



**Public Utilities  
Commission**

Asim Z. Haque, Chairman

Commissioners

M. Beth Trombold  
Thomas W. Johnson  
Lawrence K. Friedeman  
Daniel R. Conway

FILE

September 26, 2017

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

2017 SEP 26 PM 2:14

RE: *In the Matter of the Application of Duke Energy Ohio, Inc., to Adjust Rider DR-IM for 2016 Grid Modernization Costs, Case No. 17-1403-EL-RDR.*

Dear Docketing Division:

Enclosed please find the Staff's Review and Recommendation regarding the application filed by Duke Energy Ohio, Inc. to adjust rider DR-IM for 2016 Grid Modernization Costs.

Tamara S. Turkenton  
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 mmm Date Processed 09/26/17

**Duke Energy Ohio, Inc.**  
**Case No. 17-1403-EL-RDR (Rider DR-IM)**

**SUMMARY**

On June 29, 2017, Duke Energy Ohio, Inc. (Duke or the Company) filed an application in Case No. 17-1403-EL-RDR for approval to update its Infrastructure Modernization Rider (Rider DR-IM). This application is to recover 2016 Operation and Maintenance (O&M) and capital-related expenses incurred for the Company's investment in grid modernization and related systems associated with electric service and is designed to recover approved costs incurred over the twelve-month period ending December 31, 2016 through a per-meter customer charge. The requested revenue requirement is approximately \$40.3 million.

**STAFF REVIEW AND RECOMMENDATION**

In its review, Staff examined the as-filed schedules for consistency with the Commission's Opinion and Orders in previous grid modernization cases and to ensure proper accounting treatment was applied. The audit consisted of a review of the financial statements regarding completeness, occurrence, presentation, valuation, allocation, and accuracy. Staff conducted this audit through a combination of document review, interviews, and interrogatories. Staff requested documentation as needed to determine that the costs were substantiated and jurisdictional or to conclude that an adjustment was warranted.

Staff has completed its review of the filing and finds that the Company has appropriately included in its Rider DR-IM only those costs that are incurred as a result of serving its retail customers in Ohio and recommends that the application be approved and rates become effective on a bills-rendered basis beginning April, 2018.

The chart below shows the proposed monthly rate compared to the rate currently in effect:

Residential Current Rate	Residential Proposed Rate	Change
\$4.84	\$4.53	(\$0.31)
Non- Residential Current Rate	Non- Residential Proposed Rate	Change
\$7.20	\$6.78	(\$0.42)