

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Duke)	
Energy Ohio, Inc. for an Increase in)	Case No. 17-0032-EL-AIR
Electric Distribution Rates.)	
)	
In the Matter of the Application of Duke)	Case No. 17-0033-EL-ATA
Energy Ohio, Inc. for Tariff Approval.)	
)	
In the Matter of the Application of Duke)	
Energy Ohio, Inc. for Approval to Change)	Case No. 17-0034-EL-AAM
Accounting Methods.)	

**MOTION TO STRIKE OBJECTIONS TO
THE PUCO STAFF'S REPORT OF INVESTIGATION
BY
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL**

The Public Utilities Commission of Ohio ("PUCO") should strike objection E.1 (the "CIS Objection") from the objections filed by Interstate Gas Supply, Inc.¹ ("IGS") because it relates to issues outside the scope of this base rate proceeding. IGS's objection relates to Duke's proposal to upgrade its customer information system, or CIS. It should be struck because, as IGS acknowledges, it pertains to potential future spending that would necessarily occur outside the test year.²

¹ Objections to the Staff Report of Investigation and Summary of Major Issues of Interstate Gas Supply, Inc. (Oct. 26, 2017) (the "IGS Objections").

² IGS Objections at 13.

Respectfully submitted,

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**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Duke Energy Ohio, Inc. for an Increase in Electric Distribution Rates.)	Case No. 17-0032-EL-AIR
)	
In the Matter of the Application of Duke Energy Ohio, Inc. for Tariff Approval.)	Case No. 17-0033-EL-ATA
)	
In the Matter of the Application of Duke Energy Ohio, Inc. for Approval to Change Accounting Methods.)	Case No. 17-0034-EL-AAM
)	

**MEMORANDUM IN SUPPORT OF MOTION TO STRIKE
OBJECTIONS TO THE PUCO STAFF'S REPORT OF INVESTIGATION
BY
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL**

I. BACKGROUND

In this case, Duke witness Retha Hunsicker described Duke's current customer information system ("CIS") and Duke's proposal to upgrade the system at a cost to Duke consumers of around \$45-50 million between now and 2022.³ According to Ms. Hunsicker, Duke expects to spend \$22,164,000 in operating and maintenance ("O&M") expenses for the CIS upgrade over a six-year period.⁴ Thus, Duke divided this number by six, yielding a projected annual spend of \$3,694,000, and added this amount to its revenue requirement for purposes of developing base rates.⁵

³ Direct Testimony of Retha Hunsicker on Behalf of Duke Energy Ohio, Inc. at 2-9 (Mar. 16, 2017) (the "Hunsicker Testimony").

⁴ *Id.* at 9:5-8.

⁵ *Id.* at 9:3-8.

The PUCO Staff found that Duke had not performed any upgrades to the CIS system during the test year and thus recommended that Duke's proposal to increase the revenue requirement by \$3,694,000 should be rejected.⁶

IGS appears to agree with the PUCO Staff's conclusion that this amount should be excluded from base rates.⁷ But IGS nonetheless objects to the Staff Report on the grounds that, with respect to Duke's CIS, the Staff Report "fails to discuss a plethora of questions that have been put at issue in this proceeding by the Application itself, several other cases, Commission entries, and prior stipulations that limit Duke's cost recovery opportunity."⁸

The PUCO should strike IGS's CIS Objection because it asks the PUCO to address in this base rate case issues that are properly resolved elsewhere.

II. ARGUMENT

A. Upgrades to Duke's CIS will occur in the future—outside the test year—and thus are not part of this base rate case.

Duke's proposed upgrades to its CIS are entirely forward-looking. Duke witness Hunsicker acknowledged that the O&M expenses included in the test year are based on an estimate of future spending.⁹ Likewise, the PUCO Staff found that Duke has not spent any money on CIS upgrades during the test year.¹⁰ Accordingly, the PUCO Staff rightly

⁶ Staff Report at 16-17 (Sept. 26, 2017 and supplemented October 12, 2017), *available at* <http://dis.puc.state.oh.us/DocumentRecord.aspx?DocID=f7c741ff-2edb-456f-8511-dbf3eb9ecd37> and <http://dis.puc.state.oh.us/DocumentRecord.aspx?DocID=1f899c28-f3fd-4fcd-9eaa-ade1a83eaf3b> (together, the "Staff Report").

⁷ IGS Objections at 13 (noting that the PUCO Staff's recommended disallowance "may be legally correct" and not otherwise challenging that conclusion).

⁸ *Id.*

⁹ Hunsicker Testimony at 9:1-8.

¹⁰ Staff Report at 16-17.

recommended that Duke's proposed revenue requirement be reduced by \$3,694,000 (the amount that Duke included in its revenue requirement based on estimated future spending).¹¹ Any issues related to CIS upgrades, therefore, should not be addressed in this docket. IGS's objection on this subject should be stricken.

B. By holding the customer energy usage data ("CEUD") case in abeyance, the PUCO did not intend for all CEUD issues to be fully resolved in this base rate case.

In its objection—and without disputing the PUCO Staff's proposed disallowance of CIS costs—IGS argued that the PUCO Staff should have addressed a whole host of issues related to Duke's CIS. The PUCO should strike IGS's CIS Objection and conclude that issues related to the CIS are not properly raised in this base rate case. Rather, issues related to Duke's CIS would more properly be addressed in other pending cases before the PUCO, including Case No. 14-2209-EL-UNC (the "CEUD" case).

In its objections, IGS notes that the CEUD case has been stayed pending resolution of this base rate case.¹² This is true, but IGS misses the point. In their motion to suspend the procedural schedule in the CEUD case—to which IGS filed no memorandum contra—OCC and Ohio Partners for Affordable Energy ("OPAE") noted that Duke was referring to testimony filed in this rate case in response to questions about CEUD.¹³ At the time, OCC and OPAE reasonably expected that issues related to CEUD—including potential upgrades to Duke's CIS as well as further investments in advanced metering infrastructure—*might* be resolved through the rate case. Thus, it made sense to complete the rate case first, see whether those issues were resolved, and then

¹¹ *Id.*

¹² IGS Objections at 13.

¹³ CEUD Case, Motion to Hold Case in Abeyance & Request for Expedited Review by the Office of the Ohio Consumers' Counsel and Ohio Partners for Affordable Energy (May 4, 2017).

return to the CEUD docket to resolve remaining issues regarding CEUD. At no point did OCC or the Attorney Examiner in the CEUD case suggest that the entirety of the CEUD case would be litigated through the base rate case, as IGS appears to now propose.

A base rate case is not the proper place to address forward-looking proposals that involve spending outside the test year. This is prohibited by Ohio Revised Code 4909.15(C)(1), which allows only expenses incurred "during a test period."

III. CONCLUSION

IGS's CIS Objection relates to Duke's proposal to modify its customer information system in the future. Future spending is not properly before the PUCO in a rate case, so the PUCO should strike this objection.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a copy of this Motion to Strike was served on the persons stated below via electronic transmission, this 6th day of November 2017.

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Summary: Motion Motion to Strike Objections to the PUCO Staff's Report of Investigation by the Office of the Ohio Consumers' Counsel electronically filed by Ms. Deb J. Bingham on behalf of Michael, William J. Mr.