

THE PUBLIC UTILITIES COMMISSION OF OHIO

APPLICATION OF DUKE ENERGY OHIO, INC.

1. Duke Energy Ohio, Inc., (Duke Energy Ohio or the Company) is an Ohio corporation engaged in the business of supplying electric transmission, distribution, and generation service in Adams, Brown, Butler, Clinton, Clermont, Hamilton, Montgomery, and Warren Counties in Southwestern Ohio to approximately 690,000 electric customers and 420,000 gas customers.
2. Duke Energy Ohio is a “public utility” as defined by Sections 4905.02 and 4905.03, Revised Code, and an “electric distribution company,” “electric light company,” “electric supplier,” and “electric utility” as defined by Section 4928.01, Revised Code.
3. As an Ohio electric distribution utility, Duke Energy Ohio is subject to the mandates set forth in Amended Substitute Senate Bill 221 and subsequently modified by Senate Bill 310, codified in Revised Code 4928.66, including, *inter alia*, the requirement to implement energy efficiency programs and peak demand reduction programs.
4. Subsequent to the enactment of the mandates contained in Revised Code 4928.66, the Public Utilities Commission of Ohio (Commission) promulgated rules to

facilitate the Commission's oversight of compliance with this new energy law. These rules are set forth in Ohio Administrative Code 4901:1-39-01, *et seq.*

Pursuant to the Commission's rules, Duke Energy Ohio submitted an application for approval of an energy efficiency portfolio of programs in Case No. 13-0431-EL-POR. The Stipulation that was adopted and approved by the Commission, provided for implementation of Rider EE-PDR (shown in the Duke Energy Ohio electric tariff as Rider EE-PDR and Rider EE-PDRR) to be effective on January 1, 2014. A new portfolio was filed in 2016 for years 2017 – 2019 in case No.16-576-EL-POR. A stipulation with the majority of intervening parties was submitted on January 22, 2017. On September 27, 2017 the amended stipulation was approved by The Commission with modifications. Because the Commission's Order was issued in September of 2017, the Commission recognized that the Company's spending for 2017 might exceed the cap imposed. Therefore, the Commission stated that it might permit the Company to exceed the cap but would not permit shared savings for 2017. The Commission also stated that the Company should not exceed the Portfolio Plan budget for programs for calendar year 2017 absent obtaining a waiver from the Commission. On October 12, 2017 Duke Energy Ohio requested a waiver and the waiver was approved on November 21, 2017. Consistent with the amended stipulation that the Commission had approved, until the Company received approval of the 2017 – 2019 portfolio the programs, it continued to operate under the 2016 portfolio guidelines. With respect to cost recovery, the Stipulation provided the following:

- Rider EE-PDR true-up shall occur by May 15 of the following year.

- Duke Energy Ohio is eligible for an incentive for achieving energy efficiency above the statutory mandate. The incentive thresholds are set forth in the Stipulation approved on September 27, 2017. However Duke Energy Ohio will not claim an incentive for program year 2017 based on a waiver that was approved on November 21, 2017.
 - Duke Energy Ohio shall perform measurement and verification as set forth in the Direct Testimony of Trisha Haemmerle. Duke Energy Ohio has hired an independent evaluator for measurement and verification. Costs for the independent measurement and verification shall be capped at five percent of program portfolio costs.
5. Rule 4901:1-39-07, O.A.C., provides for the recovery of costs and specifies what may be included in a cost recovery mechanism. Rule 4901:1-39-07, O.A.C., states that cost recovery may include “costs due to electric utility peak-demand reduction, demand response, energy efficiency program costs, appropriate lost distribution revenues, and shared savings.”
 6. The Company submitted its portfolio of programs in compliance with Revised Code 4928.66 and the Commission’s Order in Case No. 16-0576-EL-POR. In Case No. 11-5905-EL-RDR, the Public Utilities Commission of Ohio approved a distribution decoupling rider, (Rider DDR).
 7. Duke Energy Ohio has submitted status reports annually as required by 4901:1-39-05(C), in Case Nos. 10-317-EL-EEC, 11-1311-EL-EEC, 12-1477-EL-EEC, 13-1129-EL-EEC, 14-457-EL-EEC, 15-454-EL-EEC, 16-0513-EL-EEC, 17-689-EL-EEC and 18-396-EL-EEC¹.

¹ To be filed no later than May 15, 2018.

8. In support of its request for approval to adjust Rider EE-PDR to recover costs related to compliance with energy efficiency mandates in this Application, Duke Energy Ohio is submitting testimony to provide greater detail about the supporting documentation that will allow the Commission to evaluate the delivery of efficient and measurable energy efficiency and peak demand reduction.
9. Duke Energy Ohio witness Trisha Haemmerle will provide a historical overview of the energy efficiency and demand response programs and Duke Energy Ohio's success with these programs, as well as, the methodology used for Evaluation, Measurement and Verification (EM&V) and the processes by which the Company evaluated its programs.
10. Duke Energy Ohio witness James E. Ziolkowski will provide information related to the financial and accounting support for Rider EE-PDR. Mr. Ziolkowski will describe the calculation of the Rider EE-PDRR revenue requirement for the period January 2017 through December 2017 and the procedure utilized for calculating recovery rate. The calculation also includes the expected costs for 2018. Mr. Ziolkowski will sponsor Attachments JEZ-1, JEZ-2 and JEZ-3.

Conclusion

As supported by the testimony of the Duke Energy Ohio witnesses filed herewith, the Company respectfully requests that the Commission approve its Application, subject to the terms outlined herein.

Respectfully submitted,

/s/ Elizabeth H. Watts

Rocco O. D'Ascenzo (0077651)

Deputy General Counsel

Elizabeth H. Watts (0031092)

Counsel of Record

Associate General Counsel

Duke Energy Business Services, Inc.

139 Fourth Street, 1303-Main

P. O. Box 960

Cincinnati, Ohio 45202-0960

(513) 287-4359 (telephone)

(513) 287-4385 (facsimile)

Rocco.D'Ascenzo@duke-energy.com

Elizabeth.Watts@duke-energy.com

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