

**FILE**

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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PUCO

In the Matter of the Application of Duke )  
Energy Ohio to True-up and Set the )  
Annually Adjusted Component of its )  
Standard Service Offer. )

Case No. 10-518-EL-RDR

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**COMMENTS  
SUBMITTED ON BEHALF OF  
THE STAFF OF THE PUBLIC UTILITIES COMMISSION**

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On April 16, 2010, Duke Energy Ohio (Duke) filed an application in this proceeding. By *Entry* dated May 18, 2010, the Staff of the Public Utilities Commission of Ohio (Staff) was ordered to submit any comments on the application by June 2, 2010. Staff hereby respectfully submits its comments regarding Duke's application.

Respectfully submitted,

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Ohio Attorney General

  
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**Attorney for the Staff of the Public Utilities  
Commission of Ohio**

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## **Introduction**

Duke's Annually Adjusted Component (AAC) Rider was established in Case No. 03-0093-EL-ATA as a part of Duke's rate stabilization plan. This Rider authorized Duke to recover certain expenditures related to environmental compliance, homeland security and changes in tax laws. The only expenditure that was projected, as opposed to actual, was the reagents expense included in the total environmental compliance expense. Duke was required to true-up this expense annually and adjust the Rider rate accordingly.

Duke filed its annual application to update Rider AAC on September 1, 2009, in Case No. 09-770-EL-UNC, now known as the PTC-AAC (Price-To-Compare / Annually Adjusted Component) with the revised case description of "RDR" for rider. The stipulated result in Case No. 09-770-EL-UNC resulted in environmental reagent expenses incurred after 2009 being recoverable under the PTC-FPP Rider (Price-To-Compare / Fuel and Purchased Power), and not the PTC -AAC Rider. Duke did not include any projected expense for reagents in Case No. 09-770-EL-UNC; as the reagents expense for the year 2010 is to be trued-up in the PTC-FPP Rider case.

The current application was filed April 16, 2010 pursuant to the PUCO Opinion and Order in Case No. 09-770-EL-RDR issued on December 16, 2009. The Opinion and Order required Duke to file an application to true-up the actual versus the projected environmental reagent expenses for the year 2009 (included in Case No. 08-1025-EL-UNC), to be reconciled April through December 2010. The true-up results in a credit of \$658,780 to be refunded to customers. Due to the procedural schedule, the refund is to

be credited to customers over the period starting with the first full revenue month following an Order in this case through December, 2010.

### **Staff's Review**


The Staff reviewed the 2009 actual reagents expense and traced each station's expense, by month, to supporting source documents. The Staff sampled invoices and journal entries recording the environmental expense for the year ending December 31, 2009. These expenses included ammonia, lime, and "other" reagents (trona, high surface area lime, magnesium hydroxide, SBS - sodium bisulfate, soda ash, and sulphur). The Staff and Duke adjusted the total reagents expense by \$115,271 to reflect the removal of expenses inadvertently included in the total. Expenses removed were comprised of Beckjord Station's ammonia expense of \$2,420, Miami Fort Station's other reagents expense of \$92,712, and Zimmer's other reagents expense of \$20,139. The projected expense for 2009 was \$20,212,000. The actual expense was \$19,553,241, resulting in a credit of \$658,759 to be refunded to customers.

### **Recommendation**

The Staff recommends that \$658,759 in reagents expense for the year ending December 31, 2009 should be credited back to customers over the period starting with the first full revenue month following an Order in this case through December 2010.

## PROOF OF SERVICE

I hereby certify that a true copy of the foregoing Comments on behalf of the Staff of the Public Utilities Commission of Ohio, was served by regular U.S. mail, postage prepaid, or hand-delivered, upon the following parties of record, this 2<sup>nd</sup> day of June 2010.

  
Werner L. Margard III  
Assistant Attorney General

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