

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Duke)
Energy Ohio, Inc., to Adjust and Set Rider) Case No. 19-0574-EL-RDR
DSR.)

In the Matter of the Application of Duke)
Energy Ohio, Inc., for Approval of Tariff) Case No. 19-0702-EL-ATA
Amendments.)

**APPLICATION OF DUKE ENERGY OHIO, INC.,
TO ADJUST RIDER DSR FOR RECOVERY OF
DISTRIBUTION MAJOR STORM EXPENSES**

Duke Energy Ohio, Inc., (Duke Energy Ohio or Company) is an Ohio corporation engaged in the business of supplying electric transmission, distribution, and a standard service offer¹ to customers in southwestern Ohio, all of whom 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 O.A.C. Chapter 4901:1-36 and the Opinion and Order of the Public Utilities Commission of Ohio (Commission), issued December 19, 2018, in Consolidated Case Nos. 17-32-EL-AIR, *et al.* (Opinion and Order).² In its Opinion and Order, the Commission approved a stipulation in which the signatory parties agreed, among other

¹ Duke Energy Ohio provides a standard generation service offer pursuant to an electric security plan, most recently approved in Consolidated Cases No. 17-1263-EL-SSO, *et al.*

² *In the Matter of the Application of Duke Energy Ohio, Inc., for an Increase in Electric Distribution Rates* No. 17-32-EL-AIR, *et al.*, Opinion and Order (December 19, 2018).

things, that Duke Energy Ohio would extend its Distribution Storm (Rider DSR) to track annual incremental major storm expense, as compared to the amount recovered in base rates.³ Rider DSR was originally approved by the Commission in the Company's ESP III Case No. 14-841-EL-SSO filing. In that proceeding, the Commission ordered the Company to track annual incremental major storm expense as compared to the amount recovered in base rates, but to not seek recovery under the rider until the balance of the asset or liability exceeded \$5 million. In the Commission's most recent order, the \$5 million threshold was eliminated and the Company was instructed to file an application with the Commission to refund or recover the accumulated balance of the deferred storm cost deferral as of December 31, 2018, with annual rider filings thereafter.

2. Rider DSR is a nonbypassable rider that is designed to either refund or collect amounts as compared to that which is recovered in base rates. The amount included in base rates through 2018 is \$4.4 million.⁴ The amount included in base rates beginning January 1, 2019 and forward is \$4.3 million.⁵

3. Schedules supporting the calculation of the proposed rate for Rider DSR are provided as attachments hereto as Attachment 1. The schedules support the calculations for the various cost components that were approved for recovery through Rider DSR.

4. Attached hereto as Attachment 2 is the new tariff sheet No. 101.02 Entitled 'Rider DSR – Distribution Storm Rider.'

³ *Id.* pp. 42-45.

⁴ *In the Matter of the Application of Duke Energy Ohio, Inc., for Authority to Establish a Standard Service Offer Pursuant to R.C. 4928.143 in the Form of an Electric Security Plan, Accounting Modifications, and Tariffs for Generation Service*, Case No. 14-841-EL-SSO, *et al.* Opinion and Order, pg. 73 (April 2, 2015).

⁵ *In the Matter of the Application of Duke Energy Ohio, Inc., for an Increase in Electric Distribution Rates*, Case No. 17-32-EL-AIR, *et al.*, Stipulation and Recommendation (April 13, 2018).

5. Attached hereto as Attachment 3 is a summary of capital costs incurred for major storms.

6. WHEREFORE, Duke Energy Ohio respectfully requests that the Commission approve this Application and the attached tariff and rates for Rider DSR and order rates to be effective August 1, 2019.

Respectfully submitted,

DUKE ENERGY OHIO, INC.

/s/ Elizabeth H. Watts

Rocco O. D'Ascenzo (0077651)

Deputy General Counsel

Elizabeth H. Watts (0031092)

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SCHEDULE 1

Duke Energy Ohio
Rider DSR
Case No. 19-0574-EL-RDR
Revenue Requirement

Line No.	Description	Duke Energy Ohio
1	Prior Year Regulatory Asset (Liability) ⁽¹⁾	\$ (161,262) Schedule 3, Line 8
2	Total O&M for Major Storms	7,385,935 Schedule 2, Line 21
3	O&M for Major Storms in Base Rates ⁽²⁾	(4,400,000)
4	Total Incremental O&M for Major Storms Over (Under) Base Rates	<u>2,985,935</u> Line 2 + Line 3
5	Regulatory Asset (Liability) as of December 31, 2018	2,824,673 Line 1 + Line 4
6	Calculation of Carrying Charges ⁽³⁾	5.32% (8,579)
7	Revenue Requirement	<u>\$ 2,816,094</u> Line 5 + Line 6

Notes:

⁽¹⁾ Per the Commission's Order on February 20, 2019, the prior three (2015-2017) years' regulatory liability was set in Case No 18-282-EL-RDR.

⁽²⁾ Commission Order on April 2, 2015, in the Company's Electric Security Plan, Case No. 14-841-EL-SSO.

⁽³⁾ Accrual on ending balance from prior year.

Duke Energy Ohio
Rider DSR

Case No. 19-0574-EL-RDR

Summary of 2018 O&M Expenses

SCHEDULE 2

Line No.	Resource	Resource Description	2017 Storms ⁽¹⁾		2018 Storms ⁽²⁾				Total
			SMDOH1706	SMDOH1710	OSTM1804	OSTM1807	OSTM1809	OSTM1811	
1	12004	Overtime-Union	-	-	275,889.39	76,947.28	233,831.33	572,504.42	1,159,172.42
2	21000	Direct Material/Inventory Cost	-	-	25,906.71	3,431.16	7,071.83	36,341.13	72,750.83
3	28000	Material Allocations	-	-	2,380.93	22.11	738.49	471.79	3,613.32
4	28002	Stores Loading	-	-	1,426.02	31.17	1,405.86	6,632.57	9,495.62
5	30000	Direct Purchases	-	-	241.41			8,315.90	8,557.31
6	40000	Travel Expenses	-	-	4,027.93		1,441.14	105,615.61	111,084.68
7	41000	Meals and Entertainment (50%)	-	-	14.57	88.82		33,383.15	33,486.54
8	41001	Overtime Meals (Non Travel)	-	-	9,363.50	2,479.00	7,103.25	17,040.50	35,986.25
9	42000	Personal Vehicle Mileage Reimb	-	-	32.70		25.52	963.10	1,021.32
10	50000	Vehicle & Equip. Chargeback	-	-	36,305.96	4,571.77	17,812.28	83,153.12	141,843.13
11	69100	Baseload Contract Labor	23,118.10	148,493.68	893,743.32	78,856.75	589,302.79	5,021,742.46	6,755,257.10
12		Mutual Assistance Received	-	-	-	-	-	336,651.94	336,651.94
13		TOTAL	23,118.10	148,493.68	1,249,332.44	166,428.06	858,732.49	6,222,815.69	8,668,920.46
14		ALLOCATED AMOUNTS ⁽³⁾							
15	6.34%	Payroll Taxes	0.00	0.00	17,491.39	4,878.46	14,824.91	36,296.78	73,491.53
16	22.74%	Fringe Benefits	0.00	0.00	62,737.25	17,497.81	53,173.24	130,187.51	263,595.81
17		TOTAL	0.00	0.00	80,228.64	22,376.27	67,998.15	166,484.29	337,087.34
18		Fully Loaded O&M for Major Storms	23,118.10	148,493.68	1,329,561.08	188,804.33	926,730.64	6,389,299.98	9,006,007.80
19		MUTUAL ASSISTANCE CREDITS							
20		Mutual Assistance Provided							(1,620,072.45)
21		TOTAL O&M FOR MAJOR STORMS							7,385,935.35

Notes:

⁽¹⁾ Represents costs recorded in 2018 for 2017 storms not present in filing for Case No. 18-0282-EL-RDR.

⁽²⁾ Represents 2018 major storm expenses through February 2019.

⁽³⁾ Payroll Taxes (6.34%) and Fringe Benefits (22.74%) are applied to "Overtime-Union" labor costs (resource code 12004).

SCHEDULE 3

Duke Energy Ohio
Rider DSR
Case No. 19-0574-EL-RDR
Prior Year Regulatory Asset (Liability)

Line No.	Description	2015	2016	2017
1	Beginning Balance of Deferral	\$0	(\$917,101)	(\$653,304)
2	Annual O&M for Major Storms	4,051,650	4,729,562	5,329,446
3	Adjustments from Prior Audits	(568,751)	(16,975)	(402,648)
4	O&M for Major Storms in Base Rates ⁽¹⁾	(4,400,000)	(4,400,000)	(4,400,000)
5	Current Year Asset (Liability)	(\$917,101)	(\$604,514)	(\$126,506)
6	Long Term Debt Rate ⁽²⁾	5.32%	5.32%	5.32%
7	Carrying Cost Accrual ⁽³⁾	\$0	(\$48,790)	(\$34,756)
8	Year End Regulatory Asset (Liability)	(\$917,101)	(\$653,304)	(\$161,262)

Notes:

- ⁽¹⁾ Commission Order on April 2, 2015 in Case No. 14-841-EL-SSO, page 74.
⁽²⁾ Commission Order on May 1, 2013, Opinion and Order in Case No. 12-1682-EL-AIR, *et al.*, page 6.
⁽³⁾ Accrual on ending balance from prior year.

SCHEDULE 4

Duke Energy Ohio
Rider DSR
Case No. 19-0574-EL-RDR
Cost Allocation and Rate Calculation

Line No.	Rate Class	Allocation Factor ⁽¹⁾	Allocated Deferral	Annual Bills 2018 ⁽²⁾	Projected Monthly Rider DSR Charge	Annual Billed kW 2018 ⁽³⁾	Projected Monthly Rider DR Charge Per kW
1	Residential (RS, RSLI, ORH, TD, CUR, RS3P)	49.23%	\$1,386,420	7,944,296	\$0.17	N/A	
2	Secondary Distribution (DS)	37.09%	1,044,574	N/A	N/A	19,440,670	\$0.02
3	Electric Space Heating (EH)	0.45%	12,785	4,255	\$3.00	N/A	
4	Secondary Distribution (DM)	3.82%	107,547	515,194	\$0.21	N/A	
5	Unmetered Small Fixed Loads (GSFL, SFL-ADPL)	0.21%	5,857	1,241	\$4.72	N/A	\$0.02
6	Primary Distribution (DP)	9.08%	255,561	N/A	N/A	4,795,593	
7	Transmission (TS)	0.00%	N/A	N/A	N/A	N/A	
8	Lighting (SL, TL, OL, NSU, NSP, SC, SE, UOLS, LED)	0.12%	3,351	1,688,697	\$0.00	N/A	
9	Total	100.00%	\$2,816,094 ⁽²⁾	10,153,683			

Notes: ⁽¹⁾ From Cost of Service Study in Case No. 17-032-EL-AIR, Schedule E-3.2, page 18, factor K205, "Weighted Distribution Line Allocation Factor."

⁽²⁾ From Schedule 1 - Revenue Requirement.

⁽³⁾ From CMS customer statistics for 12 months ended December 31, 2018

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

P.U.C.O. Electric No. 19
Sheet No. 101.02
Cancels and Supersedes
Sheet No. 101.01
Page 1 of 1

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RIDER DSR**DISTRIBUTION STORM RIDER****APPLICABILITY**

Applicable to all retail jurisdictional customers in the Company's electric service areas including those customers taking generation service from a Competitive Retail Electric Service Provider. This tariff does not apply to customers taking service under Rate TS, service at transmission voltage.

DESCRIPTION

All retail jurisdictional customers shall be assessed a charge/credit to recover/refund the costs incurred by the Company due to major storms above or below the amount in base rates. The rates for all customers are shown below.

CHARGES

Rate RS, RSLI & RS3P	\$0.17 per month
Rate ORH	\$0.17 per month
Rate TD	\$0.17 per month
Rate CUR	\$0.17 per month
Rate DS	\$0.02 per kW
Rate EH	\$3.00 per month
Rate DM	\$0.21 per month
Rate GS-FL, SFL-ADPL	\$4.72 per month
Rate DP	\$0.02 per kW
Lighting (SL, TL, OL, NSU, NSP, SC, SE, UOLS, LED)	\$0.00 per month

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This Rider is subject to reconciliation, including, but not limited to, refunds or additional charges to customers, ordered by the Commission as the result of audits by the Commission in accordance with the December 19, 2018, Opinion and Order in Case No. 17-1263-EL-SSO, et al.

Deleted: December 31, 2018

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Issued Pursuant to an Order dated _____ in Case No. 19-0574-EL-RDR before the Public Utilities Commission of Ohio.

Issued: ,

Issued by Amy B. Spiller, President

Effective:

Duke Energy Ohio
Rider DSR
Case No. 19-0574-EL-RDR
Storms Capital Summary

RESOURCE	RESOURCE DESCRIPTION	SOH1804DC			SOH1807DC			SOH1809DC		
		107000 (cwp)	108620 (rwip)	Subtotal	107000 (cwp)	108620 (rwip)	Subtotal	107000 (cwp)	108620 (rwip)	Subtotal
12004	Overtime-Union							4,913.01	982.60	5,895.61
18000	Labor Overhead Allocations	1,156.88	231.38	1,388.26	477.58	95.52	573.10	429.38	85.88	515.26
18250	Allocated Payroll Tax	88.51	17.70	106.21	36.53	7.31	43.84	31.62	6.32	37.94
18251	Allocated Payroll Tax-Union							387.12	77.42	464.54
18350	Allocated Fringes & Non Union	221.19	44.24	265.43	91.31	18.27	109.58	91.19	18.24	109.43
18351	Allocated Fringes-Union							1,205.39	241.08	1,446.47
18401	Incentives Allocated-Union							147.39	29.48	176.87
19500	Service Company Overhead							1,206.14	241.23	1,447.37
21000	Direct Material/Inventory Cost	31,520.92		31,520.92	26,192.99		26,192.99	21,608.96		21,608.96
28000	Material Allocations	2,191.59		2,191.59	2,045.34		2,045.34	1,483.09		1,483.09
28002	Stores Loading	5,394.00		5,394.00	5,082.90		5,082.90	4,156.57		4,156.57
50002	Vehicle & Equip Chrbk (Alloc)							2,366.91	473.41	2,840.32
69100	Baseload Contract Labor	16,419.63	3,283.93	19,703.56	6,621.15	1,324.23	7,945.38	280.10	56.04	336.14
78000	Allocated S&E (Non-Labor)	2,210.82	442.17	2,652.99	807.96	161.59	969.55	3,931.93	786.38	4,718.31
99970	AFUDC Debt				198.32		198.32	121.22		121.22
99971	AFUDC Equity				222.55		222.55	135.15		135.15
		\$59,203.54	\$4,019.42	\$63,222.96	\$41,776.63	\$1,606.92	\$43,383.55	\$42,495.17	\$2,998.08	\$45,493.25

Duke Energy Ohio

Rider DSR

Case No. 19-0574-EL-RDR

Storms Capital Summary

RESOURCE	RESOURCE DESCRIPTION	SOH1811DC			ALL STORMS TOTAL		
		107000 (cwp)	108620 (rwp)	Subtotal	107000 (cwp)	108620 (rwp)	Grand Total
12004	Overtime-Union	20,238.67	4,047.73	24,286.40	25,151.68	5,030.33	30,182.01
18000	Labor Overhead Allocations	1,000.41	200.09	1,200.50	3,064.25	612.87	3,677.12
18250	Allocated Payroll Tax	-17.00	-3.41	-20.41	139.66	27.92	167.58
18251	Allocated Payroll Tax-Union	-354.38	-70.88	-425.26	32.74	6.54	39.28
18350	Allocated Fringes & Non Union	875.96	175.20	1,051.16	1,279.65	255.95	1,535.60
18351	Allocated Fringes-Union	18,252.61	3,650.52	21,903.13	19,458.00	3,891.60	23,349.60
18401	Incentives Allocated-Union	607.16	121.43	728.59	754.55	150.91	905.46
19500	Service Company Overhead				1,206.14	241.23	1,447.37
21000	Direct Material/Inventory Cost	41,428.60		41,428.60	120,751.47	0.00	120,751.47
28000	Material Allocations	4,936.85		4,936.85	10,656.87	0.00	10,656.87
28002	Stores Loading	8,345.78		8,345.78	22,979.25	0.00	22,979.25
50002	Vehicle & Equip Chrbk (Alloc)	9,199.96	1,840.03	11,039.99	11,566.87	2,313.44	13,880.31
69100	Baseload Contract Labor	846.62	169.32	1,015.94	24,167.50	4,833.52	29,001.02
78000	Allocated S&E (Non-Labor)	7,079.59	1,415.92	8,495.51	14,030.30	2,806.06	16,836.36
99970	AFUDC Debt	111.69		111.69	431.23	0.00	431.23
99971	AFUDC Equity	131.16		131.16	488.86	0.00	488.86
		\$112,683.68	\$11,545.95	\$124,229.63	\$256,159.02	\$20,170.37	\$276,329.39

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Case No(s). 19-0574-EL-RDR, 19-0702-EL-ATA

Summary: Application Application of Duke Energy Ohio, Inc., to Adjust Rider DSR for Recovery of Distribution Major Storm Expenses electronically filed by Mrs. Debbie L Gates on behalf of Duke Energy Ohio Inc. and D'Ascenzo, Rocco O. Mr. and Watts, Elizabeth H