

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Annual Application of     )  
Duke Energy Ohio for an Adjustment to     ) Case No. 13-2231-GA-RDR  
Rider AMRP Rates.     )

In the Matter of the Application of Duke     ) Case No. 13-2232-GA-ATA  
Energy Ohio for Tariff Approval.     )

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**COMMENTS ON THE APPLICATION OF DUKE ENERGY OHIO  
BY  
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL**

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**I. INTRODUCTION**

The Office of the Ohio Consumers' Counsel ("OCC"), an intervenor in the above-captioned proceeding, hereby files these Comments on the Application of Duke Energy Ohio ("Duke" or "the Utility") to increase the rates it charges customers for systematic repair and/or replacement of its pipeline infrastructure distribution facilities. The increase would be collected from customers via the Accelerated Mains Replacement Program ("AMRP") Rider or the Riser Replacement Program ("RRP") Rider, per the Application that Duke filed on February 27, 2014.

On November 13, 2013, in Case No. 12-1685-GA-AIR, the Commission approved a Stipulation modifying various aspects of the AMRP and RRP and associated Charges. Pursuant to the Corrected Stipulation and Recommendation ("Stipulation") filed on April 24, 2013, in Case No. 12-1685-GA-AIR et al., and the Opinion and Order of the Public Utilities Commission of Ohio ("PUCO" or "the Commission") dated November 13, 2013, the AMRP and RRP Cost Recovery Charge rates are subject to

annual increases, up to a cap, in each year from 2013 through 2016.<sup>1</sup> The rate caps for the May 2013 through April 2014 recovery period, and other modifications to the AMRP and RRP Cost Recovery Charges, became effective on December 2, 2013.

The OCC filed its Motion to Intervene on January 30, 2014. In a March 7, 2014 Entry, the Attorney Examiner established March 24, 2014 as the deadline for Comments on the Duke Application. Accordingly, the OCC is filing these Comments.

## **II. BURDEN OF PROOF**

The burden of proof regarding the Application rests upon Duke. Indeed, R.C. 4909.19 provides that, “[a]t any hearing involving rates or charges sought to be increased, the burden of proof to show that the increased rates or charges are just and reasonable shall be on the public utility.” Similarly, Duke in this case bears the burden of proof. Therefore, OCC does not bear any burden of proof in this case.

## **III. COMMENTS**

### **A. Duke has used the incorrect depreciation accrual rates in calculating the Annualized Reduction in Depreciation for Retirements.**

Duke filed its Application for an adjustment to its Rider AMRP Rates on February 27, 2014. On Schedules 17-A and 17-B in the Application, the depreciation accrual rates used in calculating the Annualized Reduction in Depreciation for Retirements are incorrect. The Utility mistakenly used the depreciation accrual rates from its recent rate case Application<sup>2</sup> instead of those recommended by the Staff in its

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<sup>1</sup> *In re Duke Rate Case*, Case No. 12-1685-GA-AIR, et al., Opinion and Order (November 13, 2013) p. 13.

<sup>2</sup> *In the Matter of the Application of Duke Energy Ohio, Inc., for an Increase in its Natural Gas Distribution Rates*. Case No. 12-1685-GA-AIR et al., Application Schedule B-3.2a, at 2 of 5 (July 9, 2012) (Hereinafter *Duke Rate Case*”).

Report of Investigation in that same case.<sup>3</sup> According to the Corrected Stipulation and Recommendation in Case No. 12-1685-GA-AIR et al., Duke agreed to use the depreciation rates as reflected on Schedule B-3.2 page 110 of the Staff Report of Investigation.<sup>4</sup> This Stipulation was approved by the Commission on November 13, 2013.<sup>5</sup> If Duke would have used the Commission approved depreciation accrual rates to calculate the Annualized Reduction in Depreciation for Retirements, there would have been an additional reduction to the revenue requirement on Schedule 1 of the Application.

The additional reduction to the AMRP revenue requirement would have been \$12,770 as shown on OCC Exhibit No. 1 attached. The Company acknowledged this error in response to an OCC Data Request (See OCC Attachment No. 1).<sup>6</sup> OCC recommends that Duke recalculate the AMRP revenue requirement on Schedule 1 to correct this error.

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<sup>3</sup> Duke Rate Case, A Report by the Staff of the Public Utilities Commission of Ohio, Schedule B-3.2. at 2 of 5. (January 4, 2013).

<sup>4</sup> Duke Rate Case, Corrected Stipulation and Recommendation at 6 (April 24, 2013).

<sup>5</sup> Duke Rate Case, Opinion and Order, (November 13, 2013).

<sup>6</sup> Duke response to OCC Interrogatory No. 5 (Attachment 1).

Respectfully submitted,

BRUCE J. WESTON  
OHIO CONSUMERS' COUNSEL

/s/ Joseph P. Serio

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## **CERTIFICATE OF SERVICE**

I hereby certify that a copy of the *Comments* was served via electronic service to the parties of record identified below, on this 24th day of March 2014.

/s/ Joseph P. Serio

Joseph P. Serio  
Assistant Consumers' Counsel

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Reconciliation of Depreciation Accrual Rates in the Calculation of  
Annualized Reduction in Depreciation for Retirements

<u>Type of Plant</u>	(A) Actual Plant Balance at 12/31/2013 (a)	(B) Duke Depreciation Accrual Rates (a)	(C) (A) x (B) Duke (as filed) Annualized Reduction in Depreciation Expenses (a)	(D) Approved Depreciation Accrual Rates (b)	(E) (A) x (D) OCC proposed Annualized Reduction in Depreciation Expenses	(F) (E) - (C) Adjustment
Cast Iron & Copper Mains	\$ 1,713,833.34	2.45%	\$ 41,988.92	2.72%	\$ 46,616.27	\$ 4,627.35
Steel Mains	\$ 1,632,442.03	1.73%	\$ 28,241.25	1.87%	\$ 30,526.67	\$ 2,285.42
Plastic Mains	\$ 407,446.18	2.05%	\$ 8,352.65	2.08%	\$ 8,474.88	\$ 122.23
Total Mains	\$ 3,753,721.55		\$ 78,582.81		\$ 85,617.81	\$ 7,035.00
Cast Iron & Copper Main to Curb Services	\$ 537,756.32	2.97%	\$ 15,971.36	3.11%	\$ 16,724.22	\$ 752.86
Steel Main to Curb Services	\$ 338,323.21	2.90%	\$ 9,811.37	2.88%	\$ 9,743.71	\$ (67.66)
Plastic Main to Curb Services	\$ 3,366,800.75	3.44%	\$ 115,817.95	3.59%	\$ 120,868.15	\$ 5,050.20
Total Main to Curb Services	\$ 4,242,880.28		\$ 141,600.68		\$ 147,336.08	\$ 5,735.40
Total Mains and Services			\$ 220,183.49		\$ 232,953.89	\$ 12,770.40
Adjustment to Schedule 1 Annualized Revenue Requirement					\$	\$ (12,770.40)

(a) Schedule 17-B of Application filed February 27, 2014 in Case No. 13-2231-GA-RDR.  
(b) Page 13 of Opinion and Order Case No. 12-1685-GA-AIR filed November 13, 2013  
and Staff Report Schedule B-3.2, page 2 of 5, Column (F), lines 5, 6, 7, 12, 13 and 14  
filed on January 4, 2013 in Case No. 12-1685-GA-AIR.

**Duke Energy Ohio  
Case No. 12-2231-GA-RDR  
OCC 1<sup>st</sup> Set of Interrogatories  
March 5, 2014**

**OCC-INT-01-005**

**REQUEST:**

Referring to Application Schedule 17-A, lines 16-23, what is the source of the depreciation accrual rates used to calculate the annualized reduction in depreciation for retirements?

**RESPONSE:**

The source of the rates used on Schedule 17-A was the depreciation rates approved in Case No. 07-589-GA-AIR. These should have been updated with the rates approved in our Case No. 12-1685-GA-AIR. See OCC-INT-01-005 Attachment for a revised Schedule 17.

**PERSON RESPONSIBLE:** Peggy Laub

Duke Energy Ohio  
Ohio AMRP Case No. 13-2231  
Revised Schedule 17

Line No.	Retirements December 31,2013	Depreciation on Retirements December 31,2013
<b>1 Plant Basis</b>		
2 Mains		
3 Cast Iron & Copper	1,713,833.34	
4 Steel	1,632,442.03	
5 Plastic	407,446.18	
6	<u>3,753,721.55</u>	
7 Main To Curb Services		
8 Cast Iron & Copper	537,756.32	
9 Steel	338,323.21	
10 Plastic	3,366,800.75	
11	<u>4,242,880.28</u>	
12 Total per Schedule 6	7,996,601.83	
<b>13 Annualized Reduction In</b>		
<b>14 Depreciation Expense</b>		
15 Mains		
16 Cast Iron & Copper	2.72%	46,616.27
17 Steel	1.87%	30,526.67
18 Plastic	2.08%	8,474.88
19		
20 Main To Curb Services		
21 Cast Iron & Copper	3.11%	16,724.22
22 Steel	2.88%	9,743.71
23 Plastic	3.59%	120,868.15
24		
25 Corrected Total		232,953.90
Amount on Filing		<u>220,183.50</u>
Difference to be corrected		12,770.40



**This foregoing document was electronically filed with the Public Utilities**

**Commission of Ohio Docketing Information System on**

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**in**

**Case No(s). 13-2231-GA-RDR, 13-2232-GA-ATA**

Summary: Comments Comments on the Application of Duke Energy Ohio by the Office of the Ohio Consumers' Counsel electronically filed by Patti Mallarnee on behalf of Serio, Joseph P.