

## 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. 18-40-GA-RDR

### FINDING AND ORDER

Entered in the Journal on May 16, 2018

#### I. SUMMARY

{¶ 1} The Commission approves the application of Duke Energy Ohio, Inc., as amended, 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 May 17, 2017, the Commission approved the current rates of Rider FBS and Rider EFBS. *In re Duke Energy Ohio, Inc.*, Case No. 17-46-GA-RDR, Finding and Order (May 17, 2017).

{¶ 6} On January 3, 2018, 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 noted that, as of February 1, 2018, the demand charge that the Company pays to Columbia Gas Transmission (TCO) for transportation into and out of storage would increase from \$5.787 per dekatherm (dth) to \$6.145 per dth, while there would also be a slight increase in the amount of total throughput used in the calculation. Duke, therefore, proposed to increase the Rider FBS rate from \$0.214 per thousand cubic feet (Mcf) to \$0.220 per Mcf. Addressing Rider EFBS, Duke explained that the increase in the demand charge paid to TCO for storage services would cause the most significant impact to the rider's demand rate. Duke proposed to increase the demand rate for Rider EFBS from \$7.16 per dth to \$7.40 per dth. Duke noted that, as a result of its proposed update to the calculation of Rider EFBS, the volumetric rate would increase from \$0.018 per Mcf to \$0.030 per Mcf, which was mostly attributable to an increase in the rate paid to KO Transmission for delivery of storage withdrawals to the Company's city gate.

{¶ 7} On January 8, 2018, Staff filed its review and recommendations regarding Duke's application. Following its review, Staff reported that Duke's application is reasonable and should be approved.

{¶ 8} On February 6, 2018, Duke filed correspondence requesting that the Commission delay its decision in this case. Duke explained that the TCO rates described in the Company's application were expected to change due to the enactment of the Tax Cuts and Jobs Act of 2017 (TCJA) and filings that TCO submitted to the Federal Energy Regulatory Commission on February 5, 2018, to reflect the new tax rates. Duke noted that it would amend its application to incorporate the change in TCO rates.

{¶ 9} On April 13, 2018, Duke filed additional correspondence indicating that, effective March 1, 2018, the rates paid by the Company to TCO have been revised pursuant to the TCJA. Duke provided updated calculations for Rider FBS and Rider EFBS based on the new TCO rates, along with revised tariffs. Duke proposes the following rate adjustments:

	<b>Current Rate</b>	<b>Proposed Rate</b>	<b>Proposed Increase</b>	<b>Proposed Decrease</b>
Rider FBS	\$0.214 per Mcf	\$0.210 per Mcf		\$0.004 per Mcf
Rider EFBS (Demand)	\$7.16 per dth	\$7.10 per dth		\$0.06 per dth
Rider EFBS (Commodity)	\$0.018 per Mcf	\$0.029 per Mcf	\$0.011 per Mcf	

{¶ 10} The Commission has reviewed Duke's application, as amended, and Staff's review and recommendations. We find that Duke's proposed rate adjustments to Rider FBS and Rider EFBS, as filed on April 13, 2018, are unopposed, reasonable, and in the public interest. As the Commission has previously stated, the adjustments are based on 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. 17-46-GA-RDR, Finding and Order (May 17, 2017) at 3; *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, as amended, 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

{¶ 11} It is, therefore,

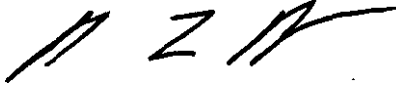
{¶ 12} ORDERED, That Duke's application to adjust its Rider FBS and Rider EFBS rates, as amended on April 13, 2018, be approved. It is, further,

{¶ 13} 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,

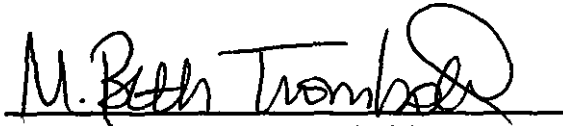
{¶ 14} ORDERED, That the effective date of the new tariffs shall be a date not earlier than the date upon which the final tariff pages are filed with the Commission. It is, further,

{¶ 15} 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



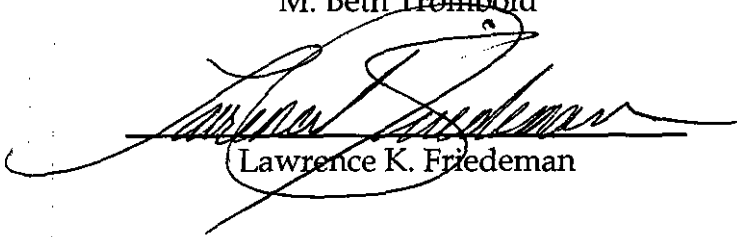
Asim Z. Haque, Chairman



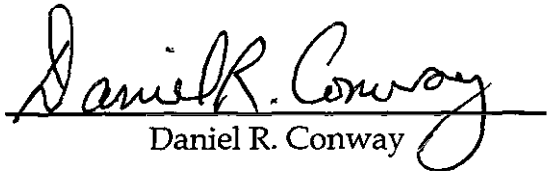
M. Beth Trombold



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Barcy F. McNeal  
Secretary