

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of the City)
of Cincinnati for Integration of Mercantile)
Customer Energy Efficiency or Peak-) Case No. 14-1409-EL-EEC
Demand Reduction Programs with Duke)
Energy Ohio, Inc.)

Staff Report

Pursuant to Ohio Revised Code 4928.66, mercantile customers may commit their energy efficiency, peak demand reduction, and demand response programs for integration with an electric utility's programs. Ohio Administrative Code 4901:1-39-05(G) permits a mercantile customer to file, either individually or jointly with an electric utility, an application to commit the customer's existing demand reduction, demand response, or energy efficiency programs for integration with the electric utility's programs.

On July 17, 2013, the Public Utilities Commission of Ohio (PUCO) permanently adopted a mercantile application pilot program (the "EEC Pilot Program").¹ On August 14, 2014, the City of Cincinnati (City) filed an application to receive a cash rebate for a street lighting upgrade of approximately 4,500 streetlights. This application was filed by the City with the PUCO in accordance with the EEC Pilot Program. The EEC Pilot Program includes an automatic approval process whereby applications conforming to the standard template are deemed to be approved 60 days after filing, unless suspended or otherwise ordered by the Commission or an attorney examiner.

On September 9, 2014, Duke Energy Ohio (Duke) filed comments objecting to the application. In their comments, Duke claims that the City is not eligible to receive benefits from their energy efficiency program. Duke states that the City's streetlights are under the Unmetered Outdoor Lighting Electric Service (UOLS) which charges customers a volumetric charge for energy consumed. These customers do not pay the EE/PDR rider. Duke states that because the City's streetlight account does not contribute to the energy efficiency programs through the rider that it is not eligible to receive benefits for its streetlight upgrade program.

¹ *In the Matter of the Mercantile Customer Pilot Program for Integration of Customer Energy Efficiency or Peak-Demand Reduction Programs*, Case No. 10-834-EL-EEC (July 17, 2013).

On September 15, 2014, the City of Cincinnati filed reply comments. The City claims that Duke's objection to the City's applications for a cash rebate is puzzling because Duke has provided rebates for other applications that receive service under service Rate TL, which also does not pay Rider EE/PDR. Additionally, the City reports that it has over 600 active electric service accounts with Duke, of which nearly 550 of those accounts are on tariffs that pay the EE/PDR Rider. The City also states that the Commission's rules and Ohio Revised Code do not indicate that a mercantile customer must contribute to the EE/PDR cost recovery rider in order to dedicate their energy savings to the EDU's energy efficiency program. Finally, the City makes note that their street lighting upgrade is cost effective and provides a load reduction which reduces Dukes annual baseline calculations and provides a benefit to Duke and its customers.

On October 9, 2014, an attorney examiner suspended the automatic approval process for this case, in order to allow Staff time to obtain additional information and conduct further review of the filing.

Staff notes that while the EEC Mercantile Program allows a mercantile customer to request a rider exemption or a cash rebate from the utility in exchange for the customer's commitment of their energy saving to the utility's energy efficiency program, Ohio law (ORC Sec. 4928.66 (A)(2)(c)) only specifically addresses an exemption to the cost recovery mechanism (rider) for those customers. Customer rebate programs are developed and administered by each utility within their EE/PDR portfolio plans and are unique in nature.

Based on its review, Staff does not recommend approval of the cash rebate of \$298,255.00 to the City of Cincinnati. Ohio law provides only that a rider exemption be made available to mercantile customers that commit their energy savings to the utility. Staff acknowledges that the City is unable to benefit from the rider exemption because they do not contribute to it. However Staff believes the cash rebate payment is inappropriate at this time.

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Summary: Staff Review and Recommendation electronically filed by Kristin L Braun on behalf of PUCO Staff