

FILE

Ohio

**Public Utilities
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August 4, 2016

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PUCO

Docketing Division
Public Utilities Commission of Ohio
180 East Broad Street
Columbus OH 43215

RE: *In the Matter of the Application of Duke Energy Ohio, Inc. to Adjust Rider AU for 2015
Grid Modernization Costs, Case No. 16-0794-GA-RDR*

Dear Docketing Division:

Enclosed please find the Staff's Review and Recommendations regarding the application filed by Duke Energy Ohio, Inc. to adjust its Rider AU in Case No. 16-0794-GA-RDR.



Tamara S. Turkenton
Chief, Regulatory Services Division
Public Utilities Commission of Ohio



David Lipthratt
Chief, Research and Policy Division
Public Utilities Commission of Ohio

Enclosure

Cc: Parties of Record

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Duke Energy Ohio, Inc.
Case No. 16-0794-GA-RDR (Rider AU)

SUMMARY

On April 18, 2016, Duke Energy Ohio, Inc. (Duke or the Company) filed an application in Case No. 16-0794-GA-RDR for approval to update its Rider AU. This application was to recover 2015 Operation and Maintenance (O&M) and capital-related expenses incurred for the Company's investment in grid modernization and related systems associated with gas service and is designed to recover approved costs incurred over the twelve-month period ending December 31, 2015, through a per-meter customer charge. The requested revenue requirement was approximately \$4.6 million. Subject to approval by the Commission, annually updated rider rates are intended to go into effect in the second quarter of each year.

STAFF REVIEW AND RECOMMENDATIONS

In its review, Staff examined the as-filed schedules for consistency with the Commission's Opinion and Orders in previous grid modernization cases and to ensure proper accounting treatment was applied. The audit consisted of a review of the financial statements regarding completeness, occurrence, presentation, valuation, allocation, and accuracy. Staff conducted this audit through a combination of document review, interviews, and interrogatories. Staff requested documentation as needed to determine that the costs were substantiated or to conclude that an adjustment was warranted.

CONCLUSION

Staff has completed its review of the filing and finds that the Company has appropriately included in its Rider AU only those costs that are incurred as a result of serving its retail customers in Ohio and recommends that the Application be approved and rates become effective on a bills-rendered basis beginning April, 2017.

The chart below shows the proposed monthly rate compared to the rate currently in effect:

Current Rate (All Customer Classes)	Proposed Rate (All Customer Classes)	Change
\$1.30	\$0.92	(\$0.38)
Current Credit	Proposed Credit	Change
\$1.14	\$0.53	(\$0.61)