



**Public Utilities
Commission**

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FILE

July 3, 2018

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

PUCO

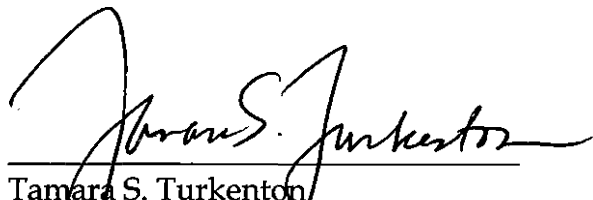
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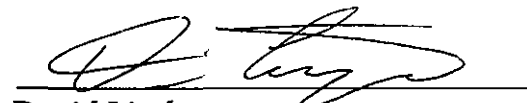
RE: *In the Matter of the Application of Duke Energy Ohio, Inc. for Approval of an
Adjustment to its Uncollectible Expense Rider Rate, Case No. 18-318-GA-UEX.*

Dear Docketing Division:

Enclosed please find the Staff's Review and Recommendations in regard to the application filed by Duke Energy Ohio, Inc. to update its Uncollectible Expense Rider, in Case No. 18-318-GA-UEX.



Tamara S. Turkenton
Director, Rates and Analysis
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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Duke Energy Ohio, Inc.
Case No. 18-318-GA-UEx

SUMMARY:

In Case No. 03-1127-GA-UNC, the Commission authorized the concept of an uncollectible expense recovery mechanism for five natural gas companies. The mechanism approved allows for the recovery of actual bad/uncollectible debt through a rider, rather than through base rates. Subsequently, Duke Energy Ohio, Inc. (Duke or Company) was authorized in Case No. 05-974-GA-AAM to establish an uncollectible expense (UEX) recovery mechanism (initially set at zero) consistent with what was approved in Case No. 03-1127-GA-UNC. On November 18, 2009, the Commission issued its Finding and Order in Case No. 09-773-GA-UEx which authorized an initial UEX rider rate of \$0.1569 per Mcf.

Since that time Duke has filed annual updates to adjust its rider rate and the Commission authorized such subsequent revisions. The recent history of Duke's UEX rider rate is as follows:

September 2013 – June 2014	\$0.05240 per Mcf
June 2014 – September 2015	\$0.09802 per Mcf
September 2015 – July 2016	\$0.04185 per Mcf
August 2016 – July 2017	\$0.07706 per Mcf
August 2017 – Present	\$0.07186 per Mcf

On May 25, 2018, and as amended June 20, 2018, Duke filed the pending application to increase its current UEX rider rate from \$0.07186 per Mcf to \$0.07778 per Mcf, an increase of \$.00592 per Mcf, and to include reconciliation and adjustment language to the UEX Rider tariff sheets. Staff has reviewed the application and makes its finding and recommendations in this Staff Letter.

STAFF REVIEW:

Staff performed a review of Duke's attachments to the application including its UEX rider rate and tracker balance as of April 2017 through March 2018 (Attachment 1, pages 2-3), twelve-month projected bad debt expense and UEX revenue collected as of April 2018 through March 2019 (Attachment 1, pages 3-4) and proposed tariff sheets. Staff notes that a prudence review of this UEX rate, if approved, will occur in the Company's next UEX Audit in Case No. 19-318-GA-UEx.

STAFF RECOMMENDATION:

Staff believes that Duke's application appropriately calculates the rider and recommends the proposed rate of \$0.07778 per Mcf be approved. In addition, Staff recommends that the Commission approve Duke's proposed tariff language for the Rider UEX as shown on their amended application dated June 20, 2018.