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August 8, 2017

VIA ELECTRONIC FILING

Public Utilities Commission of Ohio
PUCO Docketing Division
180 E. Broad Street
10th Floor
Columbus, OH 43215

Re: *In the Matter of the Application of Duke Energy Ohio, Inc., for Authority to Establish a Standard Service Offer Pursuant to Section 4928.143, Revised Code, in the Form of an Electric Security Plan, Accounting Modifications and Tariffs for Generation Service.*
Case No. 17-1263-EL-SSO, *et al.*

Dear Docketing Division:

Please find attached the Power Point presentation reviewed at the technical conference in these proceedings on August 7, 2017, at the Public Utilities Commission of Ohio (Commission). Due to technical difficulties at the Commission, the technical conference was not recorded for access on the Commission's website. In order to provide access to the presentation, the attorney examiner requested that Duke Energy Ohio file the presentation in the relevant case dockets.

Please do not hesitate to contact me with any questions or concerns.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Amy B. Spiller", written in a cursive style.

Amy B. Spiller

Enclosure

cc: Parties of Record (w/o attachment)



Application for an Electric Security Plan

Technical Conference – August 7, 2017



Agenda

- Introductions
- Overview of ESP Application
- Provisions Relating to SSO Supply and Pricing
- Additional Provisions of ESP
- Procedural Schedule
- Appendix

Overview

- Duke Energy Ohio proposes an Electric Security Plan for a term of six years that:
 - Continues the current auction process for procuring supply for non-shopping load and PIPP load;
 - Continues recovery mechanism for SSO service (e.g., Riders RC, RE, SCR, and AER-R) and modifies recovery for PIPP auction costs;
 - Includes provisions for distribution service;
 - Modifies provisions for net metering;
 - Promotes continued improvement and modernization of the distribution grid;
 - Introduces an incentive rate mechanism to flow through excess profits and also ensure financial integrity; and
 - Maintains competitive balance between SSO providers and CRES providers.

Provisions Relating to SSO Supply



- SSO Load
 - Auction follows same format as in current ESP (*i.e.*, descending clock).
 - Delivery periods and auctions staggered.
 - Full requirements, load following product.
 - At least two auctions for each delivery period.
 - Charles River & Associates to manage auction process.
 - Excludes procurement of RECs to comply with renewable energy standards.
 - Continuation of Riders RC (Retail Capacity) and RE (Retail Energy), as currently structured.
 - Continuation of Supplier Cost Reconciliation Rider (Rider SCR) to true-up SSO revenue with SSO supply costs.
 - Rider SCR includes recovery of auction-related costs from SSO customers.
- PIPP Load
 - RFPs for 100 percent of load.
 - Recovery of PIPP auction costs via Rider UE-ED.

Additional Provisions of ESP



- **Distribution Capital Investment Rider (Rider DCI)**
 - Continuation of current Rider DCI expanded to recover distribution-related investment in general, intangible, and common plant.
 - Provides for recovery of the incremental revenue requirement associated with the pre-tax return on, depreciation expense, and property taxes for incremental rate base over amounts in current base rates.
 - Return component to be updated upon approval of new base rates.
 - Quarterly update filings, based on actual data, and subject to annual audit by PUCO Staff.
- **Distribution Storm Recovery Rider (Rider DSR)**
 - Tracks storm costs above/below baseline amount from rate case, currently \$4.4 million but will be updated after conclusion of pending rate case.
 - Rider recovery begins if regulatory asset exceeds \$5 million; otherwise, amortize positive/negative balance of deferral in next rate case.

Additional Provisions of ESP



- **Power Forward Rider (Rider PF)**
 - Recovers costs for new initiatives, programs, and services designed to advance current intent of PUCO's PowerForward Initiative.
 - Includes both capital and O&M to the extent not recovered in base rates or other riders.
- **Electric Service Reliability Rider (Rider ESRR)**
 - Recovers only incremental O&M costs incurred for vegetation management.
 - Related deferral effective January 1, 2017.
- **Regulatory Mandates Rider (Rider RMR)**
 - Recovers only incremental O&M costs incurred to comply with changes to existing or enactment of new laws, regulations and orders.

Provisions Relating to Stability and Certainty



- Incentive Ratemaking Mechanism (Rider IRM)
 - Based on existing formula for SEET review.
 - High end of band is low enough to ensure Duke Energy Ohio's earnings are not "significantly excessive," thereby avoiding the need for drawn out SEET proceedings.
 - Low end of band is high enough to keep the EDU out of financial crisis; thereby, avoiding extended litigation to address threats to financial stability.
 - Data to be filed is per books, *i.e.*, FERC Form 1, with limited adjustments to arrive at ROE in the SEET formula.
 - Rider IRM, if implemented, will be charged (or credited) as a percent of base distribution rates and excluded from future calculations of ROE.

Procedural Schedule



- Intervention Deadline
 - September 1, 2017
- Discovery Deadline
 - October 23, 2017
- Intervenor Testimony Deadline
 - October 30, 2017
- Staff Testimony Deadline
 - November 6, 2017
- Hearing
 - November 13, 2017

Appendix



Competitive Bid Schedule

DCE ESP CBP Schedule

ESP	Auction Date	Tranche Target	Load Cap	2017	2018	2019	2020	2021	2022	2023	2024
November 2017	17	17	40								
	17	17	40								
	16	16									
February 2018	17	17	40								
	17	17	40								
	16	16									
PIPP RFP 1	100 % PIPP Load										
September 2018	16	12									
February 2019	16	12									
PIPP RFP 2	100 % PIPP Load										
September 2019	17	26									
February 2020	16	26									
PIPP RFP 3	100 % PIPP Load										
September 2020	17	13									
February 2021	17	13									
PIPP RFP 4	100 % PIPP Load										
September 2021	17	26									
February 2022	16	26									
PIPP RFP 5	100 % PIPP Load										
September 2022	33	26									
February 2023	33	26									
PIPP RFP 6	100 % PIPP Load										

Total Load

New Riders



Rider Name	Tariff	Note
Electric Service Reliability Rider	Rider ESSR	Recovers costs for distribution-related vegetation management contract services above amounts in base rates.
PowerForward Rider	Rider PF	Recovers revenue requirement for programs/projects not recovered in base rates or other riders that modernize the grid or transform the customer experience.
Incentive Ratemaking Mechanism	Rider IMR	Flows through earnings above or below a threshold amount based on SEET review.
Regulatory Mandates Rider *	Rider RMR *	Recovers incremental costs to comply with 'changes to existing or new' federal or state laws, orders, or mandates.

Note: * Requested in pending distribution rate case.

Riders Continuing Without Modifications



Rider Name		Tariff	Note
Retail Capacity Rider		Rider RC	Retail rate for capacity component of SSO auction price.
Retail Energy Rider		Rider RE	Retail rate for energy component of SSO auction price.
Supplier Cost Reconciliation Rider		Rider SCR	Trues up SSO revenue with invoiced cost from suppliers and recovers auction-related costs. Excludes recovery of costs related to PIPP-auction being moved to Rider UE-ED.
Price Stabilization Rider	*	Rider PSR	Flows through gains/losses from Company's participation in the ICPA.
Base Transmission Rider	*	Rider BTR	Recovers non-market based transmission costs.
Alternative Energy Recovery Rider	*	Rider AER-R	Recovers cost of REC purchases to comply with alternative energy standards.
Distribution Decoupling Rider	*	Rider DDR	Trues up weather-normalized base distribution revenue for customers not billed based on demand.
Distribution Storm Rider	*	Rider DSR	Deferral mechanism and tracker for flowing through actual storm costs vs. amounts in base rates.
Uncollectible Expense Rider - Generation	*	Rider UE-GEN	Recovers bad debt charges related to generation services.
Regional Transmission Organization Rider	*	Rider RTO	Currently zero.

Note: * These riders will extend regardless of the outcome of ESP IV.

Riders Continuing With Modifications



Rider Name	Tariff	Note
Net Metering Rider	Rider NM	Modifying to address payments for excess generation and recovery of such payments.
Uncollectible Expense Rider – Electric Distribution	Rider UE-ED	Recovers bad debt charges related to distribution services plus costs of conducting RFP for PIPP load.

Note: * The proposed ESP only seeks certain modifications to riders that will extend regardless of the outcome of ESP IV.

Riders Being Eliminated



Rider Name	Tariff	Note
Load Factor Adjustment Rider	Rider LFA	Set at \$0 beginning June 1, 2017. Expires after May 31, 2018.
Economic Competitiveness Fund Rider	Rider DR-ECF	Obsolete after May 31, 2018. Current rate is \$0.

Note: * Rider DR-IM is also proposed to be eliminated as part of the distribution rate case.

Rider Applicability Table

Riders Applicable to Non-Shopper and Shopper ^(a)		
Non-Shopper		Shopper
Generation Riders		Generation Riders
Rider RC ^(b)	→	CRES Offer
Rider RE ^(b)		
Rider AER-R ^(b)		
Rider SCR ^(c)		
Rider UE-GEN ^(d)		Rider UE-GEN
Rider PSR		Rider PSR
Transmission Riders		Transmission Riders
Rider BTR		Rider BTR
Rider RTO		Rider RTO
Distribution Riders		Distribution Riders
Rider DCI		Rider DCI
Rider EE/PDR		Rider EE/PDR
Rider DSR		Rider DSR
Rider DDR		Rider DDR
Rider UE-ED		Rider UE-ED
Rider RMR		Rider RMR
Rider PF		Rider PF
Rider ESSR		Rider ESSR
Rider IMR		Rider IMR
Rider OET		Rider OET
Rider USR		Rider USR

Note:

- (a) Rider NM, Net Metering Rider, is an optional rider for shoppers and non-shoppers.
- (b) Fully bypassable for shoppers.
- (c) Conditionally bypassable.
- (d) Bypassable for accounts not participating in the Purchase of Receivables Program.

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Commission of Ohio Docketing Information System on

8/8/2017 10:19:13 AM

in

Case No(s). 17-1263-EL-SSO, 17-1264-EL-ATA, 17-1265-EL-AAM

Summary: Correspondence Duke Energy Ohio, Inc.'s Technical Conference presentation 8.7.17 electronically filed by Mrs. Adele M. Frisch on behalf of Duke Energy Ohio, Inc. and Spiller, Amy B and Kingery, Jeanne W and Watts, Elizabeth H