCR over marketer offers.

Respectfully submitted,

/s/Colleen L. Mooney
Colleen L. Mooney
Reg. No. 0015668
Ohio Partners for Affordable Energy
PO Box 12451
Columbus, OH 43212-2451
Telephone: (614) 488-5739
e-mail: cmooney@ohiopartners.org
(electrically subscribed)

CERTIFICATE OF SERVICE

The Commission's e-filing system will serve a copy of the foregoing Post-Hearing Brief electronically upon the following electronically subscribed parties identified below in this case on this 17th day of May 2016.

/s/Colleen L. Mooney
Colleen L. Mooney

Amy.Spiller@duke-energy.com
Elizabeth.Watts@duke-energy.com
ajay.kumar@occ.ohio.gov
dstinson@bricker.com
natalia.messenger@ohioattorneygenral.gov
Thomas.mcnamee@ohioattorneygeneral.gov
joliker@igsenergy.com
mhpetricoff@vorys.com
smhoward@vorys.com
gpetrucci@vorys.com
msettineri@vorys.com