

**BEFORE**

**THE PUBLIC UTILITIES COMMISSION OF OHIO**

<b>In the Matter of the Regulation of the</b>	)	
<b>Purchased Gas Adjustment Clauses</b>	)	
<b>Contained within the Rate Schedules of</b>	)	<b>Case No. 18-218-GA-GCR</b>
<b>Duke Energy Ohio, Inc. and Related Matters.</b>	)	
<b>In the Matter of the Audit of the</b>	)	
<b>Uncollectible Expense Rider of Duke</b>	)	<b>Case No. 18-318-GA-UEx</b>
<b>Energy Ohio, Inc., and Related Matters.</b>	)	
<b>In the Matter of the Application of</b>	)	
<b>Duke Energy Ohio, Inc. for Approval of an</b>	)	<b>Case No. 18-418-GA-PIP</b>
<b>Adjustment to its Interim and Temporary</b>	)	
<b>Percentage of Income Payment Plan Rider Case.</b>	)	

**STIPULATION AND RECOMMENDATION**

Rule 4901-1-30, Ohio Administrative Code provides that any two or more parties to a proceeding may enter into a written stipulation covering the issues presented in such a proceeding. The purpose of this document is to set forth the understanding and agreement of the parties that have signed below (Parties) and to recommend that the Public Utilities Commission of Ohio (Commission) approve and adopt this Stipulation and Recommendation (Stipulation), which resolves all of the issues raised by Parties in these cases relative to the rate schedules of Duke Energy Ohio, Inc. (Duke Energy Ohio or Company) and related matters. This Stipulation is supported by adequate data and information.

The Stipulation represents a just and reasonable resolution of the issues raised in these proceedings, violates no regulatory principle or precedent, and is the product of bargaining among knowledgeable and capable Parties in a cooperative process, encouraged by this Commission and

undertaken by the Parties representing a wide range of interests, to resolve the issues. Although this Stipulation is not binding on the Commission, it is entitled to careful consideration by the Commission. For purposes of resolving all issues raised by this proceeding, the Parties stipulate, agree and recommend as set forth below.

Except for purposes of enforcement of the terms of this Stipulation, neither this Stipulation, nor the information and data contained therein or attached, shall be cited as precedent in any future proceeding for or against any Party or the Commission itself. This Stipulation is a reasonable compromise involving a balancing of competing positions and it does not necessarily reflect the position that one or more of the Parties would have taken if these issues had been fully litigated.

This Stipulation is expressly conditioned upon its adoption by the Commission in its entirety and without material modification. Should the Commission reject or materially modify all or any part of this Stipulation, the Parties shall have the right, within thirty days of issuance of the Commission's Order, to file an application for rehearing. Should the Commission, in issuing an Entry on Rehearing, not adopt the Stipulation in its entirety and without material modification, any Party may terminate and withdraw from the Stipulation. Such termination and withdrawal shall be accomplished by filing a notice with the Commission, including service to all Parties, in the docket within thirty days of the Commission's Entry on Rehearing. Other Parties to this Stipulation agree to defend and shall not oppose the termination and withdrawal from the Stipulation by any other Party. Upon the filing of a notice of termination and withdrawal, the Stipulation shall immediately become null and void.

Prior to the filing of such a notice, the Party wishing to terminate agrees to work in good faith with the other Parties to achieve an outcome that substantially satisfies the intent of the Stipulation and, if a new agreement is reached that includes the Party wishing to terminate, then

the new agreement shall be filed for Commission review and approval. If the discussions to achieve an outcome that substantially satisfies the intent of the Stipulation are unsuccessful in reaching a new agreement that includes all signatory Parties to the present Stipulation, the Commission will convene an evidentiary hearing such that the Parties will be afforded the opportunity to present evidence through witnesses and cross-examination, present rebuttal testimony, and brief all issues that the Commission shall decide based upon the record and briefs as if this Stipulation had never been executed. Either of the Parties may submit a new agreement to the Commission for approval if the discussions achieve an outcome they believe substantially satisfies the intent of the present Stipulation.

The Signatory Parties fully support this Stipulation in its entirety and urge the Commission to accept and approve the terms herein.

This Stipulation is the product of an open process in which all Parties were represented by able counsel and technical experts. The Stipulation represents a comprehensive compromise of issues raised by Parties with diverse interests. Duke Energy Ohio, IGS, and the Commission Staff<sup>1</sup>, have signed the Stipulation and adopted it as a reasonable resolution of all issues. The Signatory Parties believe that the Stipulation that they are recommending for Commission adoption presents a fair and reasonable result.

The Signatory Parties agree that the settlement, as a package, benefits ratepayers and is in the public interest. The Signatory Parties agree that the settlement does not violate any important regulatory principle or practice.

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<sup>1</sup> The Commission Staff is a party for the purpose of entering into this Stipulation pursuant to O.A.C. 4901-1-10(C).

WHEREAS, all of the related issues and concerns raised by the Parties have been addressed in the substantive provisions of this Stipulation, and reflect, as a result of such discussions and compromises by the Parties, an overall reasonable resolution of all such issues;

WHEREAS, this Stipulation is the product of the discussions and negotiations of the Parties and is not intended to reflect the views or proposals that any individual Party may have advanced acting unilaterally;

WHEREAS, this Stipulation represents an accommodation of the diverse interests represented by the Parties and is entitled to careful consideration by the Commission;

WHEREAS, this Stipulation represents a serious compromise of complex issues and involves substantial benefits that would not otherwise have been achievable; and

WHEREAS, the Parties believe that the agreements herein represent a fair and reasonable solution to the issues raised in this matter;

NOW, THEREFORE, the Parties stipulate, agree and recommend that the Commission make the following findings and issue its Opinion and Order in these proceedings approving this Stipulation in accordance with the following:

1. Duke Energy Ohio agrees to change the calculation of the Storage Inventory Carrying Charge (SICC) to remove gas banked by EFBS suppliers beginning March 2019. The Company also agrees to refund the overcollection from September 2015 through February 2019 over 12 months through the Refund Adjustment (RA component of the GCR. The refund will include \$2,692,241 million representing the over collection from September 2015 through February 2019.
2. In its next base rate case for gas service, Duke Energy shall propose to calculate the SICC using the pre-tax rate of return (ROR) approved in that rate case.

3. The Company agrees to explore other factors such as wind speed, day of the week and lag factors in determining the design peak day.
4. The Company agrees to re-evaluate the amount of KO Transmission firm transportation capacity (FT) under contract if the Central Corridor is completed and propane plants retired.
5. The Company will establish procedures to monitor its Enhanced Firm Balancing Service (EFBS) to ensure that GCR does not incur costs to cover for EFBS suppliers.
6. The Company will file an application to change its gas tariff to prevent avoidance of capacity release due to timing of customers leaving GCR within 60 days of the Order approving the stipulation.
7. The Company will file an application within 60 days of the Order approving the stipulation to change its gas tariff to require Choice suppliers to deliver 100% of their Target Supply Quantity. The Company also agrees to start including the incremental cost of propane utilized for system integrity in the its Contract Commitment Cost Recovery Rider (CCCR) to make choice customers pay their fair share of marginal propane costs on a going forward basis. The incremental propane cost will be based on the difference between the cost of producing propane/air and the Weighted Average Cost of Gas (WACOG) for the Company's supply and storage withdrawals at the city-gate on the day it was burned.
8. The Company will file to change its Interruptible Monthly Balancing Service (IMBS) rates per the study performed by the Company for the last audit within 60 days of the Order approving the stipulation.

9. The Company agrees to start including overrun and penalty charges associated with maintaining the system in the CCCR to recover a portion of the costs from choice customers.
10. The Company will agree to recalculate carrying charges on its uncollectible expense balances (UEX) going forward using its intercompany pool money rate, converted to its monthly equivalent rate. The Company will also credit the rider for overcollection during the audit period in the amount of \$169,137.
11. The parties agree to hold a collaborative meeting to discuss the following:
  - a. The rates and charges paid by competitive retail natural gas suppliers for Firm Balancing Service ("FBS") and Enhanced Firm Balancing Service ("EFBS").
  - b. Whether it is appropriate and reasonable to continue the availability of FBS, and any changes that should be made to EFBS to the extent that the service becomes mandatory for all CRNG suppliers.
  - c. Whether the formula for pricing FBS should be modified.
12. The collaborative shall meet within 60 days of the Order approving this stipulation. Duke shall propose in its next EFBS/FBS tariff filing any changes agreed to in the collaborative process. Any party is free to take any position in response to Duke's filing. To the extent that parties do not agree to specific changes to EFBS/FBS, this agreement does not limit Duke's ability to unilaterally propose changes to either service.

The undersigned hereby stipulate and agree and each represents that he or she is authorized to enter into this Stipulation and Recommendation this 26<sup>th</sup> day of July, 2019.

**DUKE ENERGY OHIO, INC.**

By: Elizabeth H. Watts  
Elizabeth H. Watts, Associate General Counsel

**STAFF OF THE PUBLIC UTILITIES COMMISSION OF OHIO**

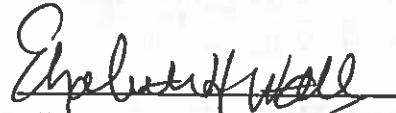
By: Robert A. Eubanks / with permission EHW  
Robert A. Eubanks, Assistant Attorney General

**IGS ENERGY, INC.**

By: Joseph E. Olikar / with permission EHW  
Joseph E. Olikar

## CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the foregoing was delivered via U.S. mail (postage prepaid), personal, or electronic mail delivery on this the 26th day of July, 2019, to the following:



Elizabeth H. Watts

Robert Eubanks  
Assistant Attorney General  
Office of the Attorney General  
30 East Broad Street  
Columbus, Ohio 43215

William Michael  
Assistant Consumers' Counsel  
55 East State Street  
7<sup>th</sup> Floor  
Columbus, Ohio 43215

Joseph Olikier  
IGS Energy, Inc.  
6100 Emerald Parkway  
Dublin, Ohio 43016