



Public Utilities Commission

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June 25, 2020

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

RE: *In the Matter of the Application of Duke Energy Ohio, Inc., for Approval to Adjust its Gas Uncollectible Expense Rider Rate, Case No. 20-0318-GA-UEX.*

Dear Docketing Division:

Enclosed please find the Staff's Review and Recommendations regarding the application filed by Duke Energy Ohio, Inc., to update its Gas Uncollectible Expense Rider, in Case No. 20-0318-GA-UEX.

Respectfully submitted,

David Lipthrott
Chief, Accounting and Finance Division
Public Utilities Commission of Ohio

Enclosure
cc: Parties of Record

Duke Energy Ohio, Inc.
Case No. 20-0318-GA-UEx

OVERVIEW

In Case No. 03-1127-GA-UNC, the Commission authorized the concept of an uncollectible accounts expense recovery mechanism for five natural gas companies. The mechanism that was approved allowed for recovery of actual bad/uncollectible debt through a rider, rather than through base rates. Subsequently, Duke Energy Ohio, Inc. (Duke) was authorized in Case 05-0974-GA-AAM to establish an uncollectible expense rider recovery mechanism (rider UE-G), initially set at zero, consistent with the methodology that was approved in Case No. 03-1127-GA-UNC. On November 18, 2009, the Commission issued its Finding and Order in Case No. 09-0773-GA-UEx, which authorized an initial rider UE-G rate of \$0.1569 per Mcf (thousand cubic feet).

Since that time, Duke has filed annual updates to adjust its rider rate and the Commission has authorized such revisions. However, the currently effective rider rate has been in effect since August 2018. The most recent history of Duke's UE-G rider rate is as follows:

September 2015 - July 2016	\$0.04185 per Mcf
August 2016 - July 2017	\$0.07706 per Mcf
August 2017 - July 2018	\$0.07186 per Mcf
August 2018 - Current	\$0.07778 per Mcf

In its application, filed on May 29, 2020, Duke proposes to modify its existing UE-G rider rate of \$0.07778 per Mcf to \$0.05064 per Mcf, a decrease of \$0.02714 per Mcf. Staff has reviewed Duke's application and makes its findings and recommendations herein.

STAFF REVIEW

Staff's review of Duke's application included examination of its uncollectible tracker balance record (Attachment 1, page 2, and data request response), its projected bad debt expenses and associated sales volume projections (Attachment 1, pages 3 and 4), its uncollectible expense rider rate calculation (Attachment 1, page 1), and its proposed tariff sheet (Attachment 2). Duke's proposed UE-G rate of \$0.05064 per Mcf is based on a projected uncollectible expense balance of \$2,814,896 and a projected 12-month sales volume of 55,584,732 Mcf. Staff notes that a prudence review of this rate, if approved, will occur in a future uncollectible expense audit proceeding.

STAFF RECOMMENDATION

Staff believes that Duke appropriately calculated the proposed rider rate in its application, and recommends that the proposed rate of \$0.05064 per Mcf be approved.

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Case No(s). 20-0318-GA-UEx

Summary: Staff Review and Recommendation regarding the application filed by Duke Energy Ohio, Inc., to update its Gas Uncollectible Expense Rider electronically filed by Zee Molter on behalf of PUCO Staff