



**Public Utilities  
Commission**

Asim Z. Haque, Chairman

Commissioners

M. Beth Trombold  
Thomas W. Johnson  
Lawrence K. Friedeman  
Daniel R. Conway

July 5, 2017

2017 JUL -5 AM 11:18

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 2016  
Grid Modernization Costs, Case No. 17-0690-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. 17-0690-GA-RDR.

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

David Lipthrott  
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. 17-0690-GA-RDR (Rider AU)**

**SUMMARY**

On March 24, 2017, Duke Energy Ohio, Inc. (Duke or the Company) filed an application in Case No. 17-0690-GA-RDR for approval to update its Rider AU. This application was to recover 2016 Operation and Maintenance (O&M) and capital-related expenses incurred as a result of the Company's investment in grid modernization and related systems associated with gas service. The rider is designed to recover approved costs incurred over the twelve-month period ending December 31, 2016 through a per-meter customer charge. The requested revenue requirement is approximately \$4.01 million.

**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 by the Company. 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 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 appropriate 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.

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
\$0.92	\$0.80	(\$0.12)
Current Credit (Gas Only Customers)	Proposed Credit (Gas Only Customers)	Change
\$0.53	\$0.45	(\$0.08)