

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Review of)
Duke Energy Ohio, Inc.'s) Case No.17-1118-EL-RDR
Distribution Capital Investment Rider.)

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 this case 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 this proceeding, 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 aforementioned 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 by the Commission; provided, however, that each Signatory Party has the right, in its sole discretion, to determine whether the Commission's approval of this Stipulation constitutes a "material modification" thereof. 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, or to terminate and withdraw from the Stipulation by filing a notice with the Commission in this proceeding and serving all Signatory Parties. Should the Commission, in issuing an Entry on Rehearing, not adopt the Stipulation in its entirety and without material modification, any Signatory 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. In such event, this proceeding shall go forward at the procedural point at which this Stipulation was filed, and the parties will be afforded the opportunity to present evidence through witnesses,

cross-examine all witnesses, present rebuttal testimony, and brief all issues which shall be decided based upon the record and briefs as if this Stipulation had never been executed.

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. Any 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. The Signatory Parties 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.

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

WHEREAS, this Stipulation is the product of the discussions and negotiations of the Signatory 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 Signatory 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 Signatory Parties believe that the agreements herein represent a fair and reasonable solution to the issues raised in this matter;

NOW, THEREFORE, the Signatory Parties stipulate, agree and recommend that the Commission make the following findings and issue its Opinion and Order in this proceeding approving this Stipulation in accordance with the following:¹

1. Duke Energy Ohio's Distribution Capital Investment Rider, Rider DCI, was adopted and approved by the Public Utilities Commission of Ohio in Case No. 14-841-EL-SSO on April 2, 2015.

¹ Nothing in this joint stipulation will limit the rights of any party to the proceeding to oppose Duke's DCI program(s) or future Rider DCI charges.

2. Pursuant to that case, the Commission accepted Public Utilities Commission of Ohio Staff's (Staff) recommendations as to filing requirements and directed the Company to submit filings on the first of the month.
3. On July 12, 2017, the Commission approved the selection of Rehmann Consulting to assist the Commission with the review of Duke Energy Ohio, Inc.'s Distribution Capital Investment Rider
4. The Compliance Audit of the July 1, 2016 to June 30, 2017 Duke Energy Ohio Distribution Capital Investment Rider, prepared by Rehmann Consulting, was filed with the Commission on November 28, 2017, and shall be admitted into the record in this proceeding and identified as Commission-ordered Exhibit 1.
5. The specific findings presented in the Detailed Findings and Recommendations by Task" of the Rehmann audit report are reasonable and should be adopted by the Commission.
6. The Company will reduce its revenue requirement by \$4,283,979 on its next Rider DCI filing.
7. In the next DCI Annual Audit proceeding the Staff will include requirements in a request for proposal for the independent auditor to review and render detailed findings in the Audit Report on the effectiveness of Duke Energy Ohio's work order estimating process.
8. To the extent Rider DCI continues beyond May 31, 2018, Duke Energy Ohio will file an annual report with the Commission, beginning in December of 2018, that

includes the following information, where applicable, for each of the 19 DCI programs approved as part of Case No. 14-841-EL-SSO, *et al.*,²:

- A general description of the program;
 - A description of how the program is designed to improve reliability for customers (i.e., measures for reliability improvements);
 - A description of how the program affects Duke’s annual filing under Ohio Admin. Code 4901:1-10-11 (i.e., how many circuits were involved in the program);
 - The expected reliability improvement under the program;
 - The equipment that is affected by the program;
 - The unit of measure for the program (e.g. the unit of measure for a “pole replacement program” would be the number of poles replaced);
 - The costs expended under the program.
 - The costs estimated for the program.
9. This Stipulation shall be identified as Joint Exhibit 1, and shall be admitted into evidence in this proceeding.
10. OCC Comments shall be identified as OCC Exhibit 1, and shall be admitted into evidence in this proceeding.

The undersigned hereby stipulate and agree and each represents that he or she is authorized to enter into this Stipulation and Recommendation this 21st day of June, 2018.

² Programs referenced here are those that were approved in Case No.14-841-EL-SSO, as set forth in the Direct Testimony of Marc. W. Arnold (May 29, 2014) at pp. 18-19; Attachment MWA-7 p.1 (a public version of the attachment was filed on April 12, 2014).

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
Robert A. Eubanks, Assistant Attorney General

The undersigned Non-Opposing Party agrees not to challenge this Stipulation and Recommendation this 28th day of June, 2018.

THE OFFICE OF THE OHIO CONSUMERS' COUNSEL

By: Zachary E. Wolitz with permission
Zachary E. Wolitz, Assistant Consumers' Counsel

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 21st day of June, 2018, to the following:


Elizabeth H. Watts

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