

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF
DUKE ENERGY OHIO, INC., TO SET ITS
ELECTRIC UNCOLLECTIBLE RECOVERY
RATE FOR RIDER UE-GEN.

CASE NO. 18-1042-EL-UEX

FINDING AND ORDER

Entered in the Journal on December 19, 2018

I. SUMMARY

{¶ 1} The Commission finds that Duke Energy Ohio's application to set its electric uncollectible recovery rates for Rider UE-GEN should be approved.

II. DISCUSSION

{¶ 2} Duke Energy Ohio, Inc. (Duke) is an electric distribution utility (EDU) as defined by 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} On November 22, 2011, the Commission approved a stipulation, which, among other things, established an electric generation uncollectible expense rider (Rider UE-GEN) applicable to all customers taking generation service from Duke or from a competitive retail energy supplier who participates in Duke's purchase of accounts receivable program. *In re Duke Energy Ohio, Inc.*, Case Nos. 11-3549-EL-SSO, et al. (2011 *Duke ESP Case*), Opinion and Order (Nov. 22, 2011). The rider was continued in *In re Duke Energy Ohio, Inc.*, Case No. 14-841-EL-SSO, et al., Opinion and Order (Apr. 2, 2015). Rider UE-GEN is designed to recover uncollectible expenses related to the provision of generation incurred by Duke that are in excess of those recovered in base rates. Rider UE-GEN was initially set at \$0.00 and is subject to an annual review process.

{¶ 4} On December 20, 2017, the Commission approved Duke's current Rider UE-GEN rates of \$0.000858 per kilowatt hour (kWh) for residential customers and \$0.47 per bill for nonresidential customers. *In re Duke Energy Ohio, Inc.*, Case No. 17-1438-EL-UEX, Finding and Order (Dec. 20, 2017).

{¶ 5} On June 29, 2018, pursuant to the stipulation in the *2011 Duke ESP Case*, Duke filed an application in this case requesting authority to decrease its Rider UE-GEN rates for residential customers to \$0.000690 per kWh and for nonresidential customers to \$0.41 per bill. According to Duke, these rates reflect the projected total unrecovered tracker balance as of March 31, 2019, which is expected to be approximately \$5,018,734 for residential customers and \$357,746 for nonresidential customers. In addition, Duke requests the Commission clarify that Duke has continued authority to create a regulatory asset to defer variances in uncollectible expense in future periods for recovery or refund in further proceedings.

{¶ 6} On October 31, 2018, Staff filed its comments, stating that it audited Duke's schedules for consistency with the Commission's directives. Through a combination of document review, interviews, and interrogatories, Staff reviewed Duke's financial statements for completeness, occurrence, presentation, valuation, allocation, and accuracy. Additionally, Staff found that in future audits, the sale of receivables and the associated discount rate should be further investigated in order to ensure that a prudent discount rate is being used. Upon review, Staff found the rates proposed for both residential and nonresidential customers are appropriate and recommended the rates for Rider UE-GEN be adopted.

{¶ 7} Upon review of the application, and Staff's comments, the Commission finds that Duke's application is reasonable and in the public interest, and should be approved. Accordingly, Duke should be authorized to decrease the rates for Rider UE-GEN to \$0.000690 per kWh for residential customers and \$0.41 per bill for nonresidential customers. Duke is also authorized to continue to create a regulatory asset to defer variances in uncollectible expenses in future periods for recovery or refund in future proceedings to adjust Rider UE-GEN. The current and proposed rates are as follows:

Customer Class	Current Rate	Proposed Rate	Proposed Decrease
Residential	\$0.000858 per kWh	\$0.000690 per kWh	\$0.000168 per kWh
Nonresidential	\$0.47 per bill	\$0.41 per bill	\$0.06 per bill

III. ORDER

{¶ 8} It is, therefore,

{¶ 9} ORDERED, That, in accordance with Paragraph 7, Duke's application be approved and Duke be authorized to decrease the rates for Rider UE-GEN. It is, further,

{¶ 10} ORDERED, That Duke is authorized to continue to create a regulatory asset to defer variances in uncollectible expenses in future periods for recovery or refund in future proceedings to adjust Rider UE-GEN. It is, further,

{¶ 11} ORDERED, That Duke is authorized to file two complete copies of tariffs in final form consistent with this Finding and Order. Duke shall file one copy in this case docket and one copy in its TRF docket. It is, further,

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

{¶ 13} ORDERED, That Duke shall notify all affected customers via a bill message, a bill insert, or a separate mailing 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,

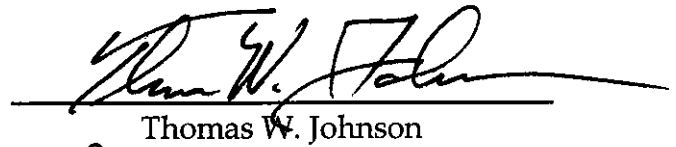
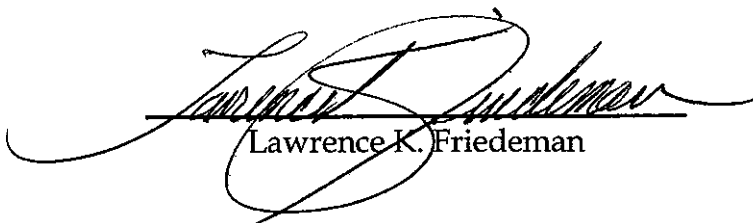
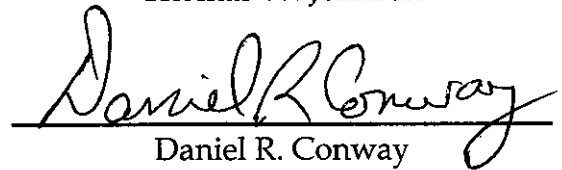
{¶ 14} ORDERED, That nothing in this Finding and Order shall be binding upon this Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

{¶ 15} 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


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

NJW/LLA/hac

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Barcy F. McNeal
Secretary