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August 30, 2016

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 to Update its Basic Transmission Rate Rider, Case No. 16-1514-EL-RDR*

Dear Docketing Division:

Enclosed please find the Staff's Review and Recommendations in regard to the application filed by Duke Energy Ohio, in Case No. 16-1514-EL-RDR.

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

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

Enclosure
Cc: Parties of Record

Duke Energy Ohio
Case No. 16-1514-EL-RDR (BTR)

Overview

On July 15, 2016, Duke Energy Ohio (Duke or Company) filed an application to adjust its Base Transmission Rate Rider (BTR) proposing updated rates effective on a bills rendered basis beginning on September 29, 2016. The BTR is a non-bypassable rider designed to recover all FERC approved costs including fees associated with the realignment of regional transmission organization (RTO) memberships. The BTR contains two components: a BTR charge and a regional transmission expansion plan (RTEP) credit to reflect a Stipulation approved by the Commission in Case No. 11-2641-EL-RDR. Duke credits customers the first \$121 million RTEP costs billed by PJM.

In its application, Duke proposed to adjust Rider BTR to reflect projected costs for October 2016 through September 2017, reflect any over or under recovery of costs that occurred from June 1, 2015 through May 31, 2016, and include forecasted over or under recovery for June through September 2016. Duke's total revenue requirement is \$108,320,731.

Staff Review

In its review Staff examined the as filed schedules for consistency with the Commission's Opinion and Orders in previous BTR 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 completed its review of the costs and finds that the Company appropriately included in Rider BTR all applicable costs and credits. Staff recommends that Duke's application filed on July 15, 2016 be approved for rates effective on a bills rendered basis beginning on September 29, 2016.