

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF
DUKE ENERGY OHIO, INC. FOR
APPROVAL TO MODIFY RIDER FBS AND
RIDER EFBS.

CASE NO. 17-46-GA-RDR

FINDING AND ORDER

Entered in the Journal on May 17, 2017

I. SUMMARY

{¶ 1} The Commission approves the application of Duke Energy Ohio, Inc. to adjust the rates of its firm balancing service rider and enhanced firm balancing service rider.

II. DISCUSSION

{¶ 2} Duke Energy Ohio, Inc. (Duke or the Company) is a natural gas company as defined in R.C. 4905.03 and a public utility as defined in R.C. 4905.02, and, as such, is subject to the jurisdiction of this Commission.

{¶ 3} R.C. 4909.18 provides, in part, that a public utility may file an application to establish any rate, charge, regulation, or practice. If the Commission determines that the application is not for an increase in any rate and does not appear to be unjust or unreasonable, the Commission may approve the application without the need for a hearing.

{¶ 4} On March 21, 2007, in Case No. 05-732-EL-MER, et al., the Commission approved a stipulation, which, inter alia, set the rate of Duke's firm balancing service rider (Rider FBS). *In re Cinergy Corp.*, Case No. 05-732-EL-MER, et al. (*Merger Case*), Entry (Mar. 21, 2007). Rider FBS is a mechanism that enables Duke to recover the estimated portion of storage costs associated with daily balancing from choice suppliers and aggregators, and the charges collected by the Company are then applied as a credit to the gas cost recovery (GCR) mechanism. As a result of the stipulation in the *Merger Case*, Duke participated in a collaborative that resulted in the proposal of Duke's enhanced firm balancing service rider (Rider EFBS). In Case No. 15-50-GA-RDR, the Commission

approved, with modifications, Duke's application to amend the terms under which choice suppliers and aggregators receive either firm balancing service or enhanced firm balancing service. *In re Duke Energy Ohio, Inc.*, Case No. 15-50-GA-RDR, Opinion and Order (Jan. 6, 2016), Second Entry on Rehearing (Oct. 12, 2016).

{¶ 5} On March 31, 2016, the Commission approved the current rates of Rider FBS and Rider EFBS. *In re Duke Energy Ohio, Inc.*, Case No. 16-06-GA-RDR, Finding and Order (Mar. 31, 2016).

{¶ 6} On January 6, 2017, in the above-captioned proceeding, Duke filed, pursuant to R.C. 4909.18, an application to adjust Rider FBS and Rider EFBS. For both riders, Duke seeks approval to update the inputs used to calculate the rider rates. With respect to Rider FBS, Duke notes that, as of February 1, 2017, the demand charge that the Company pays to Columbia Gas Transmission (TCO) for transportation into and out of storage will increase from \$5.495 per dekatherm (dth) to \$5.787 per dth, while there will also be a decrease in the amount of total throughput used in the calculation. Duke, therefore, proposes to increase the Rider FBS rate from \$0.185 per thousand cubic feet (Mcf) to \$0.214 per Mcf. Addressing Rider EFBS, Duke points out that the increase in the demand charge paid to TCO for storage services would cause the most significant impact to the rider. Duke proposes to increase the demand rate for Rider EFBS from \$6.98 per dth to \$7.16 per dth. Duke notes that, as a result of its proposed update to the calculation of Rider EFBS, the volumetric rate would increase from \$0.015 per Mcf to \$0.018 per Mcf. The proposed rate adjustments are summarized as follows:

	Current Rate	Proposed Rate	Proposed Increase
Rider FBS	\$0.185 per Mcf	\$0.214 per Mcf	\$0.029 per Mcf
Rider EFBS (Demand)	\$6.98 per dth	\$7.16 per dth	\$0.18 per dth
Rider EFBS (Commodity)	\$0.015 per Mcf	\$0.018 per Mcf	\$0.003 per Mcf

{¶ 7} On April 18, 2017, Staff filed its review and recommendations regarding Duke's application. Staff states that it reviewed the application and concludes that it is reasonable and in the public interest. Accordingly, Staff recommends that the Commission approve the application filed by Duke.

{¶ 8} The Commission has reviewed Duke's application and Staff's review and recommendations. We find that Duke's proposed rate adjustments to Rider FBS and Rider EFBS are unopposed, reasonable, and in the public interest. As the Commission has previously stated, the adjustments are based on an increase to the underlying storage costs charged to Duke by TCO, which affords the Company the ability to offer its balancing services, and, therefore, it is appropriate to pass those costs on to the suppliers and aggregators that receive the benefit of those services. We have also recognized that the revenues from Rider FBS and Rider EFBS flow through to the GCR customers that initially fund the storage services provided to Duke by TCO. *In re Duke Energy Ohio, Inc.*, Case No. 16-06-GA-RDR, Finding and Order (Mar. 31, 2016) at 2; *In re Duke Energy Ohio, Inc.*, Case No. 15-50-GA-RDR, Finding and Order (Mar. 25, 2015) at 4; *In re Duke Energy Ohio, Inc.*, Case No. 12-1474-GA-RDR, Finding and Order (May 30, 2012) at 3; *In re Duke Energy Ohio, Inc.*, Case No. 10-241-GA-RDR, Finding and Order (July 14, 2010) at 3. We again find that Duke's request to adjust its rates for Rider FBS and Rider EFBS is based on a pass through of costs. Accordingly, the Commission finds that the application does not constitute an increase in rates, is not unjust or unreasonable, and should be approved. Consistent with R.C. 4909.18, the Commission finds that no hearing is required in this case.

III. ORDER

{¶ 9} It is, therefore,

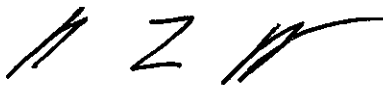
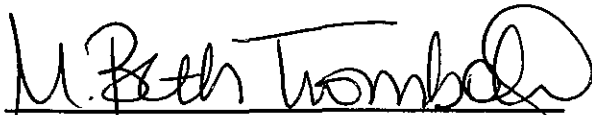
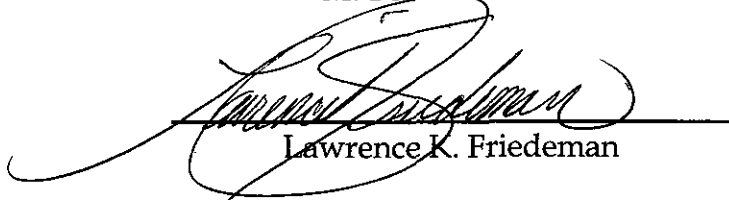
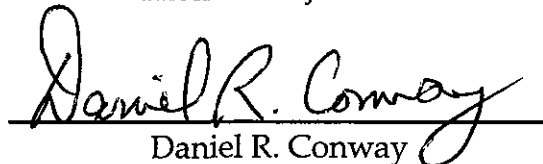
{¶ 10} ORDERED, That Duke's application to adjust its Rider FBS and Rider EFBS rates be approved. It is, further,

{¶ 11} ORDERED, That Duke be authorized to file tariffs, in final form, consistent with this Finding and Order. Duke shall file one copy in this case docket and one copy in its TRF docket. It is, further,


{¶ 12} ORDERED, That the effective date of the new tariffs shall be a date not earlier than the date upon which the final tariff pages are filed with the Commission. It is, further,

{¶ 13} ORDERED, That a copy of this Finding and Order be served upon all interested persons and parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO


Asim Z. Haque, Chairman
M. Beth Trombold
Thomas W. Johnson
Lawrence K. Friedeman
Daniel R. Conway

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Barcy F. McNeal
Secretary