

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke)
Energy Ohio, Inc., for Approval of a) Case No. 11-5905-EL-RDR
Distribution Decoupling Rider.)

FINDING AND ORDER

The Commission finds:

- (1) On November 22, 2011, the Commission issued its opinion and order in *In the Matter of Application of Duke Energy Ohio, Inc. for Authority to Establish a Standard Service Offer Pursuant to Section 4928.143, Revised Code, in the Form of an Electric Security Plan, Accounting Modifications, and Tariffs for Generation Service*, Case Nos. 11-3549-EL-SSO, et al., approving the stipulation filed by various parties. Among other terms, the stipulation provided that Duke Energy Ohio, Inc. (Duke) would file, in a separate proceeding, an application for approval of a distribution revenue decoupling mechanism to adjust rates between rate cases, with all parties retaining their rights to due process in such proceeding.
- (2) By finding and order issued May 30, 2012, the Commission approved Duke's application in the instant case to implement a three-year distribution revenue decoupling pilot through rider distribution decoupling (Rider DDR) that runs from January 1, 2012, through December 31, 2014. The decoupling mechanism contained in Rider DDR adjusts rates between rate cases to remove Duke's incentive to sell energy. Rider DDR rates are determined by comparing authorized distribution revenues to revenues actually collected, on a monthly basis, for each rate class, with Duke accruing the positive or negative difference in a balancing account specific to each rate class. As approved by the Commission, Rider DDR was initially set at \$0.00 and is to be updated on a yearly basis, with Duke allocating the amount for the prior year in each balancing account to the corresponding customer rate class. Rider DDR is subject to a three percent cap on the annual adjustment, with balances carrying forward at the long-term cost of debt. In accordance with the process approved by the Commission, Duke is to submit an application in this docket to adjust Rider DDR by March 1 of each year and comments on the application are due

by May 1, with the goal being to have the rates become effective July 1 of each year. At the conclusion of the pilot, Duke is to file a report discussing the results of the pilot and justifications for extending or terminating the program.

- (3) On May 30, 2012, the Ohio Environmental Council, Ohio Partners for Affordable Energy, the Ohio Consumers' Counsel (OCC), and the Natural Resource Defense Council were granted leave to intervene in the instant case.
- (4) On February 26, 2013, Duke filed an application to adjust and set Rider DDR based upon the distribution revenues collected in 2012 and Duke's forecasted 2013 sales. As calculated by Duke, Rider DDR should be set for the following customer classes as follows:
 - (a) Residential Class: The total amount of the undercollected distribution revenues was \$5,358,114, which is below the three percent cap of \$8,019,858; therefore, the rate should be \$0.000720 per kilowatt (kWh).
 - (b) Rate EH, Optional Rate for Electric Space Heating: The total amount of the undercollected distribution revenues was \$719,318, which is over the three percent cap of \$48,115; therefore, the rate should be \$0.000662 per kWh.
 - (c) Rate DM, secondary distribution service-small: The total amount of the overcollected distribution revenues was \$1,213,534; therefore, Duke should provide those customers a credit of \$0.002222 per kWh.
- (5) On May 1, 2013, OCC filed comments in response to Duke's February 26, 2013, application in this case. In its comments, OCC acknowledges that Duke calculated Rider DDR as approved by the Commission in its May 30, 2012, order in this case. OCC notes that Duke used sales forecasts covering the period from July 2013, through June 2014; however, OCC, states that Rider DDR should reflect actual revenues. Therefore, OCC recommends that Rider DDR be trued-up annually to reconcile any difference between the actual and forecasted kWh sales.

- (6) Upon review of Duke's February 26, 2013, application, the Commission finds that, consistent with our May 30, 2012, order in this case, the proposed rates for Rider DDR do not appear to be unjust or unreasonable, and should be approved. As we directed in our May 30, 2012, order, Duke should continue to update Rider DDR on an annual basis.

It is, therefore,

ORDERED, That the application filed by Duke on February 26, 2013, be approved.
It is, further,

ORDERED, That Duke be authorized to file in final form four complete copies of the tariff pages consistent with this finding and order and to cancel and withdraw its superseded tariff pages. Duke shall file one copy in its TRF docket (or may make such filing electronically as directed in Case No. 06-900-AU-WVR) and one copy in this docket.
It is, further,

ORDERED, That the effective date of the new tariffs shall be a date not earlier than the date of this finding and order and the date upon which four complete printed copies of final tariffs are filed with the Commission. It is, further,

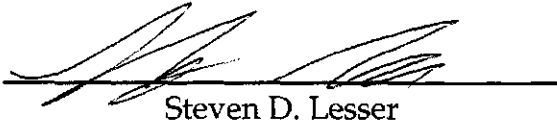
ORDERED, That Duke shall notify all affected customers via a bill message or via a bill insert within 30 days of the effective date of the tariffs. A copy of the customer notice shall be submitted to the Commission's Service Monitoring and Enforcement Department, Reliability and Service Analysis Division, at least 10 days prior to its distribution to customers. It is, further,

ORDERED, That nothing in this finding and order shall be binding upon this Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

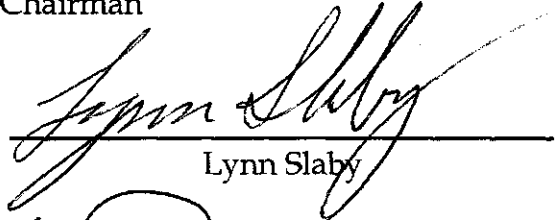
ORDERED, That a copy of this finding and order be served upon all interested persons of record in this case.

THE PUBLIC UTILITIES COMMISSION OF OHIO

Todd A. Snitchler, Chairman



Steven D. Lesser



Lynn Slaby

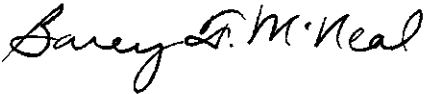


M. Beth Trombold

CMTP/vrm

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JUN 11 2013



Barcy F. McNeal
Secretary