

**BEFORE**

**THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Duke            )  
Energy Ohio, Inc., to Adjust and Set its        )        Case No. 14-955- EL-UEx  
Electric Uncollectible Recovery Rate        )  
Under Rider UE-ED.                                )

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**APPLICATION OF DUKE ENERGY OHIO  
TO SET THE RATE FOR  
ELECTRIC UNCOLLECTIBLE RIDER UE-ED**

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Pursuant to R.C. 4909.18, Duke Energy Ohio, Inc., (Duke Energy Ohio or the Company) requests approval to adjust the rate for its electric uncollectible rider, Rider UE-ED, and continued authority to defer uncollectible expense for subsequent recovery.

Duke Energy Ohio is an Ohio corporation engaged in the business of supplying electric transmission, distribution, and generation service to customers in southwestern Ohio, all of whom will be affected by this Application, and is a public utility as defined by R.C. 4905.02 and 4905.03. Duke Energy Ohio serves incorporated communities and unincorporated territory within its entire service area, which includes all or parts of Adams, Brown, Butler, Clinton, Clermont, Hamilton, Montgomery, and Warren Counties in Ohio.

In support of its Application, Duke Energy Ohio states as follows:

1. This Application is made pursuant to the Opinion and Order of the Public Utilities Commission of Ohio (Commission), issued July 8, 2009, in Case Nos. 08-709-EL-AIR, *et al.* (Opinion and Order).<sup>1</sup> In its Opinion and Order, the Commission approved a stipulation in which the signatory parties agreed, among other things, that Duke Energy Ohio would implement an electric uncollectible expense rider (Rider UE-ED) to recover incremental net

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<sup>1</sup> *In the Matter of the Application of Duke Energy Ohio, Inc., for an Increase in Electric Rates*, Case No. 08-709-EL-AIR, Opinion and Order, at pp. 10-11, 19 (July 8, 2009).

uncollectible expense above the baseline established in the test period in the Company's most recent electric distribution rate case.<sup>2</sup> Rider UE-ED is subject to an annual review and adjustment initiated through a filing made by Duke Energy Ohio.<sup>3</sup>

2. Pursuant to the Commission's Opinion and Order, in addition to the recovery of net uncollectible expense related to the provision of electric distribution service, Rider UE-ED is intended to recover all percentage of income payment plan (PIPP) installment payments that are not recovered through the universal service fund rider (USR).<sup>4</sup> The Company is permitted to recover any PIPP installment amounts that are not recovered through the USR or from the customer, where the Company demonstrates reasonable attempts to collect said payments from customers.<sup>5</sup> Finally, if the Commission determines to use an independent third-party auditor to review the Company's Rider UE-ED filing, the costs of the auditor will also be recovered through Rider UE-ED.<sup>6</sup>

3. Pursuant to the terms of the stipulation approved in the Opinion and Order, the amounts included in Rider UE-ED, exclusive of PIPP, are collected only from the class of customers that created the bad debt expense. Bad debt expense associated with PIPP is allocated in the manner of the USR.<sup>7</sup>

4. Rider UE-ED currently has a monthly charge of (\$0.000147) per kWh for residential customers and (\$0.37) per bill for non-residential customers, which rates were approved in Case No. 13-1524-EL-UEx.<sup>8</sup>

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<sup>2</sup> *Id.*

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

<sup>8</sup> *In the Matter of the Application of Duke Energy Ohio, Inc. to Adjust and Set its Electric Uncollectible Recovery Rate for Rider UE-ED*, Case Nos. 13-1524-EL-UEx, Finding and Order (September 18, 2013).

5. Pursuant to the terms of the stipulation referenced above and the Opinion and Order, Duke Energy Ohio now applies to the Commission to modify the rate under Rider UE-ED. The total incremental unrecovered balance as of March 31, 2015, is projected to be approximately \$986,870 for residential and (\$157,774) for non-residential rate classes (exclusive of any fees for any third-party audit that the Commission may determine is required). The Company proposes Rider UE-ED monthly charges of \$0.000136 per kWh for residential customers and (\$0.18) per bill for non-residential customers. The schedules supporting the adjustments are attached in the Direct Testimony of James Ziolkowski. Attachment JEZ-1 provides the calculation of proposed rates for Rider UE-ED. Attachments JEZ-2 and JEZ-3 are copies of the tariff for Rider UE-ED, showing tracked changes and final language, respectively.

6. As directed by the Commission's Opinion and Order, the uncollectible expenses eligible for recovery through Rider UE-ED are those expenses generated by the class of customers paying the uncollectible expense rider.

7. In addition, Duke Energy Ohio notes that the Commission has previously authorized the Company to create a regulatory asset to defer variances in uncollectible expense in future periods for recovery or refund in further proceedings to adjust Rider UE-ED. As such authority was not limited in duration, Duke Energy Ohio respectfully requests that the Commission clarify that the Company's authority to create regulatory assets continues.

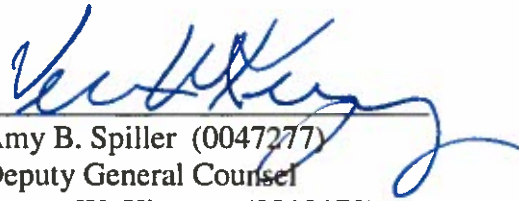
8. Finally, Duke Energy Ohio notes that the Commission, in its Finding and Order approving the current Rider UE-ED rates, instructed the Company to assess the potential impact of the changes resulting from its most recent rate case to ensure that significant variances in under- or over-collection do not occur and to submit such information in its next application to

adjust the rider.<sup>9</sup> Company witness Ziolkowski addresses this issue in his testimony, filed herewith.

WHEREFORE, Duke Energy Ohio respectfully requests that the Commission approve this Application, subject to the terms outlined herein and in the testimony filed contemporaneously herewith.

Respectfully submitted,

Duke Energy Ohio, Inc.



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<sup>9</sup> *Id.* at pg. 3.