

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF
DUKE ENERGY OHIO, INC. FOR
APPROVAL OF A DISTRIBUTION
DECOUPLING RIDER.

CASE NO. 11-5905-EL-RDR

FINDING AND ORDER

Entered in the Journal on June 5, 2019

I. SUMMARY

{¶ 1} The Commission approves Duke Energy Ohio, Inc.'s application to adjust and set rates for its distribution decoupling rider.

II. PROCEDURAL HISTORY

{¶ 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} R.C. 4928.141 provides that an EDU shall provide consumers within its certified territory a standard service offer (SSO) of all competitive retail electric services necessary to maintain essential electric services to customers, including a firm supply of electric generation services. The SSO may be either a market rate offer in accordance with R.C. 4928.142 or an electric security plan (ESP) in accordance with R.C. 4928.143.

{¶ 4} On November 22, 2011, the Commission adopted and approved a stipulation filed by various parties. Among other things, the stipulation included an agreement that Duke would file for approval of a distribution decoupling mechanism to adjust rates between rate cases. *In re Duke Energy Ohio, Inc.*, Case No. 11-3549-EL-SSO, et al., Opinion and Order (Nov. 22, 2011).

{¶ 5} By Finding and Order issued in this case on May 30, 2012, the Commission approved Duke's application to implement a three-year distribution revenue decoupling

rider (Rider DDR) that ran from January 1, 2012, through December 31, 2014. The Commission continued Rider DDR beyond 2014 when it approved Duke's ESP in *In re Duke Energy Ohio, Inc.*, Case No. 14-841-EL-SSO, et al., Opinion and Order (Apr. 2, 2015) and again in *In re Duke Energy Ohio, Inc.*, Case No. 17-1263-EL-SSO, et al., Opinion and Order (Dec. 19, 2018).

III. DISCUSSION

{¶ 6} Rider DDR rates are determined by comparing authorized distribution revenues to revenues actually collected, on a monthly basis, for each rate class, with Duke accruing the positive or negative difference in a balancing account specific to each rate class. As approved by the Commission, Rider DDR was initially set at \$0.00 and is to be updated on a yearly basis, with Duke allocating the amount for the prior year in each balancing account to the corresponding customer rate class. Rider DDR is subject to a three percent cap on the annual adjustment, with balances carrying forward at the long-term cost of debt.

{¶ 7} On February 27, 2019, Duke filed an application to adjust and set Rider DDR based upon revenues required to true-up calendar year 2019 base distribution revenues against the approved base distribution revenues, and a reconciliation of prior years' allowed revenues to be collected during July 2013 through December 2019 against actual Rider DDR revenues collected during that same period.

{¶ 8} As calculated by Duke, Rider DDR should be set for the following customer classes as follows:

- (a) Residential Class: The total amount of the undercollected distribution revenues was \$4,718,185; therefore, the rate should be increased from the current rate of \$0.000117 per kilowatt hour (kWh) to a rate of \$0.001741 per kWh.

Customer Class	Current Rate	Proposed Rate	Proposed Increase
Residential	\$0.000117 per kWh	\$0.001741 per kWh	\$0.001624 per kWh
Residential (1,000 kWh)	\$0.12 per bill	\$1.74 per bill	\$1.62 per bill

- (b) Rate EH, Optional Rate for Electric Space Heating: The total amount of the undercollected distribution revenues was \$157,351. The three percent cap is \$57,077; therefore, Duke is only permitted to recover \$57,077. Thus, the rate should be increased from the current rate of \$0.000775 per kWh to \$0.000862 per kWh.

Customer Class	Current Rate	Proposed Rate	Proposed Increase
Rate EH	\$0.000775 per kWh	\$0.000862 per kWh	\$0.000087 per kWh

- (c) Rate DM, Secondary Distribution Service-Small: The total amount of the undercollected distribution revenues was \$140,320; therefore, Duke should change the current rate provided to those customers from \$0.000203 per kWh to \$0.002097 per kWh.

Customer Class	Current Rate	Proposed Rate	Proposed Increase
Rate DM	\$(0.000203)per kWh	\$0.002097per kWh	\$0.0023 per kWh
	*Items in parentheses indicate negative numbers and a customer credit.		

{¶ 9} On May 10, 2019, Staff filed its review and recommendation. Staff states it completed a review of Duke's February 27, 2019 Rider DDR filing and concluded that the proposed distribution decoupling rates reflect the actual differences between what was authorized in the Company's last base rate case and what the Company ultimately collected through rates during 2018. Further, Staff states that it has completed its review of the 2015 through 2018 updates and finds that the Company has appropriately calculated its DDR filing. Staff recommends that the application filed February 27, 2019 be approved and become effective on a bills rendered basis beginning on July 1, 2019. Staff further

recommends that the Commission order the Company on annual basis to file future Rider DDR applications in a new case number.

{¶ 10} Upon review of Duke's February 27, 2019 application and Staff's review and recommendation, the Commission finds that the proposed rates for Rider DDR do not appear to be unjust or unreasonable, and, therefore, we find it unnecessary to hold a hearing in this matter. Accordingly, the Commission authorizes Duke to file revised tariffs to implement the adjusted Rider DDR rates. Additionally, as recommended by Staff, the Commission directs Duke to file future application to update Rider DDR under a new case number.

IV. ORDER

{¶ 11} It is, therefore,

{¶ 12} ORDERED, That the application filed by Duke on February 27, 2019, be approved. It is, further,

{¶ 13} ORDERED, That Duke be authorized to file 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,

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

{¶ 15} ORDERED, That Duke notify all affected customers of the changes to the tariffs via a bill message or via a bill insert 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,

{¶ 16} ORDERED, That Duke file future applications to update Rider DDR under new case numbers. It is, further,

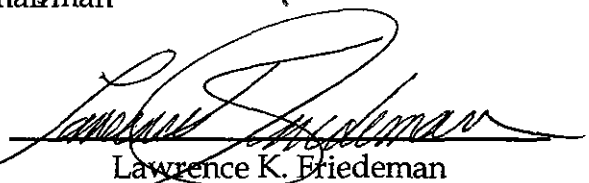
{¶ 17} ORDERED, That nothing in this Finding and Order shall be binding upon this Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

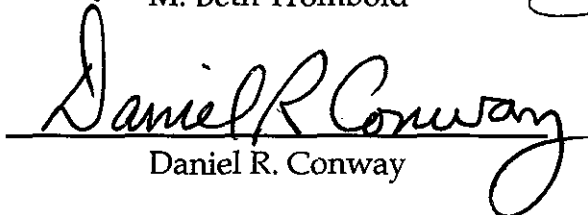
{¶ 18} ORDERED, That a copy of this Finding and Order be served upon all interested persons of record in this case.

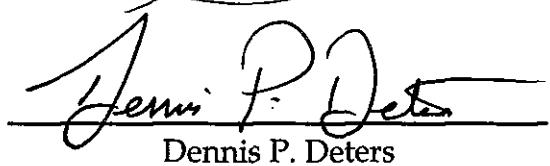
THE PUBLIC UTILITIES COMMISSION OF OHIO


Sam Randazzo, Chairman


M. Beth Trombold

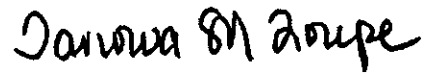

Lawrence K. Friedeman


Daniel R. Conway


Dennis P. Deters

SEC/sc

Entered in the Journal
JUN - 5 2019


Tanowa M. Troupe
Secretary