

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Duke	:	
Energy Ohio, Inc. for approval to establish	:	Case No. 17-1157-EL-ATA
A new Generation Station Power Tariff	:	

REVIEW AND RECOMMENDATION
SUBMITTED ON BEHALF OF THE STAFF OF
THE PUBLIC UTILITIES COMMISSION OF OHIO

I. BACKGROUND

On April 28, 2017, Duke Energy Ohio, Inc. (Duke Energy Ohio or Company), filed an application to adopt a new tariff to provide generation station power. In its application, the Company indicates that the proposed Rate GSP, Generation Station Power, will be applicable to electric generation station customers with generators that are interconnected to the Company's electric transmission system at a nominal transmission voltage of 69,000 volts or higher, and who are generating and delivering power under the open access transmission tariff of PJM Interconnection, L.L.C. (PJM). The Company requests approval of the proposed rates and charges as "first-filed" rates and charges within the meaning of Ohio Revised Code (R.C.) 4909.18.¹

Ohio Revised Code (R.C.) 4909.18 provides, in relevant part, that:

Any public utility desiring to establish any rate, joint rate, toll, classification, charge, or rental, or to modify, amend, change, increase, or reduce any existing rate, joint rate, toll, classification, charge, or rental, or any regulation or practice affecting the same, shall file a written

¹ In its application, the Company cites to *Ohio Bell Tel. Co. v. Public Util. Com.*, 17 Ohio St.2d 45, 48, 245 N.E.2d 351, 352-3 (1969) and *Cookson Pottery v. Public Util. Comm.*, 161 Ohio St. 498, 120 N.E.2d 98 (1954).

application with the public utilities commission. * * * . If such application proposes a new service or the use of new equipment, or proposes the establishment or amendment of a regulation, the application shall fully describe the new service or equipment, or the regulation proposed to be established or amended, and shall explain how the proposed service or equipment differs from services or equipment presently offered or in use, or how the regulation proposed to be established or amended differs from regulations presently in effect. The application shall provide such additional information as the commission may require in its discretion. If the commission determines that such application is not for an increase in any rate, joint rate, toll, classification, charge, or rental, the commission may permit the filing of the schedule proposed in the application and fix the time when such schedule shall take effect. If it appears to the commission that the proposals in the application may be unjust or unreasonable, the commission shall set the matter for hearing and shall give notice of such hearing by sending written notice of the date set for the hearing to the public utility and publishing notice of the hearing one time in a newspaper of general circulation in each county in the service area affected by the application. At such hearing, the burden of proof to show that the proposals in the application are just and reasonable shall be upon the public utility. After such hearing, the commission shall, where practicable, issue an appropriate order within six months from the date the application was filed.

II. STAFF FINDINGS

Following its review of Duke Energy Ohio's application to adopt proposed Rate GSP, Generation Station Power, and any timely comments submitted in this proceeding, Staff makes the following findings:

- (1) Duke Energy Ohio proposed this new service to address the billing of merchant generators for electric power delivered by the Company when the merchant generator's generation is off-line.
- (2) During subsequent communications with Company representatives, they clarified that the proposed Rate GSP is applicable to generation station customers who are members of and have interconnection agreements with PJM, who would be a net purchaser of power according to PJM's station power accounting procedures² and PJM's settlement process during a calendar month. The Company indicated that in such uncommon instances, PJM does not perform the monthly netting of hourly generator output and station power consumption for settlement purposes, but defers to retail billing provisions to address the financial responsibility for the value of the net station power consumption.
- (3) During subsequent communications with Company representatives, they elaborated that the proposed GSP rate schedule is particularly applicable to generation station owners of single generating units, where the facility is off-line and using power, and where PJM's aggregate settlement provision³ for multiple generating units is not applicable.

III. STAFF RECOMMENDATIONS

Following its review of the information submitted in this proceeding and other relevant data, Staff recommends the following:

- (1) The application by Duke Energy Ohio to adopt proposed Rate GSP, Generation Station Power, be found to establish new and distinct billing procedures that will enable the retail billing process between merchant generation owners and the

² As detailed in PJM Manual 28: Operating Agreement Accounting, Section 13: Station Power Accounting (Revision: 76, Effective Date: 06/01/2017).

³ As detailed in PJM Manual 28: Operating Agreement Accounting, Section 13: Station Power Accounting (Revision: 76, Effective Date: 06/01/2017), Section 13.1 Station Power Accounting Procedure.

Company for electric power delivered by the Company when the merchant generator's generation is off-line.

- (2) For the purpose of providing more context to customers, the Company should provide a footnote reference for the PJM settlement process mentioned in its proposed Rate GS schedule, which will direct customers to any relevant PJM procedures for station power accounting.
- (3) The Commission approve the Company's application to establish Rate GSP, as filed on April 28, 2017 and modified by any recommendations herein.

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

10/4/2017 4:43:02 PM

in

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Summary: Staff Review and Recommendation electronically filed by Ms. Mahila Christopher
on behalf of PUCO Staff