



Public Utilities Commission

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May 13, 2019

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

RE: In the Matter of the Application of Duke Energy Ohio, Inc., to Adjust and Set Rider ESRR, Case No. 19-0169-EL-UNC and For Approval of Tariff Amendments, Case No. 19-0170-EL-ATA.

Dear Docketing Division:

Enclosed please find the Review and Recommendations of the Staff of the Public Utilities Commission of Ohio (Staff) in the Matter of Duke Energy Ohio, Inc., to adjust and Set Rider ESRR, Case No. 19-0169-EL-UNC, et al.

Tamara S. Turkenton (handwritten signature)

Tamara S. Turkenton
Director, Rates and Analysis Department
Public Utilities Commission of Ohio

David Lipthratt (handwritten signature)

David Lipthratt
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. 19-0169-EL-UNC & Case No. 19-0170-EL-ATA

SUMMARY

On December 19, 2018, in Case No. 17-32-EL-AIR, the Commission approved a Stipulation that included an agreement that Duke Energy Ohio, Inc. (Duke or Company) would implement a nonbypassable rider for recovery of vegetation management services (Rider ESRR). Rider ESRR was approved to be updated annually and to recover costs for actual expenditures for non-affiliated contractor vegetation management services that exceed the test year expenditures of vegetation management services in the amount of \$10,720,877.

On January 29, 2019, Duke filed its application to recover its actual 2018 costs and projected 2019 costs. The Company's actual 2018 costs were \$23,407,080, which exceeded the amount established in base rates by \$12,686,203. Of this amount, only \$10 million is eligible for recovery under the cap. The Company projects program spending totaling \$21,091,704 in 2019, which would exceed the amount in base rates by \$10,370,827. Again, only \$10 million is eligible for recovery under the cap.

FINANCIAL AUDIT

Staff's investigation was designed to ensure that the Company comported with sound ratemaking principles and followed the Commission directives as found in the Commission's Finding and Order, and also determine if the Applications request is just and reasonable.

Staff's investigation identified \$930 mistakenly recorded to Rider ESRR that should have been recorded to another jurisdiction. Additionally, Staff identified an invoice totaling \$28,121 for work performed and invoiced in 2017, which is ineligible for recovery as Rider ESSR is to be effective with calendar year 2018. However, due to the fact that the Company had overspent its 2018 cap by approximately \$2.7 million, Staff is not recommending a disallowance.

PHYSICAL VERIFICATION OF 2018 ACTIVITY

Staff selected a sample of 29 circuits from the Company's three districts to physically verify that vegetation line clearance was performed as scheduled in 2018. Circuits were verified in the counties of Butler, Clermont, Hamilton, and Warren. All of the circuits audited showed evidence that vegetation line clearance work was conducted. Moderate re-growth was detected on three circuits, however, no vegetation was close to making contact with the electric conductors. Staff provided the Company with the locations of re-growth and requested that the Company visit the sites to assess whether additional trimming is needed prior to the next scheduled clearing cycle in 2023.

STAFF RECOMMENDATION

Staff has completed its review of the filing and finds that the Company has appropriately calculated its Rider ESSR filing. Staff recommends that the application filed on January 29, 2019 be approved.