

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION
OF DUKE ENERGY OHIO, INC.'S
DISTRIBUTION STORM RIDER.

CASE NO. 17-1468-EL-RDR

FINDING AND ORDER

Entered in the Journal on February 28, 2018

I. SUMMARY

{¶ 1} The Commission approves, with modifications, Duke Energy Ohio, Inc.'s application for the update of its Distribution Storm Rider.

II. DISCUSSION

{¶ 2} Duke Energy Ohio, Inc. (Duke) is an electric distribution utility as defined by R.C. 4928.01(A)(6) and a public utility as defined in R.C. 4905.02, and, as such, is subject to the jurisdiction of this Commission.

{¶ 3} On April 2, 2015, The Commission modified and approved an application for an electric security plan (ESP) filed by Duke. *In re Duke Energy Ohio, Inc.*, Case No. 14-841-EL-SSO (*Duke ESP*), Opinion and Order (April 2, 2015). The ESP, as approved, established a Distribution Storm Rider (Rider DSR) to enable Duke to defer major storm expenses as an asset or liability in amounts over or under a base line level of \$4.4 million dollars in a year. The approval also included that Duke is to file for recovery or refund when the asset or liability reached \$5 million. Duke was also instructed to submit schedules of expenses to Staff for audit on a yearly basis until the balance of the asset or liability reached \$5 million.

{¶ 4} On March 24, 2016, Duke submitted schedules to show the amount spent for repair for two major storms in 2015. The schedules show an accumulation of \$4,051,650 in major storm expenses in 2015.

{¶ 5} On March 8, 2017, Duke submitted schedules to show the amount spent for repair for seven major storms in 2016. Duke reported total major storm expenses in 2016 of \$4,729,562.

{¶ 6} Subsequently, on July 10, 2017, Duke filed the revised schedules in the above-captioned case that was established for the 2015 and 2016 storms, which was intended to establish a new baseline as part of Duke's base rate case. *In re Duke Energy Ohio, Inc.*, 17-32-EL-AIR. The total amount requested for 2015 and 2016 was \$8,227,147,¹ which is \$572,853 under the two-year combined baseline of \$8.8 million.

{¶ 7} On August 10, 2017, Staff filed its review and recommendation. Staff states it reviewed the provided schedules, including a transaction listing, for accuracy and recoverability. According to Staff, it conducted the audit through a combination of document review, interviews, interrogatories, and additional documentation as needed. Upon review, Staff recommends that Duke's request should be reduced by a total of \$31,659. Specifically, for 2015, Staff submits Duke incorrectly included \$14,684 for safety incentive pay that should be removed because Duke did not meet its safety targets. For 2016, Staff recommends \$16,975 of safety incentive pay be removed to adjust for the type of safety incentive payout employees received.

{¶ 8} In sum, Staff recommends that after the adjustment of \$31,659 for 2015 and 2016, the total storm expenses for 2015 and 2016 would be reduced to \$8,195,488, resulting in a regulatory liability after two years of \$604,512. Staff recommends this deferred liability amount be refunded to customers, instead of being carried over to the next year, so that Duke's storm baseline can be correctly adjusted in its current rate case. Duke did not respond to Staff's review.

{¶ 9} The Commission adopts Staff's recommended adjustment. As modified by Staff's recommendation, the Commission finds that Duke's application does not appear to be unjust or unreasonable and that it should be approved. Accordingly, the Commission finds

¹ This amount results from a reduction by \$554,066 of the amount submitted previously for 2015. There was no revision to the amount submitted previously for 2016.

that Duke should refund the deferred liability of \$604,512 to customers so that the storm baseline can be adjusted in the current rate case.

III. ORDER

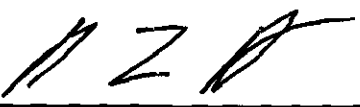
{¶ 10} It is, therefore,

{¶ 11} ORDERED, That Duke's application be modified and approved as set forth in Paragraph 9. It is, further,

{¶ 12} 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,

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

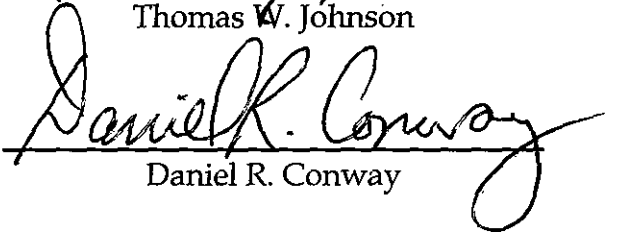
THE PUBLIC UTILITIES COMMISSION OF OHIO


Asim Z. Haque, Chairman


M. Beth Trombold

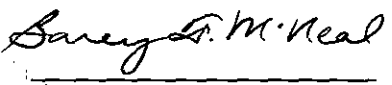

Thomas W. Johnson


Lawrence K. Friedeman


Daniel R. Conway

SEC/sc

Entered in the Journal
FEB 28 2018


Barcy F. McNeal
Secretary