

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke)
Energy Ohio, Inc. for Approval to) Case No. 13-2417-GA-UNC
Implement a Capital Expenditure Program.)

In the Matter of the Application of Duke)
Energy Ohio, Inc. for Approval to Change)
Accounting Methods.) Case No. 13-2418-GA-AAM

ENTRY

The attorney examiner finds:

- (1) Duke Energy Ohio, Inc. (Duke or the Company) is a public utility as defined in R.C. 4905.02 and a natural gas company under R.C. 4905.03 and, as such, is subject to the jurisdiction of this Commission.
- (2) On December 20, 2013, Duke filed an application for authority to implement an information technology capital expenditure program (IT-CEP), pursuant to R.C. 4909.18 and 4929.111. Duke seeks to implement an IT-CEP to install, upgrade, or replace information technology systems. In its application, Duke explains that the IT-CEP will involve substantial redesign and upgrades for systems that Duke uses to provide natural gas service to its customers. The upgrades will improve efficiencies through such means as additional automated processes, quality assurance review, and enhanced regulatory and management reporting capabilities. Moreover, Duke contends that the upgrades will allow it to provide information consistent with the Commission's current compliance rules and regulations. Duke plans to initiate a five-year program beginning in 2013 and ending in approximately 2018. The total cost for the IT-CEP, exclusive of carrying costs, is expected to range between \$20 and \$25 million.
- (3) To inform the Commission and interested persons, Duke proposes to disclose, through annual informational reports, the amount of capital expenditures for the prior year. Duke plans to make the first filing on April 30, 2014, with subsequent filings made by April 30 of each year. To allow responses from interested persons, Duke suggests that Staff and intervenors be

allowed to file comments within 30 days of the filing of each annual report. If no comments are filed, Duke requests that its IT-CEP and its related ongoing deferral authority be deemed approved. If comments are filed, Duke requests that it be permitted to file reply comments within 15 days.

- (4) In addition to the approval of its IT-CEP, Duke seeks authority to change its accounting methods. Specifically, Duke requests authority to capitalize post-in-service carrying costs (PISCC) on program investments for assets placed in service but not yet reflected in rates; defer depreciation expense and property tax expense directly attributable to the IT-CEP; and establish a regulatory asset to which PISCC, depreciation expense, and property tax expense will be deferred for recovery in a subsequent, separate proceeding. Moreover, Duke notes that any accrual for deferral of PISCC, depreciation expense, and property tax expense associated with the IT-CEP shall be recorded in accordance with the system of accounts established by the Commission under R.C. 4905.13. Furthermore, Duke maintains that it follows the Federal Energy Regulatory Commission Unified System of Accounts that is applicable to natural gas companies when accounting for the actual costs of capital projects. Duke informs the Commission that PISCC will be based upon the Company's cost of long-term debt as approved by the Commission in Duke's most recent natural gas distribution base rate case. *In re Duke Energy Ohio, Inc.*, Case No. 12-1685-GA-AIR, et al., Opinion and Order (Nov. 13, 2013). Duke notes that recovery of any deferred amounts will be sought in a separate proceeding to assess the prudence and reasonableness of the amounts deferred. In accordance with R.C. 4929.111(E), Duke states that it will not request recovery of costs under the IT-CEP more than one time in each calendar year.
- (5) Duke submits that approval of the application will not result in an increase in any rate, joint rate, toll, classification, charge, or rental. Duke, therefore, concludes that the application should be considered as an application not for an increase in rates under R.C. 4909.18, which the Commission may approve without a hearing.

- (6) In order to assist the Commission in its review of Duke's application, the attorney examiner finds that the following procedural schedule should be established:
- (a) April 25, 2014 – Deadline for the filing of motions to intervene.
 - (b) May 2, 2014 – Deadline for the filing of comments on the application by Staff and intervenors.
 - (c) May 16, 2014 – Deadline for all parties to file reply comments.

It is, therefore,

ORDERED, That the procedural schedule set forth in finding (6) be adopted. It is, further,

ORDERED, That a copy of this Entry be served upon all parties and interested persons of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO

s/ L. Douglas Jennings

By: L. Douglas Jennings
Attorney Examiner

jrj/vrm

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

3/14/2014 2:35:13 PM

in

Case No(s). 13-2417-GA-UNC, 13-2418-GA-AAM

Summary: Attorney Examiner Entry setting procedural schedule; electronically filed by Vesta R Miller on behalf of L. Douglas Jennings, Attorney Examiner, Public Utilities Commission of Ohio