

## THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF  
DUKE ENERGY OHIO, INC. TO ADJUST  
RIDER AU FOR 2018 GRID  
MODERNIZATION COSTS.

CASE NO. 19-664-GA-RDR

### ENTRY

Entered in the Journal on November 21, 2019

{¶ 1} 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.

{¶ 2} In Case No. 07-589-GA-AIR, et al., the Commission approved a stipulation and recommendation that, among other things, provided a process for the filing of Duke's deployment plans for the installation of an automated gas meter reading system, which would share the SmartGrid communications technology for the Company's electric system, and a method for recovering costs associated with the plans, which was designated Rider Advanced Utility (Rider AU). *In re Duke Energy Ohio, Inc.*, Case No. 07-589-GA-AIR, et al. (*Gas Distribution Rate Case*), Opinion and Order (May 28, 2008).

{¶ 3} By Opinion and Order dated July 2, 2019, the Commission approved Duke's application to adjust Rider AU for 2017 grid modernization costs. The Commission also determined that Staff, in Duke's next annual proceeding to adjust Rider AU, should thoroughly evaluate whether the Company's customers are paying charges through Rider AU for costs associated with equipment that is no longer used and useful. Staff was directed to perform, as necessary, a field audit or other physical verification of Duke's advanced metering infrastructure components for its gas operations. *In re Duke Energy Ohio, Inc.*, Case No. 18-837-GA-RDR (*2018 Rider AU Case*), Opinion and Order (July 2, 2019) at ¶ 24.

{¶ 4} On June 25, 2019, in the above-captioned case, Duke filed an application, along with supporting testimony, to adjust Rider AU for grid modernization deployment costs incurred in 2018, pursuant to the process approved in the *Gas Distribution Rate Case*.

{¶ 5} By Entry dated July 3, 2019, the attorney examiner established a procedural schedule to accomplish the review of Duke's proposed adjustments to Rider AU, with comments and reply comments due on October 25, 2019, and November 8, 2019, respectively. In the event all of the issues raised in the comments are not resolved, or if the Commission deems the application may be unjust or unreasonable, Staff and intervenor testimony is due on November 22, 2019, with Duke's supplemental testimony to be filed on November 29, 2019. Finally, the attorney examiner scheduled a hearing to occur, if necessary, on December 5, 2019.

{¶ 6} On October 25, 2019, Staff filed its review and recommendations. Staff states that, due to Duke's inability to provide sufficient financial information to support the locational data of its capital equipment, Staff was unable to adequately complete the capital equipment audit and, therefore, Staff cannot address the used and useful status of the capital equipment, as directed by the Commission in the *2018 Rider AU Case*. Staff recommends that a request for proposal be issued for the necessary audit of Duke's capital equipment and that the cost of the audit be borne by the Company. Staff also recommends that the Rider AU charge be suspended until the audit is completed.

{¶ 7} Duke filed reply comments on November 8, 2019. Duke asserts that, if the Commission orders the Company to discontinue Rider AU, the Commission should ensure that the Company can fully recover its investment, given that the Company was encouraged to complete its initial SmartGrid deployment and there has been no finding, in any of the annual Rider AU adjustment proceedings, that any of the Company's investment was imprudent. Consistent with the approach used for its electric operations in Case No. 17-32-EL-AIR, et al., Duke states that, pursuant to R.C. 4905.13, the Commission should consider the creation of a dying asset account to address, in the Company's next natural gas rate case, the recovery of the Company's natural gas operations investment in meters that would be retired before the end of their useful lives. Duke also contends that an audit of the Rider AU assets is unnecessary, but adds that, if an audit is ordered by the Commission, it should occur in tandem with the Company's capital expenditure program (CEP) audit. Duke

concludes that its application should be approved as filed. Alternatively, Duke proposes that Rider AU be discontinued only if a dying asset account is created for the natural gas investments or if the metering infrastructure cost recovery continues through Rider CEP, following a combined audit of the Rider AU and CEP assets.

{¶ 8} Upon review of Staff's review and recommendations and Duke's reply comments, the attorney examiner finds that the procedural schedule should be held in abeyance, pending the Commission's consideration of Staff's recommendations.

{¶ 9} It is, therefore,

{¶ 10} ORDERED, That the procedural schedule for this proceeding be held in abeyance until otherwise ordered by the Commission. It is, further,

{¶ 11} ORDERED, That a copy of this Entry be served upon all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO

/s/ Sarah J. Parrot

By: Sarah J. Parrot  
Attorney Examiner

JRJ/mef

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Summary: Attorney Examiner Entry ordering the procedural schedule be held in abeyance electronically filed by Ms. Mary E Fischer on behalf of Sarah J. Parrot, Attorney Examiner, Public Utilities Commission of Ohio