

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

| | | |
|---------------------------------------|---|------------------------|
| In the Matter of the Application of |) | |
| Duke Energy Ohio, Inc., for Approval |) | Case No. 18-318-GA-UEx |
| to Adjust its Gas Uncollectible Rider |) | |
| Rate. | | |

**APPLICATION OF DUKE ENERGY OHIO, INC.,
TO ADJUST UNCOLLECTIBLE EXPENSE RIDER RATE**

Pursuant to R.C. 4909.18, Duke Energy Ohio, Inc., (Duke Energy Ohio or Company) requests approval to adjust the rate for its gas uncollectible rider, Rider UE-G.

Duke Energy Ohio is an Ohio corporation engaged in the business of supplying natural gas to customers in southwestern Ohio, all of whom, except Interruptible Transportation customers, will be affected by this Application, and is a public utility as defined by R.C. 4905.02 and 4905.03. Duke Energy Ohio serves incorporated communities and unincorporated territory within its entire service area, which includes all or parts of Adams, Brown, Butler, Clinton, Clermont, Hamilton, Montgomery, and Warren Counties in Ohio.

In support of its Application, Duke Energy Ohio states as follows:

1. This Application is made pursuant to the Finding and Order issued by the Public Utilities Commission of Ohio (Commission) on December 21, 2005, in Case Nos. 05-732-EL-MER, 05-733-EL-AAM, and 05-974-GA-AAM. In its Finding and Order, the Commission instructed Duke Energy Ohio to purchase receivables of competitive natural gas suppliers without a discount. The Commission also approved Duke Energy Ohio's request for a gas uncollectible expense recovery rider.

2. The gas uncollectible expense rider, Rider UE-G, currently has a monthly charge of \$0.007186 per CCF, which was approved in Case No. 17-318-GA-UEX in an Opinion and Order dated July 12, 2017.

3. In the Finding and Order issued by the Commission on December 17, 2003, in Case No. 03-1127-GA-UNC, at page 13, and in the Finding and Order issued by the Commission on August 19, 2009, in Case No. 08-1229-GA-COI, at paragraph 12, the Commission instructed natural gas utilities to file an annual report that details the amounts recovered, deferred, and, if applicable, amortized pursuant to the respective uncollectible expense riders. Duke Energy Ohio's annual report is submitted with this Application for Rider UE-G.

4. Attachment 1 to this Application includes both the required annual report and the calculation of the proposed, amended rate for Rider UE-G.

5. Attachment 1 identifies the amounts recovered, deferred, and amortized, pursuant to the rider, and details the calculation of the proposed rate, at page one. This proposed rider rate is calculated to be \$0.007778 per CCF, which is an increase of \$0.000592 per CCF from the amount authorized in Case No. 17-318-GA-UEX.

6. The annual report, as required by the Commission, is set forth on pages two through four of Attachment 1. Page two shows the actual uncollectible tracker balance through March 31, 2018. Page three shows the projected bad debt expense for the twelve-month period ending March 31, 2019. Page four shows the projected volumes for the twelve-month period ending March 31, 2019.

7. This resulting rate of \$0.007778 per CCF for all Duke Energy Ohio customers subject to Rider UE-G is just and reasonable and should be approved. Copies of the proposed and scored tariff sheets are included as Attachment 2 to this Application.

WHEREFORE, Duke Energy Ohio respectfully requests that the Commission approve the new uncollectible expense rider rate for Rider UE-G as proposed in this Application.

Respectfully submitted,

Duke Energy Ohio, Inc.

/s/ Jeanne W. Kingery
Rocco D'Ascenzo (0077651)
Deputy General Counsel
Jeanne W. Kingery (0012172)
Associate General Counsel
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Duke Energy Ohio Gas
Calculation of Uncollectible Expense Rider Rate

ATTACHMENT-1
PAGE 1

PUCO Case No. 18-318-GA-UJX
 Exhibit 1
 Page 1 of 4

| Line | Description | Source | Amount | Projected Volume (CCF) Page 4 | Unit Rate (\$/CCF) |
|------|---|-----------------|--------------------|----------------------------------|-----------------------|
| 1 | Actual Uncollectible Tracker Balance through March 31, 2018 (a) | Page 2 | \$519,372 | | |
| 2 | Projected Bad Debt April 1, 2018 - March 31, 2019 | Page 3 | \$3,304,552 | | |
| 3 | Unrecovered Uncollectible Expenses through March 31, 2019 | Line 1 + Line 2 | <u>\$3,823,924</u> | 491,661,940 | \$0.007778 |
| 4 | Current Uncollectible Rider Rate | See Note (b) | | | \$0.007186 |
| 5 | Increase/(Decrease) in Total Uncollectible Expense Rate | Line 3 - Line 4 | | | <u>\$0.000592</u> |
| 6 | Percentage Difference in Recovery of Uncollectible Expenses | | | | 8% |

(a) Actual uncollectible expense less amounts recovered in base rates and Rider UE-G plus carrying charges
 (b) Rate approved in Case No. 17-318-GA-UJX; effective August 1, 2017

| Line | Source | April | May | June | July | August | September | October | November | December | January | February | March | Total |
|------|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------|
| 1 | Unrecovered Balance - Beginning of Month | \$824,801 | \$785,759 | \$880,460 | \$1,118,337 | \$1,488,538 | \$1,728,467 | \$2,089,788 | \$2,325,603 | \$2,422,062 | \$2,076,977 | \$1,454,484 | \$620,618 | |
| 2 | Bad Debt Written Off - Net of Customer Recoveries | \$154,096 | \$280,356 | \$305,410 | \$473,556 | \$312,844 | \$431,756 | \$354,342 | \$309,800 | \$151,644 | \$256,560 | \$ 133,122 | \$ 86,124 | \$3,313,308 |
| 3 | Recovery - Base Rate | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 4 | Recovery - Uncollectible Rider | (\$324,173) | (\$171,803) | (\$121,336) | (\$100,146) | (\$50,178) | (\$59,612) | (\$104,700) | (\$250,873) | (\$336,360) | (\$86,229) | (\$676,278) | (\$500,415) | (\$3,802,281) |
| 5 | Recovery - Other Adjustments | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 6 | Incremental Bad Debt | (\$170,067) | \$117,762 | \$234,672 | \$372,910 | \$222,208 | \$332,145 | \$229,642 | \$68,127 | (\$376,736) | (\$646,671) | (\$563,153) | (\$414,391) | |
| 7 | Balance Sub-Total | \$554,714 | \$576,552 | \$1,114,535 | \$1,662,548 | \$1,720,144 | \$2,060,642 | \$2,268,410 | \$2,365,730 | \$2,043,348 | \$1,427,308 | \$907,331 | \$506,327 | |
| 8 | Carrying Charges | \$4,045 | \$3,639 | \$4,695 | \$6,290 | \$7,754 | \$8,126 | \$38,193 | \$36,361 | \$33,631 | \$27,177 | \$19,287 | \$13,045 | \$163,644 |
| 9 | Unrecovered Balance - End of Month | \$558,759 | \$580,460 | \$1,119,337 | \$1,668,838 | \$1,727,897 | \$2,068,768 | \$2,325,603 | \$2,422,062 | \$2,076,977 | \$1,454,484 | \$620,618 | \$519,372 | |
| 10 | Monthly Carrying Charge rate | 0.48170% | 0.48170% | 0.48170% | 0.48170% | 0.48170% | 0.48170% | 1.0900% | 1.2015% | 1.3033% | 1.56110% | 1.63740% | 1.62840% | |

(a) Uncollectible expense was removed from base rates effective December 1, 2008 per Order in Case No. 09-773-GA-JEX

(b) Rate approved in Case No. 17-316-GA-JEX effective August 1, 2017

(c) Not applicable at this time

(d) Rate for April - Sept 2017 are the same as March 2017

due to 90 borrowing in those months.

Per Market Order Case No. 05-732-EL-MER, carrying

charge rate should be short term debt rate authorized in

the order, not the rate in effect at the time of the

authorized capital structure, used money pool rate.

| Line | Source | April | May | June | July | August | September | October | November | December | Jan | Feb | Mar | Total |
|------|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| 1 | Unrecovered Balance - Beginning of Month | \$519,372 | \$460,623 | \$681,383 | \$1,024,469 | \$1,545,971 | \$1,888,620 | \$2,427,958 | \$2,837,679 | \$3,255,612 | \$3,384,359 | \$3,574,658 | \$3,767,164 | |
| 2 | Bad Debts Written Off - Net of Customer Recoveries | \$195,046 | \$365,184 | \$450,023 | \$599,304 | \$386,267 | \$547,001 | \$423,008 | \$451,382 | \$199,768 | \$385,661 | \$310,272 | \$107,436 | |
| 3 | Recovery - Base Rates | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | |
| 4 | Recovery - Uncollectible Rider | (\$363,795) | (\$195,729) | (\$106,937) | (\$77,802) | (\$53,418) | (\$7,823) | (\$13,827) | (\$38,450) | (\$70,891) | (\$105,402) | (\$87,765) | (\$70,676) | |
| 5 | Recovery - Other Adjustments | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | |
| 6 | Incremental Bad Debt | \$ (68,749) | \$ 230,761 | \$ 343,086 | \$ 621,902 | \$ 342,849 | \$ 638,178 | \$ 408,681 | \$ 417,932 | \$ 128,787 | \$ 180,298 | \$ 212,807 | \$ 36,759 | \$ 3,304,652 |
| 7 | Balance Sub-Total | \$450,623 | \$665,383 | \$1,024,469 | \$1,545,971 | \$1,888,620 | \$2,427,958 | \$2,837,679 | \$3,255,612 | \$3,384,359 | \$3,574,658 | \$3,767,164 | \$3,623,924 | To Page 1 |
| 8 | Carrying Charges | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | |
| 9 | Unrecovered Balance - End of Month | \$450,623 | \$665,383 | \$1,024,469 | \$1,545,971 | \$1,888,620 | \$2,427,958 | \$2,837,679 | \$3,255,612 | \$3,384,359 | \$3,574,658 | \$3,767,164 | \$3,623,924 | |

(A) Uncollectible expense was removed from base rates effective December 1, 2009 per Order in Case No. 09-773-GA-UEX

(B) Uncollectible rider is currently \$0.007186 per CCF

(C) Not applicable at this time

| Line | Description | Source | Apr-18 | May-18 | Jun-18 | Jul-18 | Aug-18 | Sept-18 | Oct-18 | Nov-18 | Dec-18 | Jan-19 | Feb-19 | Mar-19 | Total thru Mar-19 |
|------|---|---------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------------|
| 1 | COF Sales | | | | | | | | | | | | | | |
| 2 | Residential (RS) | Load Forecasting | 8,894,370 | 4,174,550 | 2,584,480 | 1,070,880 | 900,690 | -160,690 | 181,960 | 1,882,910 | 9,450,090 | 20,119,300 | 29,940,860 | 26,962,740 | 124,722,220 |
| 3 | General Service (GS) | Load Forecasting | 2,417,230 | 1,703,880 | 1,521,110 | 1,070,880 | 945,880 | 945,880 | 782,840 | 1,270,390 | 7,295,880 | 6,994,880 | 8,904,880 | 6,408,950 | 43,944,690 |
| 4 | Total Sales Services | | 11,311,500 | 5,878,430 | 4,105,590 | 2,141,760 | 1,846,570 | -65,810 | 964,800 | 3,153,300 | 16,745,970 | 27,114,180 | 38,845,740 | 33,371,690 | 170,066,860 |
| 5 | Residential Transportation (RT) | Load Forecasting | 10,012,080 | 4,344,940 | 2,804,130 | 979,680 | -187,210 | 189,400 | 1,882,910 | 9,470,090 | 20,119,300 | 32,415,930 | 31,651,920 | 21,881,480 | 135,982,690 |
| 6 | Firm Transportation (FT) | Load Forecasting | 14,341,050 | 8,501,120 | 8,141,130 | 7,816,550 | 6,789,830 | 6,644,830 | 6,794,560 | 11,988,040 | 23,821,930 | 32,712,080 | 30,165,410 | 22,833,180 | 184,699,730 |
| 7 | Intermittent Transportation (IT) | Load Forecasting | 15,584,720 | 15,054,710 | 13,891,940 | 13,792,180 | 13,794,270 | 13,813,840 | 14,887,840 | 16,176,510 | 18,199,890 | 19,869,830 | 19,438,300 | 18,196,020 | 192,699,950 |
| 8 | Total Transportation Services | | 39,937,850 | 27,979,770 | 24,877,250 | 22,584,410 | 20,168,930 | 20,447,070 | 23,553,310 | 36,584,610 | 62,141,220 | 85,037,840 | 81,255,530 | 63,022,680 | 513,382,370 |
| 9 | Other | | | | | | | | | | | | | | |
| 10 | Interdepartmental | Load Forecasting | 8,608 | - | - | - | - | - | - | 1,623 | 5,408 | 22,344 | 20,600 | 2,292 | 85,928 |
| 11 | Street Lighting | Load Forecasting | 35,598 | 25,740 | 26,360 | 26,360 | 25,770 | 27,100 | 27,100 | 25,770 | 25,770 | 25,770 | 25,770 | 25,770 | 322,680 |
| 12 | Total Other | | 34,206 | 25,740 | 26,360 | 26,360 | 25,770 | 27,100 | 27,100 | 27,373 | 26,048 | 47,864 | 46,370 | 27,062 | 288,308 |
| 13 | Total Throughput | Line 3 + Line 7 + Line 10 | 52,303,008 | 33,944,930 | 28,773,210 | 24,619,080 | 21,227,910 | 21,656,990 | 28,726,153 | 52,631,698 | 89,203,144 | 115,292,730 | 117,205,692 | 88,894,481 | 684,477,815 |
| 14 | Exclude COF Sales not eligible for Uncollectible | | | | | | | | | | | | | | |
| 15 | Intermittent Transportation (IT) | Line 8 | (15,584,720) | (15,054,710) | (13,891,940) | (13,792,180) | (13,794,270) | (13,813,840) | (14,887,840) | (16,176,510) | (18,199,890) | (19,869,830) | (19,438,300) | (18,196,020) | (192,699,950) |
| 16 | Total Sales Excluded from Uncollectible | Line 8 | (15,584,720) | (15,054,710) | (13,891,940) | (13,792,180) | (13,794,270) | (13,813,840) | (14,887,840) | (16,176,510) | (18,199,890) | (19,869,830) | (19,438,300) | (18,196,020) | (192,699,950) |
| 17 | Total COF Sales Recovering Uncollectible Expenses | Line 11 + Line 14 | 36,708,288 | 18,887,210 | 14,881,270 | 10,826,900 | 7,433,640 | 7,833,150 | 13,838,313 | 36,455,188 | 70,983,254 | 105,402,900 | 97,767,392 | 70,678,461 | 491,777,865 |

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

P.U.C.O. Gas No. 18
Sheet No. 67.110
Cancels and Supersedes
Sheet No. 67.109
Page 1 of 1

RIDER UE-G
UNCOLLECTIBLE EXPENSE RIDER

APPLICABILITY

Applicable to all sales service and firm transportation customers.

DESCRIPTION

This rider enables the recovery of costs associated with uncollectible accounts arising from those customers responsible for paying the Uncollectible Expense Rider. The Company shall file an application with the Public Utilities Commission of Ohio if the Company determines that an adjustment of more than plus or minus ten (10) percent is needed to adjust for prior period over or under-collections.

MONTHLY CHARGE

A charge of \$0.007778186 per CCF shall be applied to all gas volumes delivered to customers in the customer classes noted above.

SERVICE REGULATIONS

The supplying and billing for service and all conditions applying thereto, are subject to the jurisdiction of the Public Utilities Commission of Ohio, and to the Company's Service Regulations currently in effect, as filed with the Public Utilities Commission of Ohio.

Filed pursuant to an Order dated July 12, 2016 in Case No. 18-318-GA-UEx before the Public Utilities Commission Ohio.

Issued: July 20, 2017
1, 2017

Effective: August

Issued by James P. Henning Amy B. Spiller, President

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

P.U.C.O. Gas No. 18
Sheet No. 67.11
Cancels and Supersedes
Sheet No. 67.10
Page 1 of 1

RIDER UE-G

UNCOLLECTIBLE EXPENSE RIDER

APPLICABILITY

Applicable to all sales service and firm transportation customers.

DESCRIPTION

This rider enables the recovery of costs associated with uncollectible accounts arising from those customers responsible for paying the Uncollectible Expense Rider. The Company shall file an application with the Public Utilities Commission of Ohio if the Company determines that an adjustment of more than plus or minus ten (10) percent is needed to adjust for prior period over or under-collections.

MONTHLY CHARGE

A charge of \$0.007778 per CCF shall be applied to all gas volumes delivered to customers in the customer classes noted above.

SERVICE REGULATIONS

The supplying and billing for service and all conditions applying thereto, are subject to the jurisdiction of the Public Utilities Commission of Ohio, and to the Company's Service Regulations currently in effect, as filed with the Public Utilities Commission of Ohio.

Filed pursuant to an Order dated _____ in Case No. 18-318-GA-UEx before the Public Utilities Commission Ohio.

Issued: _____

Issued by Amy B. Spiller, President

Effective: _____

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in

Case No(s). 18-0318-GA-UEX

Summary: Application Application of Duke Energy Ohio, Inc., to Adjust Uncollectible Expense Rider Rate electronically filed by Mrs. Adele M. Frisch on behalf of Duke Energy Ohio, Inc. and D'Ascenzo, Rocco O and Kingery, Jeanne W