

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Commission's Review)
of the Standard Filing Requirements for)
Rate Increases in Ohio Administrative Code) Case No. 19-2103-AU-ORD
Chapter 4901-07.)

**INITIAL COMMENTS OF
DUKE ENERGY OHIO, INC.**

I. Introduction

Pursuant to the Public Utilities Commission of Ohio (Commission) Entry dated December 16, 2020, Duke Energy Ohio, Inc., (Duke Energy Ohio or Company) respectfully submits its comments regarding the proposed changes to Ohio Administrative Code (O.A.C.) Chapter 4901:1-7, concerning the standard filing requirements for rate increases.

II. Comments

A. Chapter II, (A)(6), Submission of written testimony.

In order to hew more closely to the statutory language in R.C. 4909.15(D), the Company suggests an addition to the already-proposed addition to Section (A)(6)(a):¹

Any proposed adjustment(s) made to operating income items and included in the company's application pursuant to R.C. 4909.15(D), that the company believes is reasonably expected to occur during the test period or during the 12-month period following the test period shall be individually identified, quantified, and justified as just and reasonable.

B. Chapter II, (B), Supplemental filing requirements.

1. Section (B)(9).

¹ See Appendix A, p. 13.

The Company opposes the deletion of language in Section (B)(9) which currently limits Staff to selecting *three* functional areas to be discussed.² Providing the information typically requested for three functional areas, as has been done in the past, requires a considerable amount of work. Requiring utilities to provide the same information for an unlimited number of functional areas would be unduly burdensome and add little to no value. The Company believes that three functional areas is a sufficient number.

2. *Section (B)(9)(a).*

It appears as though Sections (B)(9)(a)(i) and (ii) may have also been intended to be deleted. The Company seeks clarification on whether these sections were left in place deliberately.

C. Chapter II, (C), Supplemental information provided at filing.

1. *Section (C)(13).*

The Company requests that a subsection (i) be added to the current Section (C)(13), as follows:³

(13) The following federal income tax information:

(a) If the taxes included in test year operating income were not calculated in a manner consistent with Schedule C-4, provide an additional schedule showing the methodology used.

....

(h) The ITC option elected in 1971 and 1975 under section 46(f) of the 1954 internal revenue code.

(i) amortization of EDIT.

2. *Section (C)(15).*

² Appendix A, p. 19.

³ Appendix A, p. 24.

The Company requests that Section (C)(15)⁴ be modified to clarify that only advertising expenses that are being requested for recovery by the utility included in the test period are required to be provided:

At the time of filing of the two-month update a copy of all advertisements whose costs were charged to advertising expense in the actual months of test year. Indicate on the copy of the ad the cost of the ad and the account charged. In addition, the utility shall provide the best estimate of the cost of those ads that may be included in the budgeted portion of the test year. Information regarding advertising expenses that have been eliminated from the test year need not be provided.

3. Section (C)(22).

The Company recommends deleting this requirement to provide “Test year and two most recent calendar years’ employee levels by month.” This requirement is obsolete due to utilities’ increasing reliance on service company employees.

D. Chapter II, (D), Supplemental information provided at audit.

1. Section (D).

It is proposed to delete the phrase “provided at audit” from the heading of this section, as well as the subsequent sentence which explains that the information must be made available “on the first day of the field audit.”⁵ In light of these deletions, the Company requests that language be added to clarify *when* the information listed in this section is required to be provided. For example, it could be clarified that such information is to be provided “upon request,” or at a certain stage of proceedings.

2. Section (D)(3)(newly proposed addition).⁶

⁴ Appendix A, p. 24.

⁵ Appendix A, p. 25.

⁶ Appendix A, p. 26. In a clerical oversight, the subsequent section has not been renumbered in accordance with the addition. The Company’s comment here discusses the proposed addition beginning with “For those utilities who are . . .”

The Company opposes the new proposed addition as unnecessary. First, there should be no “utilities who are providing both competitive and non-competitive services,” in Ohio, as public utilities are not permitted to provide competitive services, except through a fully separated affiliate.⁷ Perhaps this section was intended to refer to utilities which have affiliates who provide competitive services. If so, the Company still believes it unnecessary. An affiliate’s assets and accounting are separate from a utility’s assets and accounting, as Ohio’s corporate separation requirements dictate.⁸ Furthermore, the requested information, if pertaining to affiliates, should already be provided or made available by utilities under the existing corporate separation rules.⁹ Accordingly, the Company opposes this addition.

3. Section (D)(3)(d).

In the existing Section (D)(3), it is proposed to add a new requirement (d), requiring utilities to file their current CAM.¹⁰ The Company believes this addition is unnecessary, as the CAM is already available for audit by Staff at any time under the current rules.¹¹ It is a very large document and burdensome to file. However, if the Commission decides to adopt this proposed addition, the Company requests that the language be modified to read “The applicant shall file under seal its currently authorized CAM . . .” so that the CAM will at least remain confidential.

E. Chapter II, Section A, Section A Instructions (C), Revenue Conversion Factor (Schedule A-2).

The Company opposes only the last sentence in the proposed addition to this section, which states that “Public Utilities Commission and Ohio Consumers’ Counsel assessments shall not be included.”¹² The Company believes that the PUCO and OCC assessments are a legitimate cost of

⁷ See generally R.C. 4928.17.

⁸ See *Id.*; see also O.A.C. 4901:1-37-04.

⁹ See generally O.A.C. Chapter 4901:1-37.

¹⁰ Appendix A, p. 26.

¹¹ See 4901:1-37-08 (B) and (J).

¹² Appendix A, p. 31.

providing service and should be included in the gross revenue conversion factor. Thus, the Company requests that the word “not” be deleted from this last sentence to read, “Public Utilities Commission and Ohio Consumers’ Counsel assessments shall ~~not~~ be included,” or, in the alternate, that this last sentence be deleted altogether from the proposed addition.

F. Chapter II, Schedule A-2.

Respectfully, it appears that the proposed addition of the number “329%” on this schedule¹³ is an error. The Company believes that the correct figure is 1.329 or, if converted to a percentage, then 132.9%.

G. Chapter II, Section B, Section B Instructions (B)(5), Gross additions, retirements, and transfers (Schedule B-2.3).

The Company opposes the proposed addition of the phrase “by year, by month” to this section.¹⁴ First, the monthly data would be very burdensome to compile using the Company’s existing systems. Second, placing such data into Schedule B-2.3 would be create a very confusing document that would be difficult to read. Finally, it is inefficient and unnecessary to impose such a requirement across the board when Staff can pursue any additional data or details during the discovery process. Thus, the Company suggests that the phrase “by year, by month” be deleted from the proposed addition.

H. Chapter II, Section B, Section B Instructions (E), Working capital.

To improve clarity, the Company suggests the following additions in this section:¹⁵

(E) Working capital

*(1) Allowance for cash working capital (Schedule B-5)
Provide a summary schedule showing the calculation of cash
working capital included in the proposed rate base. Show
each individual component and describe the methodology*

¹³ Appendix A, p. 33.

¹⁴ Appendix A, p. 37.

¹⁵ Appendix A, pp. 39-40.

used to calculate each component. An allowance for cash working capital shall be supported by a recent lead-lag study. The recent lead-lag study must accurately represent conditions during the test period. A lead-lag study is defined as a procedure for determining the weighted average of the days for which investors or customers supply cash working capital to operate the utility.

(2) Miscellaneous other working capital items (Schedule B-5.1)

Provide, the test year average (thirteen months), and the date certain balances of items specified on Schedule B-5.1, if applicable, and reflected in the computation shown on Schedule B-5. Allocate the average and date certain balances to the jurisdiction using appropriate allocation factors.

The information to be provided on this schedule for each item may be in a summary form, provided that the detail and calculation be included in working papers. These working papers shall be keyed to the appropriate item on the schedule and made available to the commission staff as specified in the "General Instructions," paragraphs (A)(8), and (C)(7) in Chapter II of this appendix.

I. Chapter II, Schedule B-4.

The Company requests that the reference to “Pollution Control Projects” be deleted from this schedule,¹⁶ as it is obsolete.

J. Chapter II, Schedule B-4.2.

The Company requests that the phrase “purchasing power” in this schedule¹⁷ be replaced with “inflation,” which would be a more accurate representation of the requested information.

¹⁶ Appendix A, p. 58.

¹⁷ Appendix A, p. 60.

K. Chapter II, Schedule B-5 and Schedule B-5.1.

In accordance with the earlier comment regarding Chapter II, Section B, Section B Instructions (E), the Company recommends that Schedule B-5¹⁸ be modified to show lines for “cash working capital” and “other working capital.”

Similarly, the Company recommends that Schedule B-5.1¹⁹ be modified to depict a subtotal for cash working capital as follows:

(1) Revenue Lag

(2) Expense Lag

Subtotal of Cash Working Capital

(3) Plant Materials & Operating Supplies - Total

(4) M & S Held for Construction, Additions, and Extensions

. . . .

L. Chapter II, Section C, Section C Instructions (D), Account analyses.

The Company opposes the entire proposed addition to Section (D)(7), which states “The data should reflect the data provided in the C-9 and should clearly identify total labor for the regulated entity seeking a rate case.”²⁰ Schedule C-9.1 is already unsuited to the scenario of utilities which rely in part on service companies, such as Duke Energy Ohio, which relies on the labor of employees of Duke Energy Business Services and other affiliates. It is simply impossible to isolate labor hours on Schedule C-9.1 and to reconcile the data with Schedule C-9 when small amounts of time are allocated to the utility from many service company employees. Accordingly, the Company opposes the proposed addition to this section.

¹⁸ Appendix A, p. 61.

¹⁹ Appendix A, p. 62.

²⁰ Appendix A, p. 77.

M. Chapter II, Schedule C-11.3.

The Company requests that the entire “Average Revenue per Customer” section be deleted from this schedule.²¹ Since the implementation of customer choice in Ohio, this section no longer conveys any meaningful information when many of the Company’s customers obtain generation service from suppliers rather than from the Company’s standard service offer. Thus, the Company recommends deletion of this section from the schedule.

N. Chapter II, Section E, Section E Instructions (A), General.

The Company recommends that the existing Sections (A)(1), (A)(2), (A)(3), (A)(4), and (A)(6), be deleted as obsolete.²² Since the implementation of customer choice in Ohio, these section no longer provide any meaningful information because many of the Company’s customers obtain generation service from suppliers. Thus, the Company recommends these definitions and terms be deleted.

O. Chapter II, Section E, Section E Instructions (C), Revenue summary.

In sections (C)(2)(b) and (c),²³ the Company recommends inserting the word “jurisdictional,” in the section headings for clarity, so that they read, respectively, as “Jurisdictional ~~A~~annualized test year revenues at proposed rates vs. most current rates (Schedule E-4.1),” and “Jurisdictional ~~A~~actual test year revenues at actual rates (Schedule E-4.3).”

P. Chapter II, Schedules E-4, E-4.1, E-4.3.

In accordance with the previous comment, the Company recommends that the word “Jurisdictional” be added to these three schedules, as follows:

- Schedule E-4: “Jurisdictional *Proposed Annualized*”²⁴

²¹ Appendix A, p. 105.

²² Appendix A, p. 121.

²³ Appendix A, pp. 123-124.

²⁴ Appendix A, p. 127.

- Schedule E-4.1: *“Jurisdictional Annualized Test Year Revenues at....”*²⁵
- Schedule E-4.3: *“Jurisdictional Actual Test Year Revenue At Actual....”*²⁶

Q. Chapter II, Schedule E-5.

To improve clarity, the company recommends adding the following footnote to this schedule to the column titles “Current Bill” and “Proposed Bill”:²⁷ “Total bill for non-switching customers calculated at current transmission and distribution rates.”

III. Conclusion

Duke Energy Ohio thanks the Commission for inviting comments and respectfully submits the above comments.

Respectfully submitted,

DUKE ENERGY OHIO, INC.

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²⁵ Appendix A, p. 129.

²⁶ Appendix A, p. 131.

²⁷ Appendix A, p. 133.

This foregoing document was electronically filed with the Public Utilities

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1/15/2021 3:12:12 PM

in

Case No(s). 19-2103-AU-ORD

Summary: Comments Duke Energy Ohio, Inc. Initial Comments electronically filed by Mrs. Debbie L Gates on behalf of Duke Energy Ohio Inc. and D'Ascenzo, Rocco O. Mr. and Vaysman, Larisa and Kingery, Jeanne W