

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF
DUKE ENERGY OHIO, INC. FOR APPROVAL
OF ITS 2017-2019 ENERGY EFFICIENCY AND
PEAK DEMAND REDUCTION PROGRAM
PORTFOLIO PLAN.

CASE NO. 16-576-EL-POR

ENTRY ON REHEARING

Entered in the Journal on November 21, 2017

I. SUMMARY

{¶ 1} The Commission grants the applications for rehearing of the September 27, 2017 Opinion and Order for the purpose of further consideration of the matters specified in the applications for rehearing, and grants the Company's waiver request for recovery of 2017 program costs under specified conditions.

II. DISCUSSION

{¶ 2} Duke Energy Ohio, Inc., (Duke or the Company), is an electric distribution utility as defined in R.C. 4928.01(A)(6) and a public utility as defined in R.C. 4905.02 and, as such, is subject to the energy efficiency and peak demand reduction (EE/PDR) requirements under R.C. 4928.64 and 4928.66. In this proceeding, the Commission reviewed Duke's Energy Efficiency and Peak Demand Reduction Program Portfolio Plan for 2017 through 2019 (2017-2019 Portfolio Plan), pursuant to Ohio Adm.Code Chapter 4901:1-39, to ensure that the Company's 2017-2019 Portfolio Plan consists of cost-effective EE/PDR programs that achieve the statutory benchmarks for peak-demand reduction, and meet or exceed the statutory benchmarks for energy efficiency.

{¶ 3} On September 27, 2017, the Commission issued its Opinion and Order approving Duke's 2017-2019 Portfolio Plan, as modified by the Amended Stipulation filed January 27, 2017, and subject to an annual cap on the Company's recovery from customers of EE/PDR program costs and shared savings, not to exceed four percent of the Company's 2015 operating revenues (4% Cap).

{¶ 4} On October 12, 2017, Duke filed a motion for a waiver to allow recovery of EE/PDR program costs incurred for 2017, pursuant to the Commission's directive that it may not exceed its EE/PDR program budget for 2017 without first obtaining a waiver. Opinion and Order ¶47 at 16. In support of its motion, Duke states that the Company anticipates spending \$56 million for the balance of the year, and requests recovery of its actual costs in the 2017 true-up rider proceeding. On October 27, 2017 the Ohio Consumers' Counsel (OCC) filed a memorandum opposing the waiver, and Staff filed a letter stating that Staff does not oppose the requested waiver. On November 3, 2017, Duke filed a reply to OCC's memorandum.

{¶ 5} OCC argues that if Duke spends \$56 million, it will exceed by \$17 million (43 percent) the budget that Duke agreed to in the January 27, 2017 Amended Stipulation. OCC also asserts that granting the waiver would essentially waive any spending limits. OCC requests that the Commission deny Duke's motion and order Duke to limit 2017 EE/PDR charges to \$38.6 million (four percent of its 2015 revenues). If any waiver is granted, OCC requests that the Commission clarify that all costs remain subject to further review for prudence.

{¶ 6} With respect to Duke's request for waiver, we initially note the public comments filed in this docket regarding Duke's rebate program. While we will grant a waiver of the 4% Cap up to a total recovery of \$56 million in EE/PDR program costs, there should be conditions for such waiver. First, the Company's priority must be to honor commitments made prior to the issuance of the Opinion and Order. Second, recovery should be allowed only for costs that are reasonably incurred and, accordingly, will be subject to a prudence review in the appropriate proceeding. Third, in no event will recovery of amounts in excess of \$56 million be allowed, and we expect that Duke will use its best efforts to ensure that the actual expenditures for 2017 are materially less than \$56 million. With the granting of this waiver, Duke will not be entitled to recover any shared savings for 2017, and this waiver does not extend to the 2018 or 2019 Portfolio Plan years.

{¶ 7} On October 27, 2017, applications for rehearing of the Opinion and Order were filed by Duke, OCC, and jointly by the Environmental Law & Policy Center, the Natural Resources Defense Council, the Ohio Environmental Council, and the Environmental Defense Fund (Environmental Intervenors, collectively). Memorandum Contra were filed by Duke, OCC, IGS Energy, Inc., the Environmental Intervenors, and the Ohio Hospital Association on November 6, 2017.

{¶ 8} The Commission grants the above-referenced applications for rehearing as we find that sufficient reasons have been set forth to warrant further consideration of the matters specified therein.

III. ORDER

{¶ 9} It is, therefore,

{¶ 10} ORDERED, That the applications for rehearing filed by Duke, OCC, and the Environmental Intervenors be granted for further consideration of the matters specified therein. It is, further,

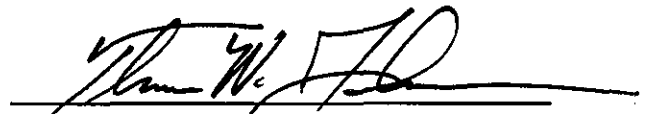
{¶ 11} ORDERED, Duke's request for waiver be granted subject to the conditions set forth above. It is, further,

{¶ 12} ORDERED, That a copy of this Entry on Rehearing be served upon each party of record.

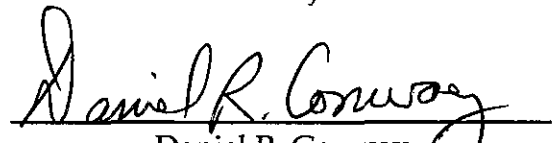
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Asim Z. Haque, Chairman


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Barcy F. McNeal
Secretary