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September 2, 2015

Docketing Division
Public Utilities Commission of Ohio
180 East Broad Street
Columbus OH 43215

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PUCO

RE: *In the Matter of the Application of Duke Energy Ohio to Update its Basic Transmission Rate Rider, Case No. 15-1264-EL-RDR*

Dear Docketing Division:

Enclosed please find the Staff's Review and Recommendations in regard to the interim update application filed by Duke Energy Ohio, in Case No. 15-1264-EL-RDR.

Tamara S. Turkentor
Chief, Regulatory Services Division
Public Utilities Commission of Ohio

David Lipthrott
Chief, Research and Policy Division
Public Utilities Commission of Ohio

Enclosure

Cc: Parties of Record

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Technician DMT Date Processed SEP 02 2015

Duke Energy Ohio
Case No. 15-1264-EL-RDR (BTR)

Overview

On July 14, 2015, Duke Energy Ohio (Duke) filed an application to adjust its Base Transmission Rate Rider (BTR) proposing updated rates effective on a bills rendered basis beginning on September 30, 2015. The BTR is a non-bypassable rider designed to recover all FERC approved costs including fees associated with the realignment of regional transmission organization (RTO) memberships. The BTR contains two components: a BTR charge and a regional transmission expansion plan (RTEP) credit to reflect a Stipulation approved by the Commission in Case No. 11-2641-EL-RDR. Duke credits customers the first \$121 million RTEP costs billed by PJM.

In its application, Duke proposed to adjust Rider BTR to reflect projected costs for October 2015 through September 2016 and reflect any over or under recovery of costs that occurred from June 1, 2014 through May 31, 2015. Duke's total revenue requirement is \$80,669,046.

Staff Review

Staff's review of the application was designed to ensure that Duke's policies and practices comport with sound ratemaking principles and Commission policies, confirm that its books and records are reliable sources of cost data, and ultimately determine if the application is just and reasonable. It appears that the Company included Billing Line Item 1980 (Miscellaneous Bilateral) charges totaling \$203,516.93 in the BTR. In Case No. 13-1633-EL-RDR, the Company filed a revised application removing \$194,342 of Miscellaneous Bilateral charges associated with energy charges for shopping load supplied by certified suppliers. Consistent with that case, Staff recommends an adjustment of \$203,516.93 plus associated carrying charges.

Conclusion

Staff recommends that Duke's application filed on July 14, 2015 be approved, subject to Staff's recommendations in this Letter, for rates effective on a bills rendered basis beginning on September 30, 2015.