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> Amy B. Spiller Deputy General Counsel

August 8, 2017

#### VIA ELECTRONIC FILING

Public Utilities Commission of Ohio PUCO Docketing Division 180 E. Broad Street 10<sup>th</sup> 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.

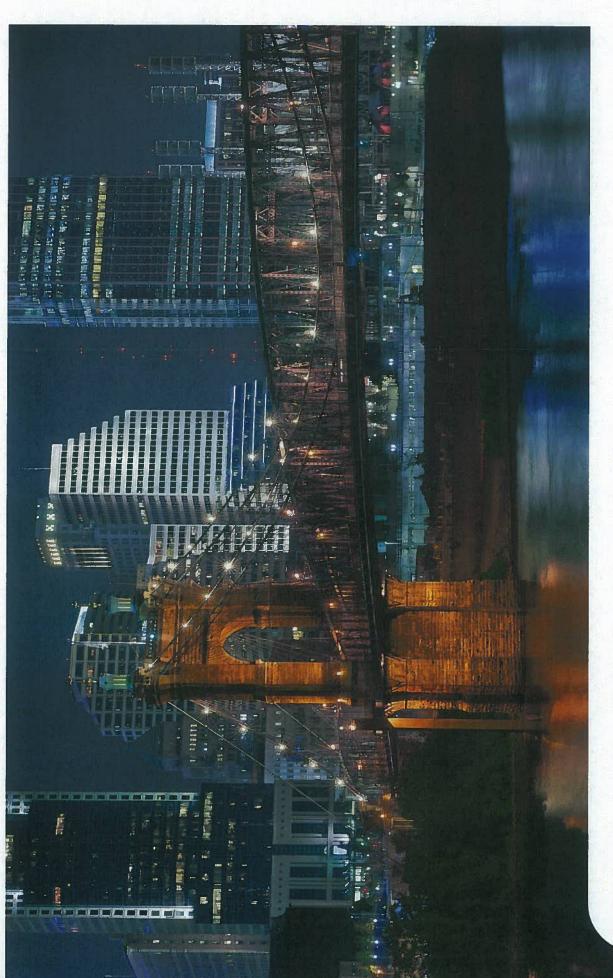
Please do not hesitate to contact me with any questions or concerns.

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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 nonshopping 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; 0
- Includes provisions for distribution service;
- Modifies provisions for net metering;
- Promotes continued improvement and modernization of the distribution grid; 0
- 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. 0

## 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. 0
- Return component to be updated upon approval of new base rates. 0
- Quarterly update filings, based on actual data, and subject to annual audit

# 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. 0

## 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

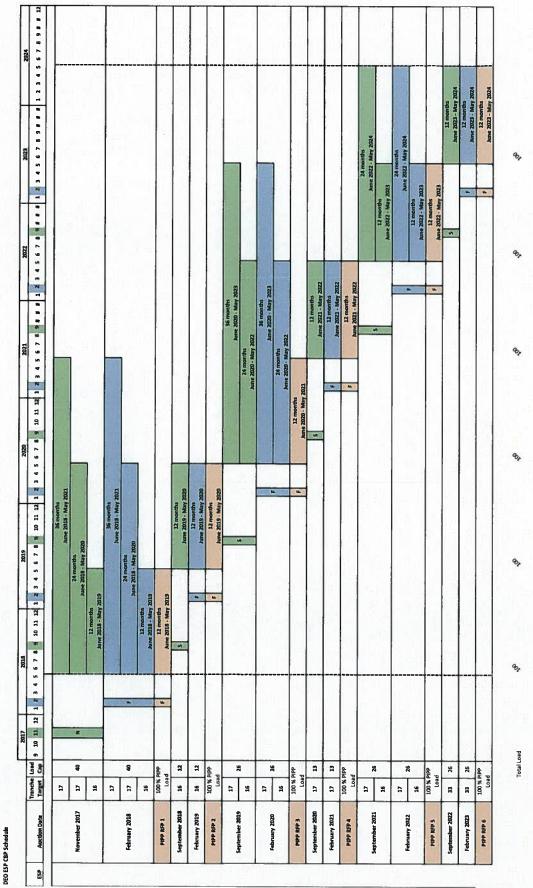


### Appendix

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### Competitive Bid Schedule







### **New Riders**

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

Note: \* Requested in pending distribution rate case.

### Riders Continuing Without Modifications



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	Adjustment Rider Rider LFA Set at \$0 beginning June 1, 2017. Expires after May 31, 2018.	conomic Competitiveness Fund Rider OR-ECF Obsolete after May 31, 2018. Current rate is \$0.
Ride	Load Factor Adjustment Rider	Economic Competiti

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



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Riders Applicable to Non-Shopper and Shopper <sup>(3)</sup>	Shopper	Generation Riders			CRES Offer		Rider UE-GEN	Rider PSR	Transmission Riders	Rider BTR	Rider RTO	Distribution Riders	Rider DCI	Rider EE/PDR	Rider DSR	Rider DDR	Rider UE-ED	Rider RMR	Rider PF	Rider ESSR	Rider IMR	Rider OET	Rider USR
	Non-Shopper	Generation Riders	Rider RC <sup>(b)</sup>	Rider RE <sup>(b)</sup>	Rider AER-R <sup>(b)</sup>	Rider SCR <sup>(c)</sup>	Rider UE-GEN <sup>(d)</sup>	Rider PSR	Transmission Riders	Rider BTR	Rider RTO	Distribution Riders	Rider DCI	Rider EE/PDR	Rider DSR	Rider DDR	Rider UE-ED	Rider RMR	Rider PF	Rider ESSR	Ridge IMR	Rider OET	Rider USR

(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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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