

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Duke Energy Ohio, Inc. for an Increase in Electric Distribution Rates.	)	Case No. 17-32-EL-AIR
	)	
In the Matter of the Application of Duke Energy Ohio, Inc. for Tariff Approval.	)	Case No. 17-33-EL-ATA
	)	
In the Matter of the Application of Duke Energy Ohio, Inc. for Approval to Change Accounting Methods.	)	Case No. 17-34-EL-AAM
	)	

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**OBJECTIONS TO STAFF REPORT OF INVESTIGATION AND SUMMARY OF  
MAJOR ISSUES OF INTERSTATE GAS SUPPLY, INC.**

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**October 26, 2017**

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**I. INTRODUCTION**

On March 2, 2017, Duke Energy Ohio, Inc. ("Duke") filed an application to increase in distribution rates, for tariff approval, and to change its accounting methods ("Application"). The Staff Report of Investigation ("Staff Report") was filed with the Public Utilities Commission of Ohio ("Commission") on September 26, 2017, setting forth the Commission Staff's ("Staff") findings regarding the Application.

Pursuant to R.C. 4909.19, Rule 4901-1-28, Ohio Administrative Code ("O.A.C"), and the Attorney Examiner's Entry dated September 28, 2017, Interstate Gas Supply, Inc. ("IGS") hereby files its Objections to the Staff Report and Summary of Major Issues in the above-captioned matters. IGS reserves the right to contest through cross-examination, testimony, or exhibits any newly raised issues, issues raised by any other party, or any position set forth in the Staff Report that changes prior to the close of the record.

## II. OBJECTIONS TO THE STAFF REPORT

IGS objects to the following specific recommendations in the Staff Report:

### **A. The Staff Report fails to recommend that Duke unbundle from distribution rates costs related to the provision of the standard service offer**

IGS objects to the Staff Reports acceptance of Duke's Cost of Service Study and its failure to recommend that Duke allocate to the default service/standard service offer ("SSO")<sup>1</sup> certain costs proposed for recovery in distribution rates.<sup>2</sup> The Staff Report failed to properly functionalize, classify, or allocate costs associated with the provision of the SSO. This objection also relates to the rate design recommended by the Staff Report,<sup>3</sup> which fails to account for SSO-related costs proposed for recovery in distribution rates. The Staff Report failed to propose a rate design/structure through which such unbundled costs should be collected from SSO customers and credited to shopping customers. Failure to allocate these costs to SSO rates violates good ratemaking principles, Ohio law, and State Policy against anticompetitive subsidies and in favor of unbundled and comparable rates. The specific details supporting these objections are discussed in detail below.

Many of the costs necessary to support the SSO are proposed for recovery in Duke's allowance for operation expense (operation and maintenance expense or "O&M"). These costs are identified and supported in the C-Schedules attached to the Application. The Staff Report provides an analysis of the costs contained on these schedules. But, absent from the Staff Report is any recommendation to appropriately allocate to the SSO

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<sup>1</sup> For purposes of these objections, IGS refers to default service and SSO service interchangeably.

<sup>2</sup> Staff Report, Rates and Tariffs at 24.

<sup>3</sup> Staff Report at 33 and 35-43.

costs that are necessary to support that service. The operation and maintenance expense categories that the Staff Report failed to analyze and allocate to the default service include:

- (1) Call center infrastructure and employees to maintain appropriate customer service for SSO customers<sup>4</sup>;
- (2) Outside and inside legal, regulatory, and compliance personnel to comply with the regulatory rule requirements for the SSO;
- (3) IT employees, infrastructure, and software;
- (4) Office space for employees;
- (5) Administrative and human resources staff to support the employees;
- (6) Office supplies;
- (7) Accounting and auditing services;
- (8) Printing and postage to communicate with customers;
- (9) Uncollectible expense, to the extent that a purchase of receivable program contains a discount rate;

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<sup>4</sup> For example, Duke proposed to recover \$8.1 million in O&M expense with respect to gas and electric service. Duke Response to IGS-INT-01-004(a) and IGS-INT-01-005(a) and (b), Case Nos. 17-32-EL-AIR, *et al.* Duke proposed to collect \$5,107,749 through electric distribution rates. Duke Response to IGS-02-010, Case Nos. 17-32-EL-AIR, *et al.*,

(10) The regulatory assessments for the PUCO and the Ohio Consumers' Counsel ("OCC") that are based on SSO generation revenue, but are recovered through distribution rates;

(11) Cash Working Capital.<sup>5</sup>

These categories of cost are mainly identified in the following FERC Accounts (903-905; 908-910; 912; 920-935; 408).

Moreover, the Staff Report further failed to analyze and allocate to the default service costs embedded in rate base that are necessary to support default service. These costs are proposed in the B Schedules. The Staff Report failed to analyze or identify costs on these schedules that relate to the provision of SSO service and should therefore be allocated to that service. Such costs include rate base related to categories of costs identified above, as well Duke's headquarters in Cincinnati.

Each of the aforementioned expenses and investments are necessary to support the SSO. Moreover, each of these services reflect costs that CRES suppliers must incur to support their own rates. Indeed, in addition to these internal costs, CRES providers often must pay Duke additional fees, for example, switching fees, billing fees, and interval data fees. In 2016 alone, CRES suppliers and their customers paid Duke \$469,335 in switching fees.<sup>6</sup> Yet, customers are not required to pay switching fees to return to the

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<sup>5</sup> Although the Staff Report recommends that Duke not collect a Cash Working Capital expense, this recommendation does not change the fact that Duke does in fact incur a capital cost to pay auction suppliers. By failing to allocate a cash working capital requirement to the SSO rate, Duke thereby subsidizes this cost through revenue collected through distribution rates.

<sup>6</sup> Response to IGS-INT-01-016(b), Case Nos. 17-1263-EL-SSO, *et al.* The terms of this charge are set forth on Tariff Sheet 52.4.

SSO.<sup>7</sup> Similarly, Duke charges per bill fees to CRES providers to utilize the bill read function. In 2016 alone, these fees were \$87,470, yet default service customers pay no billing fee other than distribution rates, which are also paid by shopping customers.<sup>8</sup> Finally, Duke charges CRES providers \$32 for each interval data request. In 2016 alone, CRES providers paid Duke \$556,560 in interval data fees.<sup>9</sup> Each of the fees discussed above are separate and apart from internal costs that CRES providers must incur to make a competitive product available. IGS further objects to the Staff Report's failure to analyze whether any supplier fees or charges contained on Tariff Sheet 52.4 are excessive.

Failure to unbundle and allocate SSO-related costs to that service would violate good ratemaking principles, Ohio law, and State Policy against anticompetitive subsidies and in favor of unbundled and comparable rates.

## **B. Purchase of Receivables Discount**

IGS Objects to the Staff Reports recommendation that Duke incorporate a discount rate into the purchase of accounts receivable ("PAR") program.<sup>10</sup> The Staff Report is critical of Duke's failure to audit receivables proposed for recover in the PAR program. Without identifying whether any misconduct has occurred, the Staff Report summarily concludes that "[t]he Company needs to incorporate credit and business risk into the PAR Program."<sup>11</sup> The Staff Report claims that "[t]he lack of a discount rate for CRES suppliers

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<sup>7</sup> *Id.* at (a). The terms of this charge are set forth on Tariff Sheet 52.4.

<sup>8</sup> *Id.* at IGS-INT-01-17, Case Nos. 17-1263-EL-SSO, *et al.*

<sup>9</sup> Response to IGS-INT-02-01(h), Case Nos. 17-32-EL-AIR, *et al.*. The terms of this charge are set forth on Tariff Sheet 52.4.

<sup>10</sup> Staff Report, Management and Operations Review at 53-54.

<sup>11</sup> *Id.* at 53.

prevents CRES suppliers from performing their due diligence of their customers' credit."<sup>12</sup> Finally, the Staff Report concludes "[t]he credit and business risk of CRES suppliers should not be the responsibility of the Company's ratepayers."<sup>13</sup> The Staff Report further indicate that Duke has a discount rate of 0.4729 percent, though it is unclear whether the Staff Report recommends that this rate apply to CRES provider receivables.<sup>14</sup> The Staff Report's recommendation to impose a discount rate on CRES receivables is unlawful, unsubstantiated, unjust, and unreasonable for several reasons.

The Staff Report's reasoning for a discount rate is unsubstantiated. There is simply no evidence to support the conclusion that CRES providers fail to undertake their own due diligence before enrolling a customer or that such failure increases the uncollectible costs collected through Rider UE-GEN. While Duke may not have audited any CRES-related receivables as the Staff would have liked, there is no evidence of misconduct to justify taking action to the detriment of CRES providers. A more appropriate recommendation would be to actually perform audits rather than to assume that some form of misconduct has occurred.

To the extent that the Staff Report recommends a 0.4729 percent discount rate on CRES provider receivables, that recommendation is unsubstantiated. There are simply no calculations to justify this rate, and Duke's actual uncollectible expense for CRES receivables contradicts the Staff's proposed discount rate.<sup>15</sup>

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<sup>12</sup> *Id.*

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*

<sup>15</sup> Although approximately 48% of Duke residential customers have switched, less than 10% of Duke's uncollected receivables relate to shopping customers. <http://www.puco.ohio.gov/industry->



Moreover, if the Commission requires a discount rate, it must be implemented in a thoughtful manner to avoid disruption of existing fixed-rate contracts, which were entered into based upon the assumption of a zero discount rate. IGS objects to the Staff Report's failure to propose such a structured implementation process. CRES suppliers entered long-term agreements with the belief that the Commission would provide regulatory certainty that is needed to support a functional competitive market. Many customers take service through 3-year fixed rate contracts. By requiring Duke to purchase receivables at a discount, the Commission would increase the costs that CRES providers bear and considered in their cost structure when they entered into long-term contracts.

IGS Further objects to the Staff Reports implicit proposal to subsidize the collection of standard service offer generation-related receivables. Importantly, while the Staff Report proposes that Duke purchase CRES-related receivables at a discount, there is no corresponding recommendation that Duke allocate the cost of collecting SSO-related receivables to the SSO. Thus, under the Staff Report's asymmetrical and discriminatory recommendation, SSO generation-related receivables would continue to be purchased at a zero-discount, with their collection costs recovered through distribution rates. This is an explicit and unlawful subsidy, which would distort competitive market signals and provide preferential treatment of the SSO. Moreover, it would simultaneously discriminate against shopping customers, which would be required to bear the cost of the collection of SSO-related receivables through distribution rates. While the Staff Report claims "[t]he credit and business risk of CRES suppliers should not be the responsibility of the

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[information/statistical-reports/electric-customer-choice-switch-rates-and-aggregation-activity/electric-switch-rates-by-customer/customers-1q2017/](#); Duke Response to IGS-02-002(a) and (b), Case Nos. 17-32-EL-AIR, *et al.*

Company's ratepayers"<sup>16</sup> the reverse is true as well: Shopping customers should not be responsible for the credit and business risk associated with collecting SSO bypasable generation service.

In summary, the Staff Report fails to justify the imposition of a discount rate on CRES-related receivables. But, to the extent that such a discount rate is implemented, it must be phased in over time to promote regulatory certainty and to prevent the disruption of existing contracts. Finally, the Commission should require Duke to implement any changes to its collection process in a symmetrical fashion to ensure that distribution rates do not subsidize the SSO and impart a competitive and discriminatory advantage to that service.

### **C. Time-of-Use Rates**

IGS objects to the Staff Report's recommendation that Duke continue Time-of-Day rates (otherwise referred to as time of use or "TOU" rates) despite Duke's proposal to discontinue these rates.<sup>17</sup> Ohio law favors competitive markets and solutions.<sup>18</sup> Therefore, default service should not be in the role of providing time-differentiated pricing, which would be better provided by the competitive market. Further, placing the utility in the role of providing time-differentiated pricing will diminish customers' incentive to engage with the competitive marketplace.

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<sup>16</sup> Staff Report, Management and Operations Review at 53.

<sup>17</sup> Staff Report, Rate and Tariffs at 21.

<sup>18</sup> R.C 4928.02.

In continuing TOU rates, the Staff Report recommends specific rates.<sup>19</sup> The Staff Report contains no analysis regarding the manner in which these rates were calculated other than identifying that the rates are based upon “staff’s proposed revenue.”<sup>20</sup> But the proposed revenue target is not disclosed or identified.<sup>21</sup> IGS objects to this unsubstantiated calculation.

IGS further objects to the Staff Report’s failure to recommend that Duke calculate TOU rates—to the extent that they are extended—based upon actual market prices without recovery through distribution rates.<sup>22</sup> Duke has specifically indicated that the cost to administer TOU rates are recovered through distribution rates.<sup>23</sup> Generation service is competitive under Ohio law.<sup>24</sup> Therefore, recovery of costs through distribution rates would provide TOU rates with an unlawful and unreasonable subsidy. Such recovery would be particularly anticompetitive given that Duke has failed to comply with the stipulation in case No. 11-3549, which required it to make interval data available to CRES suppliers.<sup>25</sup> Consequently, only Duke may offer TOU rates to customers on the SSO.

**D. The Staff Report fails to evaluate whether the test year includes costs related to the provision of services on behalf of affiliated entities**

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<sup>19</sup> Staff Report, Rate Design at 37.

<sup>20</sup> *Id.*

<sup>21</sup> *Id.*

<sup>22</sup> Duke Response to IGS-INT-01-009, Case Nos. 17-32-EL-AIR, *et al.*

<sup>23</sup> *Id.*

<sup>24</sup> R.C. 4928.03.

<sup>25</sup> See *also* Objection E1.

IGS objects to the Staff Report's failure to analyze or identify whether Duke has proposed to collect O&M expense related to services provided to its affiliates, or non-affiliated companies offering competitive services, such as Duke Energy One, Inc. It is undisputed that Duke permits its affiliate, Duke Energy One, Inc., to utilize the utility consolidated bill to charge and collect non-commodity services from customers in the Duke service territory.<sup>26</sup> Although Duke Energy One, Inc. is listed as an entity that procures and utilizes services from Duke,<sup>27</sup> the Staff Report failed to identify whether Duke appropriately allocated costs to Duke Energy One, Inc. in the test year. Failure to allocate appropriate costs to Duke Energy One, Inc. would result in an inappropriate subsidy of unregulated services through distribution rates. Such a subsidy would further aggravate Duke's prohibition and discrimination against CRES providers utilizing the utility consolidated bill to provide the same or like services.

## **E. Customer Information System**

### **1. Interval Data Transmission**

IGS objects to the Staff Reports failure to provide a comprehensive evaluation of all matters and issues related to Duke's proposed customer information system ("CIS"), commonly referred to in the Staff Report as the customer billing system. According to the Application, Duke proposes to deploy a new CIS. "CIS manages the billing, accounts receivable, and rates for the Company and is the central repository for all customer information."<sup>28</sup> The Staff Report contains one summary paragraph regarding Duke's

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<sup>26</sup> Duke Response to IGS-INT-01-020(b), Case Nos. 17-1263-EL-SSO, *et al.*

<sup>27</sup> See Direct Testimony of David Doss, attachment DLD-3 at 8.

<sup>28</sup> Direct Testimony of Retha Hunsicker at 2.

proposed CIS upgrade, recommending that the Commission “reduce test year expense by \$3,694,000” on the basis that “no new system capabilities were deployed during the test year period.”<sup>29</sup> While this recommendation may be legally correct, this recommendation is incomplete inasmuch as it fails to discuss a plethora of questions that have been put at issue in this proceeding by the Application itself, several other cases, Commission entries, and prior stipulations that limit Duke’s cost recovery opportunity.

For example, the Commission explicitly stayed the procedural schedule in Case No. 14-2209-EL-UNC on the basis that such issues would be addressed in more detail in this proceeding. In that case, the Office of Ohio Consumers’ Counsel and Ohio Partners for Affordable Energy explicitly requested a stay of the schedule on the basis that matters related to Duke’s customer information and billing system—including the transmission of granular customer energy usage, ie. interval data—would be addressed in Duke’s distribution rate case:

OCC and OPAE contend that many of the issues being discussed in this case overlap with issues being handled in Duke’s distribution rate case, Case No. 17-32-EL-AIR, et al. According to OCC and OPAE, the rate case is a better forum to resolve many of the issues and it would be unnecessarily duplicative to deal with the issues in this case at this time. Thus, OCC and OPAE request the case be held in abeyance until the rate case is resolved. *OCC and OPAE assert that Staff and OEC do not oppose the motion.*

Upon review, the attorney examiner finds that the procedural schedule should be suspended.<sup>30</sup>

The Staff Report, however, does not provide a comprehensive analysis of the issues that have been delegated to this case. For example, there is no discussion of Duke’s proposal

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<sup>29</sup> Staff Report, Operating Income and Rate Base at 16-17.

<sup>30</sup> *In the Matter of the Application of Duke Energy Ohio, Inc. for Tariff Approval Regarding Customer Energy Usage Data*, Case No. 14-2209-EL-ATA, Entry (May 5, 2017) (emphasis added).

to transmit interval data to CRES providers or the costs—if any—that Duke may collect from CRES providers. As IGS previously set forth in Case 14-2209 and as further discussed in Duke’s prior ESP Stipulation, Duke failed to make this capability available, despite its commitments to do so.

Indeed, in a stipulation and recommendation that Duke entered into in its second ESP case, Duke agreed to develop a web portal to electronically submit interval data to CRES providers:

Duke Energy Ohio agrees to work with interested CRES providers and Commission Staff to jointly develop a secure, **web-based system that will provide electronic access to key customer usage and account data that can be accessed via a secure, supplier website that presents the following data and information in a format that can be automatically retrieved** . . . . The following data and information, in a format that can be automatically retrieved, will be the subject of the web-based system:

- Account Numbers
- Meter numbers
- Names
- Service Address, including zip codes
- Billing Address, including zip code
- Email address (if available)
- Meter Reading Cycle Dates
- Meter Types
- Indicator if Customer has an Interval Meter
- Rate Code Indicator
- Load Profile Group Indicators
- PLC and NSPL values (capacity and transmission obligations)
- 24 months of consumption data (in kWh) by billing period including
- 24 months of demand data (in kW)
- **24 months of interval data**
- Indicator if SSO customer
- Identifier as to whether customer is participating in the Budget Billing Plan.<sup>31</sup>

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<sup>31</sup> *In the Matter of the Application of Duke Energy Ohio Inc. 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 Nos. 11-3549-EL-SSO, Stipulation at 33-34 (Oct. 24, 2011) (emphasis added) (hereinafter “ESP II Stipulation”).

Moreover, Duke committed to provide this data through a web portal by June 1,

2014:

Duke Energy Ohio shall use commercially reasonable efforts to add to the existing web system the Load Profile Group Indicators and the customer service addresses by March 1, 2012, but shall complete such additions no later than June 1, 2012. ***Duke Energy Ohio shall make a commercially reasonable effort to add the other items by June 1, 2013, but agrees to complete the additional data items no later than June 1, 2014,*** and will work with Commission Staff and interested CRES providers to stage the implementation of various portions of this website, as possible

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Duke Energy Ohio shall recover the actual costs to develop said web-based system, ***recovery not to exceed \$500,000,*** on a non-bypassable basis. Duke Energy Ohio shall be permitted to create a regulatory asset for purposes of recording said costs for future recovery through electric distribution rates.<sup>32</sup>

Finally, Duke agreed in the stipulation to make interval data available to all customers on a competitively neutral basis:

All energy efficiency programs and rebates shall be made available at the same terms and conditions to customers, regardless of whether they purchase generation service from a CRES provider or Duke Energy Ohio. ***Duke Energy Ohio shall maintain its policy to make SmartGrid meters and data available to all customers on a competitively neutral basis and without regard to their status as a shopping or non-shopping customer.***<sup>33</sup>

Further reinforcing its commitment, Duke entered into a stipulation in 2012, agreeing to “provide CRES providers the necessary billing system functionality to offer CRES customers time differentiated rates consistent with its existing supplier tariff beginning January 1, 2013.”<sup>34</sup>

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<sup>32</sup> ESP II Stipulation at 34-35 (emphasis added).

<sup>33</sup> *Id.* at 37 (emphasis added).

<sup>34</sup> *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 Riders AU and Rider DR-IM and Mid-deployment Review of AMI/SmartGrid Program*, Case No. 10-2326-GE-RDR, Stipulation at 11.

Given the lengthy history relating to this issue, laundry list of Duke's commitments, and an Entry specifically delegating issues regarding interval data to this proceeding, IGS objects to the Staff Report's failure to address this matter in detail. Further, IGS objects to the Staff Report's failure to recommend that Duke calculate customer peak load contributions ("PLCs"), energy usage, and network service peak load contributions ("NITS") based upon actual hourly energy usage, and to use that information to calculate CRES provider wholesale settlement statements. Such changes are necessary to bring Duke's calculation of energy usage, capacity responsibility, and transmission responsibility in line with principles of cost causation to promote innovative products and services.

## **2. Enhanced Billing Functionality**

According to the Application and testimony, "[t]he estimated cost for Duke Energy Ohio's electric customers is \$45-50 million."<sup>35</sup> This represents Duke Energy Ohio's (electric) 6.05% share of the total upgrade cost.<sup>36</sup> Duke Energy Ohio (gas) is allegedly responsible for an additional 3.6% of the share of the system upgrade, which would bring the entire cost allocated Duke Energy Ohio (gas/electric combined) to approximately \$70-80 million. IGS objects to the Staff Report's failure to provide parameters for the design and construction related to Duke's proposed CIS to accommodate supplier consolidated billing and non-commodity billing. As stated above, the Staff Report contains one

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<sup>35</sup> Direct Testimony of Retha Hunsicker at 8.

<sup>36</sup> Duke Response to IGS-INT-01-007, Case Nos. 17-32-EL-AIR, *et al.*



paragraph of analysis regarding Duke's proposed CIS, recommending outright objection without additional discussion of the matters involved.

Given that roughly one half of the customers in Duke's service territory are shopping, it would be unreasonable to spend roughly fifty (50) million dollars to develop a new billing system that does not enable supplier consolidated billing and non-commodity billing through the utility consolidated bill. While Duke has requested authority to implement this new billing system, Duke has failed to determine whether it will enable CRES suppliers to offer supplier consolidated billing.<sup>37</sup> Likewise, Duke has indicated in discovery that it anticipates that the new CIS will have the potential to provide non-commodity billing, but Duke has not committed to make that functionality available.<sup>38</sup> Failing to make non-commodity billing available to CRES providers<sup>39</sup> would be unjust, unreasonable, and discriminatory given that Duke already provides that billing service exclusively for its affiliate, Duke Energy One, Inc.<sup>40</sup>

## **F. LED Lighting**

IGS objects to Staff's recommendation for approval of Duke's proposal to add a Rate LED tariff schedule.<sup>41</sup> LED technology is available from the competitive market. Therefore, it should not be subsidized by distribution rates and provided through utility tariffs.

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<sup>37</sup> Duke Response to IGS-INT-01-022(d), Case Nos. 17-1263-EL-SSO, *et al.*

<sup>38</sup> *Id.* at IGS-INT-01-020(d).

<sup>39</sup> Duke currently does not make this functionality available. Duke Response to IGS-INT-02-07.

<sup>40</sup> *Id.* at IGS-INT--01-020(b).

<sup>41</sup> Staff Report, Rates and Tariffs at 21.

### III. SUMMARY OF MAJOR ISSUES

In summary, the major issues in this case will be:

1. The appropriate amount of costs to unbundle from distribution rates and allocate to default service, as well as the appropriate credit to shopping customers;
2. The appropriate treatment of uncollectible expense and timing of any modifications to the current structure of the purchase of accounts receivable program;
3. The appropriate cost recovery and structure of any customer information system;
4. The manner and cost related to the provision of interval data to CRES providers, including the manner in which Duke calculates wholesale settlement states;
5. The continuation or termination of time-of-use rates;
6. The authorization of an LED lighting tariff.

Respectfully submitted,

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**Attorneys for IGS Energy**

**REQUEST:**

Regarding Duke Energy Ohio's call center, identify:

- a. All Indirect costs;
- b. All direct costs
- c. Building infrastructure costs;
- d. Total number of employees;
- e. Total employee salaries and benefits for call center employees.

**RESPONSE:**

- a. During the test period of the rate case( April 1, 2016 through March 31, 2017) there was \$8.1M of call center costs allocated to Duke Energy Ohio. These costs include both gas and electric.
- b. See response to part 1.
- c. The Company does not keep separate records for building infrastructure by departments.
- d. The call center based in Ohio currently has 223 employees. These employees support both Ohio and Kentucky and both gas and electric operations.
- e. The majority of the costs are for employee salaries and benefits.

**PERSON RESPONSIBLE:** Peggy Laub

**IGS-INT-01-005**

**REQUEST:**

Regarding Duke Energy Ohio's call center:

- a. Identify how the cost to manage and operate Duke Energy Ohio's call center is proposed to be recovered through distribution rates.
- b. Identify the specific FERC accounts and subaccounts where the call center costs are proposed to be recovered through distribution rates.

**RESPONSE:**

- a. The O&M costs allocated to the Ohio electric business unit for the call center is included in the revenue requirement in this case.
- b. The call centers charges various FERC accounts including 408960,593000,903000,910100,921100,921200,921600,923000,926000 and 926600.

**PERSON RESPONSIBLE:** Peggy Laub

**IGS-INT-01-007 PUBLIC as to Attachments**

**REQUEST:**

Regarding the estimated costs for the Customer Information System ("CIS") improvement discussed in Retha Hunsicker testimony on page 8, lines 22-23.

- a. Does the \$45-50 million account only for improvements within the Ohio jurisdiction?
  - i. If yes, what is the total cost of the system for all the Duke territories?
  - ii. If no, what is the jurisdictional allocation to Duke Energy Ohio?
- b. Provide an itemized breakdown of the \$45-50 million cost presented in the testimony.
- c. Provide all documents and/or workpapers relied upon in your response to "a" and "b".
- d. How would Duke propose to recover the costs associated with the system upgrades?

**RESPONSE:**

- a. No, \$45-50 million represents the amount allocated to Duke Energy Ohio electric.
  - ii. The allocation to Duke Energy Ohio in total is 9.65%, with 6.05% allocated to Duke Energy Ohio electric and 3.60% allocated to Duke Energy Ohio gas.
- d. The Company would propose to recover the electric portion of these costs through Rider DCI if it is expanded to include general and intangible property. See direct testimony of Don Wathen in this case.

**CONFIDENTIAL PROPRIETARY TRADE SECRET as to Attachments (b)(c)**

These responses will be provided to all parties upon receipt of an executed confidentiality agreement in these proceedings.

**PERSON RESPONSIBLE:** Retha Hunsicker (a)  
Peggy Laub (d)

**IGS-INT-01-009**

**REQUEST:**

Does Duke Energy Ohio offer any Time-of-Use rates?

- a. If yes, identify the amount and manner in which the costs are recovered to supply the Time-of-Use rates including but not limited to IT programming costs, equipment costs, customer billings costs, etc.

**RESPONSE:**

Yes. The Company offers its Load Management Rider to non-residential customers served under Rates DS, DP, and TS. Residential customers can elect to take service under Rate TD, Optional Time-Of-Day Rate For Residential Service.

Accounts served under these tariffs are billed through the CMS billing system. The costs of administering these rates are embedded in the Company's base rates, and they are not readily identifiable.

**PERSON RESPONSIBLE:** James E. Ziolkowski

IGS-INT-02-001

**REQUEST:**

Duke Energy Ohio's Supplier Tariff's Rate CS, Certified Supplier Charges, sheet No. 52.4 identifies a charge of \$32 for 12 months of electronic interval meter data, per account. Regarding the charge identified above:

- a. Describe and provide calculations demonstrating how the charge of \$32 was derived.
- b. Identify all costs being recovered through the \$32 charge. Including but not limited to labor, software expenses, IT equipment, etc.
- c. Identify the origin or basis of this \$32 charge.
- d. Describe the entire process used to deliver the applicable data to parties who pay the \$32 under the current structure by which the data is delivered
- e. Is the data provided to suppliers through an EDI transaction?
- f. How much labor is required to provide each data request on a monthly basis?
- g. How often and with what delay is interval data delivered to suppliers who pay the \$32 charge under the current system?
- h. Identify the amount of interval data charges collected by Duke in 2016.
- i. Identify the amount of interval data charges collected by Duke during the test year.

**RESPONSE:**

- a. These charges were agreed to through a stipulated settlement in ESPII, Case No.14-841-EL-SSO, *et al.*
- b. See response to a.
- c. See response to a.
- d. Interval meter data is available either through the Secured Certified Supplier Information (Portal) or through EDI transactions. Data delivered via the Portal is provided after an account is entered into the Portal, and in the case of a residential customers an Authorization is required to be uploaded. After that, the interval data is provided within a few moments. Data delivered via EDI is provided after a Supplier requests the interval data through an EDI 814HI or thru an enrollment 814E (secondary request). Then the interval data is sent through and EDI 867HI the next day.
- e. See response to d.
- f. A study of this is not available.
- g. See response to d.
- h. \$556,560

i. \$561,192

**PERSON RESPONSIBLE:** Scott Nicholson



**Duke Energy Ohio**  
**Case No. 17-0032-EL-AIR**  
**IGS Second Set of Interrogatories**  
**Date Received: October 5, 2017**

**IGS-INT-02-002**

**REQUEST:**

Identify the following uncollectible expenses for 2016:

- a. Uncollected receivables for default service customers
- b. Uncollected receivables for customers of CRES providers
- c. Overhead costs for collection efforts for both utility and CRES receivables.
- d. Identify all workpapers to support your response to (a)-(c).

**RESPONSE:**

- a. Duke Energy Ohio's electric receivables for 2016 was \$3,013,637 for all non PAR customers.
- b. Duke Energy Ohio's electric receivables for 2016 was \$384,237 for all PAR customers.
- c. Not available.
- d.

	<b>Par</b>	<b>Non-Par</b>	<b>Total</b>
<b>Jan</b>	(33,086)	(296,437)	(329,523)
<b>Feb</b>	(56,089)	(472,964)	(529,053)
<b>Mar</b>	(41,621)	(362,656)	(404,277)
<b>Apr</b>	(36,315)	(286,517)	(322,832)
<b>May</b>	(22,766)	(186,681)	(209,447)
<b>Jun</b>	(26,534)	(160,395)	(186,928)
<b>Jul</b>	(22,147)	(166,940)	(189,086)
<b>Aug</b>	(25,313)	(186,313)	(211,626)
<b>Sep</b>	(24,435)	(153,737)	(178,172)
<b>Oct</b>	(25,027)	(210,802)	(235,829)
<b>Nov</b>	(35,393)	(279,764)	(315,157)
<b>Dec</b>	(35,511)	(250,432)	(285,943)
<b>YTD Total</b>	<b>(384,237)</b>	<b>(3,013,637)</b>	<b>(3,397,874)</b>

**PERSON RESPONSIBLE:** Jim Ziolkowski

**IGS-INT-02-007**

**REQUEST:**

Does Duke permit competitive retail electric service providers to include non-electric charges on the utility consolidated bill? If not, explain why.

**RESPONSE:**

No.

See PUCO 20 Certified Supplier tariff:

Sheet 39.5, 10.9, b.

Sheet 49.4, 19.1, g.

**PERSON RESPONSIBLE:** Scott Nicholson

**IGS-INT-02-010**

**REQUEST:**

In response to IGS INT-1-04, Duke identified \$8.1 million in call center expenses related to gas and electric customers. Regarding this response, identify which portion of these costs relate to Duke Energy Ohio electric customers—stated differently, what portion of this amount does Duke propose for recovery through its electric distribution rates.

**RESPONSE:**

Through our allocation process, \$5,107,749 of the amount was allocated to Ohio electric business units.

These costs represent actual costs for the twelve months ended March 31, 2017 and are mainly in FERC account 903. The Company proposed to include all these costs in this case.

**PERSON RESPONSIBLE:** Peggy Laub

**REQUEST:**

Supplier Tariff page 52.4 lists a Customer Enrollment/Switching Fee of \$5.00/switch charged to the supplier. Regarding this provision:

- a. Are customers required to pay this fee when returning to SSO service?
- b. What is the total amount in switching fees that Duke collected in 2016?

**RESPONSE:**

- a. No.
- b. \$469,335

**PERSON RESPONSIBLE:** Scott Nicholson

**Duke Energy Ohio  
Case No. 17-1263-EL-SSO  
IGS First Set Interrogatories  
Date Received: August 29, 2017**

**IGS-INT-01-017**

**REQUEST:**

Supplier Tariff page 52.4 lists a Bill Ready Fee of \$0.056 per residential bill and \$0.268 per commercial bill. Regarding this provision:

- a. What is the total amount in bill ready billing fees that Duke collected in 2016 for all accounts and by customer class.

**RESPONSE:**

The total amount is \$87,470.02 and the amounts by class are: Industrial \$13,940.15, Commercial \$24,696.23, OPA \$3,722.88, Residential \$45,012.76.

**PERSON RESPONSIBLE:** Scott Nicholson

**REQUEST:**

At pages 4-5, lines 9-23 and 1-15, Witness Hunsicker describes Duke's billing process under the current CIS. Regarding the billing system under the proposed CIS:

- a. Please indicate whether the billing software and processes used in conjunction with the current CIS can list non-commodity charges as a separate line item on a billing statement for either a CRES provider or any other entity.
- b. Please identify whether Duke currently lists non-commodity charges as a separate line item on its customer billing statements for either a CRES provider or any other entity. Identify all entities for whom Duke provides this service.
- c. Please indicate whether the proposed CIS will utilize billing software and processes capable of listing non-commodity charges as a separate line item on customer billing statements for either a CRES provider or any other entity.
- d. Please indicate whether the proposed CIS will utilize billing software that will be configured to include certified retail energy suppliers' non-commodity products as a separate line item on the billing statement.

**RESPONSE:**

- a. Yes, the current CIS is capable of listing non-commodity charges on the billing statement.
- b. Duke Energy currently lists non-commodity items on customer billing statements for its affiliate, Duke Energy One.
- c. The Company fully expects to have this capability, as the software provider (SAP) is currently being utilized by other utilities that offer Customer Choice. The capabilities available versus those to be implemented will be determined during the project's Initiate (analyze) and Design phases, scheduled to begin in 2018.
- d. This information will not be known until the Design phase of the project is complete.

**PERSON RESPONSIBLE:** Retha Hunsicker

**REQUEST:**

Witness Hunsicker testifies at page 7, lines 17-18, and at page 8, line 4, that the proposed CIS will improve bill formatting and provide Duke Energy Ohio's customers with more opportunities for advanced billing options.

- a. Please describe in detail how the proposed CIS will improve bill formatting.
- b. Please describe in detail the advanced billing options that will be offered under the proposed CIS.
- c. Please indicate whether the advanced billing features would contain a limit on the number of characters or line items listed on a billing statement.
- d. Please indicate whether the proposed CIS will enable competitive retail electric suppliers to offer supplier consolidated billing.
- e. Please explain how Duke intends to recover all other costs associated with the development and implementation of these improvements?

**RESPONSE:**

- a. The Company expects to introduce a universal bill format to help customers more easily view and understand their bill and energy usage. The design of the new bill format will not be known until the Initiate (analyze) and Design phases for this deliverable are complete. This work is currently scheduled to begin in 2019.
- b. The Company wants to provide more opportunities for advanced pricing structures and billing options, a process that, due to limitations of the existing CIS, is complex, costly, and time consuming. The Company continues to review and analyze rate designs that offer customers the ability to respond to real time price signals to achieve a lower cost for service, and upgrading the current CIS will better support these types of designs. The new CIS will be much more configurable, reducing the amount of time needed to test and implement pricing changes and offerings for customers. More detailed information will not be known until after the Initiate (analyze) phase of the project is complete. This phase is currently scheduled to begin in 2018.
- c. This information will not be known until after the Initiate (analyze) and Design phase of the project is complete. This phases is currently scheduled to begin in 2018.

- d. This information will not be known until after the Initiate (analyze) and Design phase of the project is complete. This phases is currently scheduled to begin in 2018.
- e. The Company included an adjustment in its pending base distribution rate case (Case No. 17-32-EL-AIR, *et al.*) to recover the O&M portion of the project. For the capital-related costs, recovery will be via the Company's proposed Rider DCI, expanded to include distribution-related general, intangible, and common Plant.

**PERSON RESPONSIBLE:** a-d Retha Hunsicker  
e - Don Wathen



**CERTIFICATE OF SERVICE**

I certify that this *Objections to Staff Report of Investigation and Summary of Major Issues of Interstate Gas Supply, Inc.* was filed electronically through the Docketing Information System of the Public Utilities Commission of Ohio on this 26<sup>th</sup> day of March 2017. The PUCO's e-filing system will electronically serve notice of the filing of this document on the following parties:

amy.spiller@duke-energy.com jeanne.kinger@duke-energy.com elizabeth.watts@duke-energy.com rocco.d'ascenzo@duke-energy.com mkurtz@bkllawfirm.com jkylercohn@bkllawfirm.com fdarr@mwncmh.com mpritchard@mwncmh.com cmooney@ohiopartners.org mfleisher@elpc.org paul@carpenterlipps.com William.Michael@occ.ohio.gov Christopher.Healey@occ.ohio.gov daltman@environlaw.com jnewman@environlaw.com jweber@environlaw.com swilliams@nrdc.org	whitt@whitt-sturtevant.com campbell@whitt-sturtevant.com glover@whitt-sturtevant.com tdougherty@theoec.org eakhbari@bricker.com rick.sites@ohiohospitals.org dborchers@bricker.com dparram@bricker.com mdortch@kravitzllc.com dboehm@bkllawfirm.com kboehm@bkllawfirm.com bojko@carpenterlipps.com perko@carpenterlipps.com mleppla@theoec.org steven.beeler@ohioattorneygeneral.gov robert.eubanks@ohioattorneygeneral.gov mnugent@igsenergy.com
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/s/ Joseph Olikier  
Joseph Olikier

**This foregoing document was electronically filed with the Public Utilities**

**Commission of Ohio Docketing Information System on**

**10/26/2017 5:06:59 PM**

**in**

**Case No(s). 17-0032-EL-AIR, 17-0033-EL-ATA, 17-0034-EL-AAM**

Summary: Objection to Staff Report of Investigation and Summary of Major Issues of Interstate Gas Supply, Inc. electronically filed by Mr. Joseph E. Olikier on behalf of IGS Energy