

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF
DUKE ENERGY OHIO, INC. TO ADJUST
AND SET ITS BASE TRANSMISSION RATE
RIDER.

CASE No. 16-1514-EL-RDR

FINDING AND ORDER

Entered in the Journal on September 14, 2016

I. SUMMARY

{¶ 1} The Commission approves Duke Energy Ohio, Inc.'s application to adjust and set its base transmission rate rider.

II. DISCUSSION

{¶ 2} Duke Energy Ohio, Inc. (Duke or Company) is an electric distribution utility (EDU) as defined in R.C. 4928.01(A)(6) and a public utility as defined in R.C. 4905.02, and, as such, is subject to the jurisdiction of this Commission.

{¶ 3} R.C. 4928.141 provides that an EDU shall provide consumers within its certified territory a standard service offer (SSO) of all competitive retail electric services (CRES) necessary to maintain essential electric services to customers, including a firm supply of electric generation services. The SSO may be either a market rate offer in accordance with R.C. 4928.142 or an electric security plan (ESP) in accordance with R.C. 4928.143. On April 2, 2015, the Commission issued an opinion and order that, among other things, authorized Duke to provide consumers an SSO in the form of an ESP through May 2018. *In re Duke Energy Ohio, Inc.*, Case No. 14-841-EL-SSO, et al. (ESP 3 Case), Opinion and Order (April 2, 2015).

{¶ 4} R.C. 4928.05 provides that the Commission may authorize EDUs to recover, through a reconcilable rider on an EDU's distribution rates, all transmission and transmission-related costs, including ancillary and congestion costs, imposed on or charged to the EDU by the Federal Energy Regulatory Commission (FERC) or a regional

transmission organization (RTO), independent transmission operator, or similar organization approved by the FERC.

{¶ 5} On May 25, 2011, the Commission approved a stipulation creating a base transmission rate rider (Rider BTR). *In re Duke Energy Ohio, Inc.*, Case Nos. 11-2641-EL-RDR, et al. (*2011 Rider Case*), Opinion and Order (May 25, 2011). Rider BTR is an unavoidable rider that is billed to both shopping and nonshopping customers, which recovers the following costs: network integrated transmission services costs; midwest transmission expansion planning costs; and all other costs billed to Duke under tariffs approved by FERC, including fees associated with the realignment of RTO memberships, such as exit and entrance fees and integration costs, as well as transmission expansion planning costs assessed by the RTOs into which the Company has realigned and from which the Company has exited. *2011 Rider Case*, Opinion and Order (May 25, 2011) at 2, 4.

{¶ 6} Ohio Adm.Code Chapter 4901:1-36 requires an EDU authorized to recover transmission costs pursuant to R.C. 4928.05 to update its rider annually.

{¶ 7} On July 15, 2016, Duke filed an application to adjust and set the rates for Rider BTR for the period October 1, 2016, through September 30, 2017, pursuant to Ohio Adm.Code 4901:1-36 and the Commission's Order in the *2011 Rider Case*. In the application, Duke provides schedules supporting the calculation of the proposed rate for Rider BTR. As proposed, Duke will adjust Rider BTR to recover a total of \$108,315,373, which includes projected costs for October 2016, through September 2017, any under- or over-recovery that occurred from June 1, 2015, through May 31, 2016, and forecasted under- or over-recovery for June 2016, through September 2016. Duke requests that its application be approved such that rates can become effective September 29, 2016. Duke is proposing the following total rate adjustments for Rider BTR:

Customer Class	Current Rate		Proposed Rate	
	Energy	Demand	Energy	Demand
	\$/kilowatt hours (kWh)	\$/kW or \$/kilovolt amps (kVA)	\$/kWh	\$/kW or \$/kVA
Residential	0.005024	N/A	0.006768	N/A
Secondary Distribution	-0.000924	1.6916	-0.000750	2.1435
Electric Space Heating	0.005539	N/A	0.008014	N/A
Secondary Distribution Small	0.005110	N/A	0.007060	N/A
Customer Class	Current Rate		Proposed Rate	
	Energy	Demand	Energy	Demand
	\$/kWh	\$/kW or \$/kVA	\$/kWh	\$/kW or \$/kVA
Unmetered Small Fixed Loads	0.004746	N/A	0.006785	N/A
Primary Distribution Voltage	-0.000924	2.0502	-0.000750	2.1243
Transmission Voltage	-0.000924	2.2939	-0.000750	2.2579
Lighting	0.000572	N/A	0.000559	N/A

{¶ 8} On August 30, 2016, Staff filed a review and recommendation in this docket recommending the Commission approve the application filed by Duke on July 15, 2016. Staff summarizes that the proposed updated rates will be effective from September 29, 2016. Staff explains Duke's total revenue requirement for Rider BTR is \$108,320,731, which includes projected costs for the next period, the prior period's over/under recovery, the next period's forecasted over/under recovery, and associated carrying charges. Staff recommends that the new Rider BTR rates be approved and become effective on a bills-rendered basis, beginning on September 29, 2016.

{¶ 9} Upon review of the application in this case, and Staff's recommendation, the Commission finds that, consistent with Ohio Adm.Code 4901:1-36, the proposed rates for Rider BTR, as filed on July 15, 2016, do not appear to be unjust or unreasonable, and should be approved. Therefore, the Commission finds that it is unnecessary to hold a hearing in this matter.

III. ORDER

{¶ 10} It is, therefore,

{¶ 11} ORDERED, That the application filed by Duke on July 15, 2016, be approved. It is, further,

{¶ 12} ORDERED, That Duke be authorized to file in final form complete copies of the tariff pages consistent with this Finding and Order and to cancel and withdraw its superseded tariff pages. Duke shall file one copy in its TRF docket and one copy in this docket. It is, further,

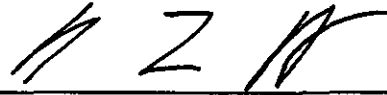
{¶ 13} ORDERED, That the effective date of the new tariffs shall be a date not earlier than the date upon which the final tariffs are filed with the Commission. It is, further,

{¶ 14} ORDERED, That Duke shall notify all affected customers via a bill message or via a bill insert within 30 days of the effective date of the tariffs. A copy of the customer notice shall be submitted to the Commission's Service Monitoring and Enforcement Department, Reliability and Service Analysis Division, at least 10 days prior to its distribution to customers. It is, further,

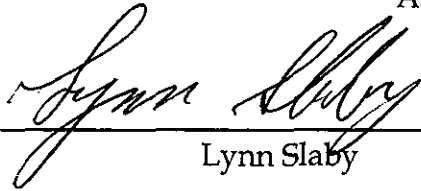
{¶ 15} ORDERED, That nothing in this Finding and Order shall be binding upon this Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

[¶ 16] ORDERED, That a copy of this Finding and Order be served upon all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO

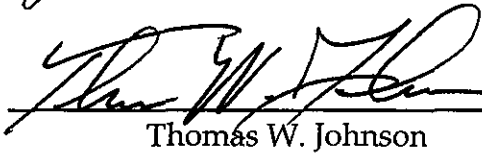


Asim Z. Haque, Chairman



Lynn Slaby

M. Beth Trombold



Thomas W. Johnson

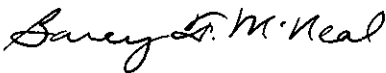


M. Howard Petricoff

NW/vrm

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Barcy F. McNeal
Secretary