

In the Matter of the Application of Duke)
Energy Ohio, Inc., for Authority to Adjust) Case No. 22-0163-EL-RDR
its Power Future Initiatives Rider.)

2. Pursuant to the Commission's Order in Case No. 17-0032-EL-AIR *et al.*, as well as in accordance with authority provided by R.C. 4905.13, the Company is authorized to seek recovery of specific categories of costs that are eligible for inclusion in the Company's already established Rider Power Future Initiatives (Rider PF). This Application is pursuant to the Stipulation and Recommendation filed in the consolidated Case Nos. 17-0032-EL-AIR, *et al.*, 17-1263-EL-SSO, *et al.*, 17-872-EL-RDR, *et al.*, and

16-1602-EL-CSS, *et al.*, as approved by the Commission in late 2018,¹ (Consolidated Cases) and described in references to Rider PF as Component Two.²

II. Summary of Duke Energy Ohio's Rider PF

3. Duke Energy Ohio's Rider PF was approved in the Consolidated Cases as the mechanism to support the "modernization of energy delivery infrastructure and develop innovative products and services for retail electric customers."³ Specifically, Rider PF was established to recover the costs of those programs, modifications, and offerings related to the continued evolution of the distribution grid and an enhanced customer experience, including programs, modifications, and offerings that may be engendered by the Commission's PowerForward review. Rider PF was approved to recover both capital and operations and maintenance (O&M) costs not otherwise recovered in base rates or existing rider mechanisms. Rider PF has three components:

- The first component of Rider PF is limited to those incremental costs, if any, the Company incurs as a result of a Commission directive issued upon the conclusion of the PowerForward initiative.
- The second component of Rider PF is for the recovery of costs associated with AMI and data access, including the provision of interval customer energy usage data (CEUD) to customers, CRES providers and third parties; the enablement of PJM settlement data transfer

¹ *In the Matter of the Application of Duke Energy Ohio, Inc., for an Increase of its Electric Distribution Rates*, Case No. 17-0032-EL-AIR, *et al.*, pp. 44-45, Opinion and Order, (December 19, 2018) (Order).

² *In the Matter of the Application of Duke Energy Ohio, Inc., for an Increase in Electric Distribution Rates*, Case Nos. 17-0032-EL-AIR, *et al.*, Stipulation and Recommendation pp. 16-17 (April 13, 2018); and Opinion and Order pp. 84-85 (December 19, 2018).

³ Order at 8.

enhancements, as detailed in Stipulation Attachment F; and the communication infrastructure needed to support the AMI transition, but excluding the costs of the smart meters themselves.

- The third component of Rider PF will be for the recovery of costs related to an infrastructure modernization plan, which has been filed in a separate proceeding.

4. As was highlighted in the Commission's PowerForward: A Roadmap to Ohio's Electric Future, "Ohio is known as the nation's test market, a reputation generally reserved for restaurants and grocery stores. But it's also a proving ground for energy policy."⁴ Duke Energy Ohio has a history of being on the leading edge of transforming Ohio's electricity system. As the Commission has expressed an interest in exploring how the distribution system can be improved through innovation to enhance the customer experience, Duke Energy Ohio is providing solutions designed to improve the customer experience through innovation and modernization. At the same time, it is anticipated that the Commission will recognize that the programs proposed by the Company provide solid foundations for improvement to allow flexibility in the future.

⁴ Ohio Public Utilities Commission, *PowerForward: A Roadmap to Ohio's Electricity Future* (Aug. 29, 2018) (PowerForward Roadmap), p. 1 available at <https://puco.ohio.gov/utilities/electricity/resources/ohio-grid-modernization>

III. Rider PF Component Two

5. As approved, Rider PF is to enable the “evolution of the distribution grid and an enhanced customer experience.”⁵ Component Two of Rider PF is one of the methods approved to facilitate that evolution through the term of the Company’s approved electric security plan (ESP).

6. Specifically, Component Two of Rider PF allows for recovery of costs associated with data access, the provision of interval CEUD to customers, CRES providers and third parties; and the enablement of PJM settlement data transfer enhancements, as detailed in Attachment F of the Stipulation. In addition, Component Two was also approved for the recovery of costs associated with the communication infrastructure needed to support the Company’s Advanced Metering Infrastructure (AMI) transition, but excluding the costs of the smart meters themselves.⁶ Component Two is subdivided into five total phases related to the CEUD data, with specific timelines for implementation and cost caps of the various phases, although the Stipulation provides that the Company “may adjust the work plan proposed in Stipulation Attachment F, as needed to accommodate resource availability and manage cost controls, though the total cost caps will not change.”⁷

7. Cost caps were established for each of the five phases of CEUD data (Phases I through V) of Component Two, and recovery of the prudently incurred costs of each phase only becomes available when the designated functionality has been achieved.

8. With this third annual Application, the Company seeks approval for recovery of additional costs—not sought in previous filings—related to the functionality

⁵ Order, at 84.

⁶ Id., Stipulation, p. 57 (April 13, 2018).

⁷ Id., p. 18.

developed for Component Two, Phases III, V.A., and V.B. of its Rider PF, as well as the costs incurred between January 1, 2021, and December 31, 2021, which were related to communications infrastructure investments needed to support the Company's AMI transition.

9. The Stipulation provided that the first annual filing for Component Two of Rider PF would be an application in an electric rider (EL-RDR) case, separate from the case established for the infrastructure modernization plan associated with component three. In that initial Component Two filing, the costs associated with the data access projects completed since the Opinion & Order in the Consolidated Cases would be eligible for cost recovery, subject to a demonstration by the Company that the costs incurred were prudent and the functionality associated with each phase has been successfully implemented and subject to a Staff, and potentially third party, audit. That first annual filing was made on March 31, 2020, in Case No. 20-666-EL-RDR, and amended on June 9, 2020.

10. In that first annual filing, the Company submitted its 2019 expenditures for the communications infrastructure investments needed to support the AMI transition, as well as its costs to complete Phases I, II, and V.A of Component Two, and started recovery of those costs determined to be prudently incurred on December 14, 2021. The Commission issued an order approving such recovery on November 17, 2021, in accordance with a stipulation filed in that proceeding.

11. In the second annual filing, the Company submitted 2020 expenditures for the communications infrastructure investments needed to support the AMI transition, as well as its costs to complete Phases III, and V.B of Component Two on March 31, 2021 in Case No. 21-0012-EL-RDR.

12. This Application constitutes the third annual filing for Component Two of Rider PF. To date, the Company has completed phases I, II, III, V.A, and V.B. of Component Two, consisting of the following:

Phase (Scope & Functionality)	Timeline	Estimated Cost
Phase I: Add methods to identify customers who have billing-quality interval CEUD. <ul style="list-style-type: none"> Will include all customers with AMI meters, certified on MDM, with VEE performed on interval CEUD. Information to be included on sync lists, pre-enrollment list, and the portal. 	Within 6 months of an Opinion & Order in the current case.	\$1.5 million
Phase II: Modify the CRES portal to allow CRES providers to upload customer information release consent forms for residential customers in bulk and allow customers to self-authorize the release of AMI data through the authenticated Duke Energy website, in accordance with Chapter 4901:1-10 of the O.A.C.	Within 12 months of an Opinion & Order in the current case.	\$1.0 million

Phase III: <ul style="list-style-type: none"> Modify the Company's systems for billing to increase ability for larger volumes of interval AMI CEUD to flow through electronic data interchange (EDI) transactions and for CRES providers to receive interval AMI CEUD. Enable CRES providers to calculate charges associated with interval AMI data and provide the billing amount to the Company, so it can be placed on the bill using "Bill Ready" billing. Any billing system modifications shall recognize the billing requirements in accordance with Chapter 4901:1-10 and Chapter 4901:1-21 of the O.A.C. 	Within 24 months of an Opinion & Order in the current case.	\$3.0 million
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Phase V: (V.A. & V.B.): Enhancements to the PJM settlement systems and processes, such that actual interval CEUD will be used to calculate the peak load contribution (PLC) and network service peak load (NSPL) values, instead of load profiles.	V.A.: Actual PLC and NSPL values will be available for 100,000 AMI meters within 12 months of an Opinion & Order in the current case.	V.A.: \$1,662,500
	V.B.: Actual PLC and NSPL values will be available for all AMI meters within 24 months of an Opinion & Order in the current case.	V.B.: \$1,918,750

13. In support of this Application, the Company is submitting the following testimony:

- Scott B. Nicholson, Manager, Ohio Customer Choice, who oversees the certified supplier business office where the Company facilitates data flow and billing management with competitive retail service (CRES) providers. Mr. Nicholson discusses costs incurred to make corrections to the functionality for Component Two, Phase III, and also discusses the timing of completion for Phase IV; and
- Jay P. Brown, as Director of Rates and Regulatory Planning, who discusses the calculation of the revenue requirement for Rider PF-Component Two, including a description of the supporting schedules.
- Dana Adams, Director, System Operations Services, discusses and supports the capital costs—not included in previous filings—associated with the Company’s completion and implementation of Component Two, Phases V.A and V.B., as it relates to the provision and functionality of enhancements to the PJM settlement systems and processes, such that actual interval CEUD will be used to calculate the peak load contribution and network service peak load values.
- Robert Ries, Manager, Field Metering, who was responsible for the Company’s AMI transition, describes the progress and supports the costs incurred in 2021 to construct the communication infrastructure to support the AMI transition.

IV. Adjustment to Rider PF

14. Through this Application, Duke Energy Ohio seeks to adjust its Rider PF to recover those costs of Component Two incurred through December 31, 2021, whose

recovery has not already been sought in Case No. 20-666-EL-RDR or 21-0012-EL-RDR. Duke Energy Ohio Witness Jay P. Brown supports the Company's proposal to adjust Rider PF to recover the prudently incurred costs, including the revenue requirement included in Rider PF and explains that these costs are incremental to what is currently embedded in the Company's Base Rates.

THEREFORE, consistent with the information provided above as supported by the Company witnesses in testimony included with this Application, Duke Energy Ohio respectfully requests that the Commission approve this Application rates for Rider PF and order rates to be effective first billing cycle of November 2022.

Respectfully submitted,

/s/ Larisa M. Vaysman
Rocco D'Ascenzo (0076517)
Deputy General Counsel
Jeanne W. Kingery (0012172)
Associate General Counsel
Larisa M. Vaysman (0090290)
Senior Counsel
DUKE ENERGY OHIO
139 East Fourth Street, ML 1301
Cincinnati, Ohio 45202
Phone: 513-287-4320
Fax: 513-287-4385
Rocco.D'Ascenzo@duke-energy.com
Jeanne.kingery@duke-energy.com
Larisa.Vaysman@duke-energy.com

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Summary: Application Duke Energy Ohio, Inc.'s Application For Approval of
Component Two of Its Power Future Initiatives Rider (Rider PF) electronically filed
by Mrs. Tammy M. Meyer on behalf of Duke Energy Ohio Inc. and D'Ascenzo,
Rocco and Vaysman, Larisa and Kingery, Jeanne W. and Akhbari, Elyse Hanson