

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. 13-1524-EL-UEx  
Electric Uncollectible Recovery Rate for )  
Rider UE-ED. )

FINDING AND ORDER

The Commission finds:

- (1) Duke Energy Ohio, Inc. (Duke) is a public utility as defined in Section 4905.02, Revised Code, and, as such, is subject to the jurisdiction of this Commission.
- (2) By opinion and order issued July 8, 2009, in *In the Matter of the Application of Duke Energy, Inc. for an Increase in Electric Rates*, Case Nos. 08-709-EL-AIR, et al. (2008 Rate Case), the Commission, *inter alia*, approved a stipulation between the parties which established an electric distribution uncollectible expense rider (Rider UE-ED). Rider UE-ED is designed to recover uncollectible expenses incurred by Duke that are in excess of those recovered in base rates, as well as all percentage of income payment plan installment payments not recovered through the universal service fund rider or from the customer net of any unused low-income credit funds. Rider UE-ED was initially set at \$0.00.
- (3) Pursuant to the stipulation in the 2008 Rate Case, Duke's initial application to set rider UE-ED was filed in the second quarter of 2010, in *In the Matter of the Application of Duke Energy Ohio, Inc. to Adjust and Set its Electric Distribution Uncollectible Expense Rider, Rider UE-ED*, Case No. 10-912-EL-UEx (10-912). By finding and order issued November 10, 2010, the Commission approved Duke's application in 10-912, as well as its application filed in *In the Matter of the Application of Duke Energy, Inc. for a Change in Accounting Authority*, Case No. 10-913-EL-AAM (10-913), which requested that Duke be authorized to create a regulatory asset to defer variances in uncollectible expense in future periods for recovery or refund in future proceedings to adjust Rider UE-ED. Duke's current Rider UE-ED rates for residential customers of \$0.000375 per kilowatt hour (kWh), and for nonresidential customers of

(\$0.02) per bill, per month was approved by finding and order issued September 12, 2012, in *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 No. 12-1948-EL-UEx.

- (4) On June 26, 2013, Duke filed an application in this case requesting authority to decrease its Rider UE-ED rates for residential customers to (\$0.000147) per kWh and for nonresidential customers to (\$0.37) per bill, per month. Duke also filed testimony in support of its application. In the application, Duke states that the uncollectible expenses eligible for recovery through Rider UE-ED will be those expenses generated by the class of customers paying the uncollectible expense rider. In addition, Duke requests the Commission clarify that Duke has continued authority to create a regulatory asset, as granted in 10-913.
- (5) On September 5, 2013, Staff filed its comments, stating that the rates proposed for both residential and nonresidential customers are appropriate and recommending the rates be adopted. Staff suggests that Duke should continue to review its forecast methodology to ensure that the projected data used in its calculation of the rider more closely reflects its actual experience. Staff further recommends the Commission continue to authorize Duke to create a regulatory asset to defer variances in uncollectible expense in future periods to adjust Rider UE-ED.

In addition, Staff states that, while it recommends approval of the proposed Rider UE-ED rates, it takes issue with the change in structure of the uncollectible expense associated with the rider in the instant case. Staff explains that Duke did not make clear in its testimony in *In the Matter of the Application of Duke Energy, Inc. for an Increase in its Electric Distribution Rates*, Case Nos. 12-1682-El-AIR, et al. (*2012 Rate Case*), that Duke was proposing to remove nearly \$3 million from the base rate uncollectible expense, with the intent that this money would, instead, be collected through Rider UE-ED. The Commission issued its opinion and order in the *2012 Rate Case* on May 1, 2013. In the instant case, Duke implemented the change from the *2012 Rate Case*; consequently, proposing collection of the \$3 million through Rider UE-ED. Staff asserts that a change of this nature is significant and that Duke should have been upfront

with its proposal in the 2012 *Rate Case* and explained why the change was necessary. While Staff notes that the change in structure of the uncollectible expense did not affect, in any way, the money Duke receives or the timing of the collection, Staff believes Duke should assess the potential impact of the change to ensure that significant variances in under- or over-collection do not occur.

- (6) Having reviewed the application and Staff's comments, the Commission finds that Duke's application is reasonable and in the public interest, and should be approved. Accordingly, Duke should be authorized to decrease the rates for Rider UE-ED to (\$0.000147) per kWh for residential customers and (\$0.37) per bill, per month for nonresidential customers. Duke is also authorized to continue to create a regulatory asset to defer variances in uncollectible expense in future periods for recovery or refund in future proceedings to adjust Rider UE-ED. As a final matter, pursuant to Staff's suggestion, Duke should continue to review its forecast methodology to ensure that the projected data used in its calculation of the rider more closely reflects its actual experience. Moreover, the Commission directs Duke to assess the potential impact of the change resulting from the 2012 *Rate Case* to ensure that significant variances in under- or over-collection do not occur and submit the necessary information required by Staff on this issue in its next application to adjust Rider UE-ED.

It is, therefore,

ORDERED, That, in accordance with finding (6), Duke's application be approved and Duke be authorized to decrease the rates for Rider UE-ED to (\$0.000147) per kWh for residential customers and (\$0.37) per bill, per month for nonresidential customers. It is, further,

ORDERED, That Duke is authorized to continue to create a regulatory asset to defer variances in uncollectible expense in future periods for recovery or refund in future proceedings to adjust Rider UE-ED. It is, further,

ORDERED, That Duke comply with the directives set forth in finding (6). It is, further,

ORDERED, That Duke is authorized to file complete copies of tariffs in final form consistent with this finding and order. Duke shall file a copy in this case docket and a

copy in its TRF docket (or may make such filing electronically as directed in Case No. 06-900-AU-WVR). It is, further,

ORDERED, That the effective date of the new tariffs shall be a date not earlier than the date the new tariffs are filed. It is, further,

ORDERED, That Duke shall notify all affected customers via a bill message, a bill insert, or a separate mailing 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,

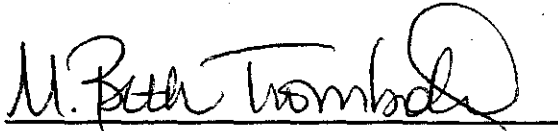
ORDERED, That nothing in this finding and order shall be binding upon this Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

ORDERED, That a copy of this finding and order be served upon all parties of record.

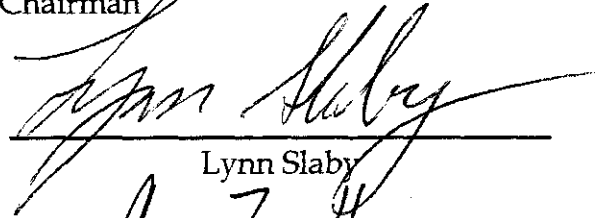
THE PUBLIC UTILITIES COMMISSION OF OHIO

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Todd A. Snitchler, Chairman

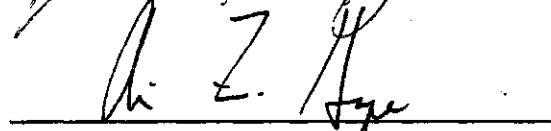
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Steven D. Lesser



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M. Beth Trombold



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Lynn Slaby



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Entered in the Journal

**SEP 18 2013**



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Barcy F. McNeal  
Secretary