

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF
DUKE ENERGY OHIO, INC., FOR
APPROVAL TO CHANGE ACCOUNTING
METHODS.

CASE NO. 17-2118-GA-AAM

ENTRY

Entered in the Journal on October 24, 2017

{¶ 1} Duke Energy Ohio, Inc. (Duke or the Company) is a natural gas company and public utility as defined by R.C. 4905.03(E) and R.C. 4905.02, respectively. As such, Duke is subject to the Commission's jurisdiction pursuant to R.C. 4905.04, 4905.05, and 4905.06.

{¶ 2} R.C. 4905.13 authorizes the Commission to establish systems of accounts to be kept by public utilities and to prescribe the manner in which these accounts will be kept. Pursuant to Ohio Adm.Code Chapter 4901:1-13, the Commission adopted the Uniform System of Accounts (USOA), which was established by the Federal Energy Regulatory Commission (FERC), for gas utilities in Ohio. For Ohio regulatory purposes, the system of accounts is only applicable to the extent that it has been adopted by the Commission. Therefore, the Commission may modify the USOA prescribed by FERC as it applies to Ohio utilities.

{¶ 3} On October 12, 2017, Duke filed an application seeking authority to establish a regulatory asset and defer, for accounting purposes, the related expenditures for constructing a landslide retaining wall in an area bordering the Ohio River. Duke explains that a portion of the Company's service area has experienced an active landslide that is endangering a 20-inch natural gas pipeline. A study by the Cincinnati Department of Transportation and Engineering resulted in a recommendation that a retaining wall be constructed above the area of the landslide, for protection of buried infrastructure owned by Duke and the city of Cincinnati. According to Duke, the cost of replacing the natural gas pipeline through the area would be approximately \$3 million. As a beneficiary of the

retaining wall, Duke agreed to pay \$3 million to the city of Cincinnati toward the cost of constructing the landslide retaining wall. Accordingly, Duke requests authority to defer the \$3 million for its share of the retaining wall's construction costs. Duke concludes that Commission approval for this deferral accounting treatment is necessary for Duke to assert probability of recovery of such expenditures under generally accepted accounting principles. Duke also requests authority to recover carrying costs on the deferred balance, based on its actual cost of long-term debt. Duke proposes to record this cost as a regulatory asset on its balance sheet. Duke notes that the recovery of the deferred amount will be addressed in a separate proceeding.

{¶ 4} The attorney examiner finds that, in order to assist the Commission in its review of Duke's application, the following procedural schedule should be established:

- (a) Motions to intervene shall be due by November 21, 2017.
- (b) Comments on the application shall be due by November 21, 2017.
- (c) Reply comments shall be due by December 1, 2017.

{¶ 5} It is, therefore,

{¶ 6} ORDERED, That the procedural schedule set forth in Paragraph 4 be adopted. It is, further,

{¶ 7} ORDERED, That a copy of this Entry be served upon all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO

s/Stacie Cathcart

By: Stacie E. Cathcart
Attorney Examiner

JRJ/sc

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Summary: Attorney Examiner Entry setting a procedural schedule in accordance with Paragraph 4. - electronically filed by Sandra Coffey on behalf of Stacie Cathcart, Attorney Examiner, Public Utilities Commission of Ohio