

BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO

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| In the Matter of the Application of |) | |
| Duke Energy Ohio, Inc., to Adjust |) | |
| Rider DR-IM for 2016 Grid |) | Case No. 17-1403-EL-RDR |
| Modernization Costs. |) | |

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| In the Matter of the Application of |) | |
| Duke Energy Ohio, Inc., to Adjust |) | |
| Rider AU for 2016 Grid Modernization |) | Case No.17-690-GA-RDR |
| Costs. |) | |

**REPLY OF DUKE ENERGY OHIO, INC. TO MEMORANDA CONTRA BY THE
OFFICE OF THE OHIO CONSUMERS' COUNSEL**

Now comes Duke Energy Ohio, Inc., (Duke Energy Ohio or Company) and responds to each of the Memoranda Contra filed by the Office of the Ohio Consumers' Counsel (OCC) in the above-captioned proceedings (hereinafter Rider Cases). In each of the Rider Cases, applications were submitted in 2017 for approval of costs related to deployment of SmartGrid modernization efforts accomplished during 2016. Likewise, both Rider Cases were concluded and the Public Utilities Commission of Ohio (Commission) had issued a Finding and Order in both cases approving the applications and directing the Company to adjust Riders DR-IM and AU, for electric and gas customers respectively, and to implement changes on a bills-rendered basis in April of 2018.

On January 1, 2018, the Tax Cuts and Jobs Act of 2017 (TCJA) became effective. Among other things, the TCJA reduces the federal tax rate to be applied to income earned by investor-owned utilities. Matters related to implementation of changes, if any, will be

determined by the Commission in its currently pending investigation, in Case No.18-047-AU-COI. As the TCJA was passed subsequent to the Commission's Order approving the Company's adjusted tariffs, Duke Energy Ohio seeks to amend its currently pending tariffs to recognize the TCJA for these two Rider Cases.

The OCC recognizes in its Memorandum Contra that the Company's actions represent a step toward providing benefits of the TCJA to customers and OCC goes even so far as to state that the OCC "appreciates" the proposed change.¹ Thereafter, OCC makes four requests, all of which provide no assistance to OCC's constituency or the Commission.

First, OCC states that the Commission should "reinforce Duke's obligation to maintain a deferred liability for the benefit of customers." This unnecessary directive to the Commission adds no value as the Commission is already engaged in an investigation to "study the impacts of the TCJA on the Commission's jurisdictional rate-regulated utilities, and [to] determine the appropriate course of action to pass benefits on the ratepayers..."²

Next, OCC acknowledges that the Company is adjusting the Riders, but notes that the TCJA was effective as of January 1, 2018. Undoubtedly, the Commission is cognizant of this as it is mentioned in the Entry that opens the Commission's investigation.

Third, again OCC states its position that, to the extent the Riders are impacted by excess accumulated deferred income taxes (ADIT), the Commission should expeditiously

¹ See Memorandum Contra Motion of Duke Energy Ohio, Inc. to Amend Rider AU for 2016 Grid Modernization Costs by the Office of the Ohio Consumers' Counsel at ¶ 2.

² *In the Matter of the Commission's Investigation of the Financial Impact of the Tax Cuts and Jobs Act of 2017 on Regulated Ohio Utility Companies*, Case No. 18-47-AU-COI, Entry at ¶3 (January 10, 2018).

quantify the impact and order the Company to return the excess to the customer. This is a point that OCC has already made in its comments in the Commission's investigation.

Fourth, OCC seeks language stating that the rider adjustment is subject to refund. However, these riders have been in existence since 2008. There is no reference to a refund in the tariffs. They have been adjusted many times by the Commission and, indeed, Rider DR-IM will cease to exist with the conclusion of the Company's pending base electric rate proceeding after new rates are implemented. Thus, again OCC's comments add no value. Moreover, Rider DR-IM will be decreased with this filing and as the result of this proceeding, even absent the impact of the TCJA adjustment. To the extent OCC is advocating a delay in the implementation of this rate decrease for Duke Energy Ohio customers, the Company does not support such a delay.

For these reasons, the Commission should disregard OCC's Memorandum Contra in these two proceedings and approve the adjustments requested.

Respectfully submitted,

/s/ Elizabeth H. Watts

Rocco O. D'Ascenzo (0077651)

Deputy General Counsel

Elizabeth H. Watts (0031092)

Associate General Counsel

DUKE ENERGY OHIO, INC.

139 East Fourth Street

1303-Main

P.O. Box 960

Cincinnati, Ohio 45202

Telephone: (513) 287-4320

Rocco.D'Ascenzo@duke-energy.com

Elizabeth.Watts@duke-energy.com

Attorneys for Duke Energy Ohio, Inc.

CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the foregoing document was delivered by U.S. mail (postage prepaid), personal, or electronic mail, on this 6th day of March, 2018, to the following parties:

/s/ Elizabeth H. Watts
Elizabeth H. Watts

William Wright
Thomas Lindgren
Assistant Attorneys General
Public Utilities Section
30 East Broad Street
16th Floor
Columbus, Ohio 43215
William.wright@ohioattomeygeneral.gov
Thomas.lindgren@ohioattorneygeneral.gov

Counsel for Staff of the Commission

Terry L. Etter
Christopher Healey
Assistant Consumers' Counsel
Office of the Ohio Consumers' Counsel
65 East State Street, 7th Floor
Columbus, Ohio 43215-4213
Christopher.healey@occ.ohio.gov
Terry.etter@occ.ohio.gov

Counsel for the Office of the Ohio Consumers' Counsel

Colleen L. Mooney
Ohio Partners for Affordable Energy
231 West Lima Street
Findlay, Ohio 45839
cmooney@ohiopartners.org

Counsel for Ohio Partners for Affordable Energy