



Public Utilities Commission

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July 14, 2021

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. 21-31-EL-RDR and For Approval of Tariff Amendments, Case No. 21-32-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. 21-31-EL-RDR, et al.

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

Suzanne Williams
Accounting and Finance Division
Public Utilities Commission of Ohio

Enclosure
Cc: Parties of Record

Duke Energy Ohio, Inc.
Case No. 21-31-EL-RDR (Rider ESRR)

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 non-bypassable rider for recovery of vegetation management services (Rider ESRR). Rider ESRR was approved to be updated annually and to recover costs for actual expenditure for non-affiliated contractor vegetation management services that exceed the test year expenditure for non-affiliated contractor vegetation management services of \$10,720,877.

On January 29, 2021, Duke filed an application and schedules (Application) to recover 2020 actual and 2021 projected vegetation management costs. The Company's 2021 projected costs were \$23,850,672, which exceeded the amount established in base rates by \$13,129,795. Of this amount, only \$10 million is eligible for recovery under the cap established in the Consolidated Cases' Opinion and Order (December 19, 2018)¹. The Company is requesting a revenue requirement of \$9,872,895, which includes a (\$152,775) over-recovery from the 2018 and 2019 ESRR true-up and application of the commercial activities tax. This results in a Rider ESRR rate of 2.18% to be applied to base distribution charges, a decrease of 0.04% from the prior rate.

FINANCIAL AUDIT

In its review, Staff examined the Application for consistency with previous Rider ESRR cases to ensure proper accounting and regulatory treatment was applied. The audit consisted of a review of the financial statements for completeness, occurrence, presentation, valuation, allocation, and accuracy. Staff conducted this audit through a combination of document review, interviews, and interrogatories.

Staff did not discover any variances during the financial audit.

PHYSICAL VERIFICATION OF 2020 ACTIVITY

The visual inspections were conducted in person by Duke's foresters and staff from the Public Utilities Commission of Ohio's Service Monitoring and Enforcement Department (SMED) in April and May 2021. SMED Staff selected a total of 16 circuits from Duke's three districts in Butler, Clermont, Hamilton, and Warren counties to physically verify that vegetation line clearance work was performed in 2020 as scheduled (see Table I).

¹ In the Matter of the Application of Duke Energy Ohio, Inc., for an Increase in Electric Distribution Rates, Case 17-32-EL-AIR, et al. (Rate Case); In the Matter of the Application of Duke Energy Ohio, Inc., for an Increase in Electric Distribution Rates, Case 17-32-EL-AIR, et al. (Rate Case); In the Matter of the Application of Duke Energy Ohio, Inc., for Authority to Establish a Standard Service Offer, Case No. 17-1263-EL-SSO, et al. (ESP Case); and In the Matter of the Application of Duke Energy Ohio, Inc., to Establish Minimum Reliability Performance Standards, Case No. 16-1602-EL-ESS (Standards Case) (collectively, Consolidated Cases).

Of the circuits inspected, all showed evidence that vegetation line clearance work had been performed. Normal re-growth was detected on several of the circuits; however, no vegetation was in contact with the electric conductors. Staff found these circuits to be satisfactory for vegetation control, and no additional trimming is required at this time.

TABLE I – 2020 Circuit Visual Inspections

Ohio East						
Substation	Circuit	Length (miles)	Date of Audit	Trim Start Date	Trim Completion Date	Condition of Vegetation on Circuit
BRANCH HILL	42	7.62	4/29/2021	11/16/2020	12/18/2020	Satisfactory
KINGS MILLS	52	13.57	4/29/2021	1/2/2020	1/31/2020	Satisfactory
REMINGTON	43	15.35	4/29/2021	5/4/2020	6/25/2020	Satisfactory
SUMMERSIDE	43	8.78	4/29/2021	1/2/2020	1/17/2020	Satisfactory
Ohio North						
DEER PARK	41	14.55	5/4/2021	4/29/2020	6/5/2020	Satisfactory
EVENDALE	4652	12.70	5/3/2021	10/19/2020	12/12/2020	Satisfactory
GASTON	41	18.32	5/10/2021	3/3/2020	4/11/2020	Satisfactory
HALL	43	8.86	5/3/2021	8/20/2020	10/31/2020	Satisfactory
MAUD	42	5.96	5/3/2021	10/7/2020	11/14/2020	Satisfactory
MT HEALTHY	42	17.66	5/3/2021	1/13/2020	6/8/2020	Satisfactory
RIVER CIRCLE	41	13.81	5/5/2021	8/20/2020	10/31/2020	Satisfactory
Ohio Central						
BRIGHTON	44	4.83	5/5/2021	3/2/2020	4/30/2020	Satisfactory
ELMWOOD	46	11.02	5/4/2021	5/11/2020	6/25/2020	Satisfactory
GALBRAITH	C	3.99	5/4/2021	4/20/2020	5/28/2020	Satisfactory
LINCOLN	47	8.38	5/4/2021	3/30/2020	4/30/2020	Satisfactory
OAKLEY STA	40	3.95	5/5/2021	1/30/2020	3/26/2020	Satisfactory

STAFF RECOMMENDATION

Staff has completed its audit of the Application and circuits finding that the Company has appropriately calculated its Rider ESRR rate and recommends approval of the Company's Application, which will apply a charge of 2.18% to the base distribution charges of all retail customers.

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Case No(s). 21-0031-EL-RDR, 21-0032-EL-ATA

Summary: Staff Review and Recommendation in the Matter of Duke Energy Ohio, Inc., to adjust and Set Rider ESRR electronically filed by Zee Molter on behalf of PUCO Staff