



# Public Utilities Commission

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FILE

September 5, 2019

Docketing Division  
Public Utilities Commission of Ohio  
180 East Broad Street  
Columbus OH 43215

RECEIVED-DOCKETING DIV.  
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PUCO

RE: *In the Matter of the Application of Duke Energy Ohio, Inc., to Adjust and Set its Electric Uncollectible Recovery Rate Under Rider UE-ED, Case No. 19-1280-EL-UEx.*

Dear Docketing Division:

Enclosed please find the Staff Review and Recommendation in regard to the application filed by Duke Energy Ohio, Inc., to adjust and set its electric uncollectible recovery rate under Rider UE-ED, Case No. 19-1280-EL-UEx.

Tamara S. Turkenton  
Director, Rates and Analysis Department  
Public Utilities Commission of Ohio

David Lipthrott  
Chief, Research and Policy Division  
Public Utilities Commission of Ohio

Enclosure

Cc: Parties of Record

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Technician A Date Processed 9/5/19

**Duke Energy Ohio, Inc.**  
**Case No. 19-1280-EL-UEx (UE-ED)**

**SUMMARY**

On June 28, 2019, Duke Energy Ohio, Inc. (Duke or Company) filed an application in Case No. 19-1280-EL-UEx for approval to update its electric uncollectible expense rider (Rider UE-ED). The rider enables recovery of net uncollectible accounts expense related to the provision of electric distribution service, as well as all percentage of income payment plan (PIPP) installment payments that are not recovered through the universal service fund rider (USR).

The Company makes annual filings to Rider UE-ED in order to true-up the rider to reflect actual uncollectible expense. The current rates of \$0.000519 per kWh for residential and \$0.03 per bill for non-residential customers were approved in Case No. 18-1043-EL-UEx in a Finding and Order dated December 19, 2018.<sup>1</sup> In its June 28, 2019 application, the Company projects the total incremental unrecovered balance as of March 31, 2020 to be \$5,057,317 for residential customers and \$206,782 for non-residential customers. The Company proposes to adjust Rider UE-ED rate to \$0.000700 per kWh for residential customers and \$0.23 per bill for non-residential customers.

**STAFF REVIEW**

In its review, Staff examined the as-filed schedules for consistency with the Commission's Opinion and Orders in previous Rider UE-ED cases, and to ensure proper accounting treatment was applied. The audit consisted of a review of the financial statements regarding completeness, occurrence, presentation, valuation, allocation, and accuracy. Staff conducted the audit through a combination of document review, interviews, and interrogatories. Staff requested documentation as needed to determine that the costs were substantiated or to conclude that an adjustment was warranted.

During its review, Staff found a minor error in the calculation of the total Net Charge Offs for the months which actual data was available.<sup>2</sup> Additionally, Staff determined that the Company had incorrectly included Purchase of Accounts Receivable (PAR)-related Net Charge Offs totaling \$1,102,604 in the projected months of April 2019 through March 2020. The Company allocated Net Charge Offs to Rider UE-ED based on the percentage of electric distribution revenue to total electric retail revenue. As a result of the erroneously inclusion of PAR-related Net Charge Offs, the Company overstated the revenue requirement of Rider UE-ED by \$813,377. PAR-related Net Charge Offs should not be included in Rider UE-ED as they are exclusive to its electric uncollectible expense rider related to generation service (Rider UE-GEN), so Staff recommends that the PAR-related Net Charge Offs be excluded from the Rider UE-ED revenue requirement.

**CONCLUSION**

Staff recommends that the Commission adjust Rider UE-ED to reflect the two adjustments described above, which result in a reduction of \$813,374 to the overall Rider UE-ED revenue

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<sup>1</sup> *In the Matter of the Application of Duke Energy Ohio, Inc. to Adjust its Electric Uncollectible Recovery Rate Under Rider UE-ED*, Case Nos. 18-1043-EL-UEx, et al., Finding and Order (December 19, 2018).

<sup>2</sup> The Company's application listed total Net Charge Offs for January 2019 as \$505,205. In response to Staff Data Request #2, the Company provided documentation that listed Total Net Charge Offs for January 2019 as \$505,208.

requirement.<sup>3</sup> The adjustments reduce Rider UE-ED rates to \$0.000594 per kWh for residential customers and \$0.18 per bill for non-residential customers.

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<sup>3</sup> This adjustment reduces the unrecovered balance for residential and non-residential customers to \$4,286,391 and \$164,334, respectively.