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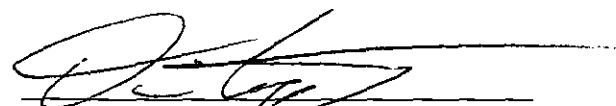
Docketing Division
Public Utilities Commission of Ohio
180 East Broad Street
Columbus OH 43215

RE: *In the Matter of the Application of Duke Energy Ohio, Inc. to Adjust and Set Its Gas and Electric Recovery Rate for 2010 SmartGrid Costs Under Rider AU and Rider DR-IM and Mid-Deployment Review of AMI/SmartGrid Program, Case No. 10-2326-GE-RDR*


Dear Docketing Division:

Enclosed please find the Commission Staff's Reply to Duke Energy Ohio, Inc.'s Application for Waiver of a Certain Provision of the June 13, 2012 Opinion and Order and Request for Expedited Treatment.


Tamara S. Turkenton
Chief, Regulatory Services Division
Public Utilities Commission of Ohio


David Liphtratt
Chief, Research and Policy Division
Public Utilities Commission of Ohio

Enclosure
Cc: Parties of Record

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Duke Energy Ohio, Inc.
Case No. 10-2326-GE-RDR

SUMMARY

On September 15, 2016, Duke Energy Ohio (DEO or Duke) requested a waiver of the agreement made within the Stipulation and Recommendation, filed in this Case on February 24, 2012 and approved by the Commission on June 13, 2012, to file a base electric distribution rate case within a year of the declaration, by Staff, that full deployment has occurred. The Staff docketed its Notice of Determination that the full deployment of Duke's Smart Grid project had been achieved on October 22, 2015.

STAFF REVIEW AND RECOMMENDATION

Staff does not believe that DEO has demonstrated a good cause as to why the waiver of a key provision of a stipulation reached by a broad set of signatory parties, including DEO, the Office of the Ohio Consumers' Counsel, the Commission Staff, Ohio Partners for Affordable Energy, Direct Energy Services, LLC, and Direct Energy Business Services, LLC should be granted allowing for indefinite filing of a base electric distribution rate case. DEO attempts to attribute the "significant changes related to AMI customer energy usage data (CEUD) and customer data privacy"¹ as the basis upon which a waiver should be granted.

Staff contends that the metrics included in the definition of 'full deployment' and the benefits used to calculate operational savings never included items related to smart meter data, CRES and third parties' access to smart meter data, and/or smart meter data privacy protections. Staff declared that full deployment of its Smart Grid had been achieved based on the data provided by DEO showing that the project, as defined by the metrics in the original business case, had reached completion. DEO recognizes that AMI CEUD and data privacy were not a part of the definition of 'full deployment' when it states, "although Staff observed that full Smart Grid deployment had been achieved, various intervenors contradicted that determination and sought modification to the existing AMI and related systems not originally conceived in the Company's approved Smart Grid program."² If the enhancements necessary to make the CEUD available to CRES providers was viewed by Staff as a part of the original scope of the Smart Grid project, Staff would not have declared full deployment.

CONCLUSION

Since full deployment was declared by Staff on October 22, 2015, DEO is bound by the terms of the Stipulation and Recommendation reached in this case on February 24, 2012 to file a base rate case within one year of that declaration. However, since the Company is required to net the equivalent of the annual steady state savings of \$12.933 million for the duration of Rider DR-IM, Staff supports a nine month extension of the one year filing requirement, moving the required filing date from October 22, 2016, to July 21, 2017.

¹ In the matter of the Application of Duke Energy Ohio, Inc., for Waiver of a certain Provision of the June 13, 2012, Opinion and Order and Request for Expedited Treatment, filed 9/15/2016, page 6.

² In the matter of the Application of Duke Energy Ohio, Inc., for Waiver of a certain Provision of the June 13, 2012, Opinion and Order and Request for Expedited Treatment, filed 9/15/2016, page 5.