

**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
	)	

**OBJECTIONS TO THE STAFF REPORT AND SUMMARY OF MAJOR ISSUES OF  
RETAIL ENERGY SUPPLY ASSOCIATION**

In accordance with R.C. 4909.19(C), Ohio Adm. Code 4901-1-28(B), and the Commission's September 28, 2017 Entry in this docket, the Retail Energy Supply Association (RESA) submits its Objections to the Staff Report and Summary of Major Issues.

**OBJECTIONS TO STAFF REPORT**

**I. OPERATING INCOME AND RATE BASE**

**Objection No. 1:** RESA objects to Staff's recommended revenue requirements (Staff Report at 7-8) based on the flow-through effect of RESA's Objection No. 6 below.

**Objection No. 2:** RESA objects to Staff's calculation of rate base and operating income (Staff Report at 8-13) based on the flow-through effect of RESA's objection No. 6 below.

**II. RATES AND TARIFFS**

**Objection No. 3:** RESA objects to Staff's recommendation that Duke continue to offer a time-differentiated rate for residential customers, despite Duke's desire to eliminate this rate schedule. (Staff Report at 21.) As the default service provider, Duke should limit rate schedules to those necessary to meet basic service requirements. Time-differentiated rates and similar innovative, non-traditional rate and pricing mechanisms can be (and are) offered by competitive

retail suppliers. The focus should instead be on Duke creating a system which allows suppliers to use AMI for supply and new products.

**Objection No. 4:** RESA objects to Staff's recommendation for approval of Duke's proposal to add a Rate LED tariff schedule. (Staff Report at 21.) LED technology is widely available in the competitive market, and should not be subsidized by distribution rates. To the extent the PUCO would like to incent additional use of LED the better approach is to expand the use of rebates for energy efficiency in a competitively neutral manner.

**Objection No. 5:** "Staff does not recommend approval of the proposed Regulatory Mandate Rider." (Staff Report at 22.) To the extent Staff is neutral on whether the Commission rejects or accepts Duke's proposal, RESA objects. The Commission should affirmatively reject the Regulatory Mandate Rider. Such a mechanism is not competitively neutral and would disadvantage CRES suppliers, who do not have cost recovery mechanisms to mitigate expenses associated with changes in laws and regulations. In addition, this Commission has specifically prohibited recovery from customers by a CRES supplier for changes in law or regulation without affirmative consent or variable contracting. To the extent the recovery is not specific to a non-commodity, wires-only service the utility should not have the ability to pass the cost through without verifying the customer's paying are also receiving the benefit.

**Objection No. 6:** RESA objects to Staff's acceptance of Duke's Cost of Service Study (COSS). (Staff Report at 24.) The COSS does not properly identify Duke's total costs, and does not properly functionalize, classify, or allocate those costs. Duke's standard service offer (SSO) rates should recover all costs incurred to provide SSO service, and not simply function as a pass-through of energy and capacity costs. Duke incurs additional non-commodity costs to serve SSO customers, including technology costs, call center operations, and other overhead. CRES

suppliers incur the same type of non-commodity costs. Shopping customers therefore effectively pay these costs twice: first through Duke's distribution rates, and again in the CRES supplier's charges. Duke's non-commodity costs should be unbundled from distribution rates and recovered through SSO rates to ensure unbundled, comparable retail electric service to customers.

**Objection No. 7:** RESA objects to Staff's failure to review and address the supplier charges contained in Duke's Supplier Tariff, PUCO No. 20. The current charges were approved in Case No. 11-3549-EL-SSO. Duke has not submitted evidence or data showing that the proposed charges are just and reasonable during the rate-effective period.

### **III. MANAGEMENT AND OPERATIONS REVIEW**

**Objection No. 8:** RESA objects to Staff's recommendation to discount CRES supplier receivables under the Purchase of Accounts Receivables (PAR) program. (Staff Report at 53-54.) The current discount rate was negotiated as part of a broader solution and must take into account all of the reasons it is set at zero.

### **SUMMARY OF MAJOR ISSUES**

#### **Major Issue No. 1: Rate Base**

RESA agrees with Staff's recommendation that the Commission reject Duke's proposed modifications to Rider DCI. The Commission should not permit the recovery in distribution rates of costs incurred to install, operate or maintain facilities on the customer side of the meter. If the Commission wishes to use non-bypassable charges to fund these types of technologies, the better approach is a rebate program rather than a utility only, one-size-fits-all approach.

## **Major Issue No. 2: Rates and Tariffs**

RESA agrees with Staff's recommendation that the Commission direct Duke to withdraw the "Special Customer Services" section of its tariff in accordance with its June 14, 2017 Order on Remand in Case Nos. 14-689-EL-UNC, et al.

Dated: October 26, 2017

Respectfully submitted,

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## **CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing Objections to Staff Report was served by electronic mail this 26th day of October, 2017 to the following:

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Summary: Text Objections to the Staff Report and Summary of Major Issues electronically filed by Ms. Rebekah J. Glover on behalf of Retail Energy Supply Association