

## THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF  
DUKE ENERGY OHIO, INC., FOR AN  
INCREASE IN ITS ELECTRIC DISTRIBUTION  
RATES.

CASE NO. 21-887-EL-AIR

IN THE MATTER OF THE APPLICATION OF  
DUKE ENERGY OHIO, INC., FOR TARIFF  
APPROVAL.

CASE NO. 21-888-EL-AIR

IN THE MATTER OF THE APPLICATION OF  
DUKE ENERGY OHIO, INC., FOR  
APPROVAL TO CHANGE ACCOUNTING  
METHODS.

CASE NO. 21-889-EL-AAM

### ENTRY

Entered in the Journal on October 20, 2021

#### I. SUMMARY

{¶ 1} The Commission finds that Duke Energy Ohio, Inc.'s motion to set a test period and date certain should be granted and its motion for a waiver of certain filing requirements should be granted.

#### II. DISCUSSION

{¶ 2} Duke Energy Ohio, Inc. (Applicant or Duke) is an electric light company as defined by R.C. 4905.03(C) and a public utility as defined by R.C. 4905.02 and, as such, is subject to the jurisdiction of this Commission pursuant to R.C. 4905.04, 4905.05 and 4905.06.

{¶ 3} An application for an increase in rates is governed by and must meet the requirements of R.C. 4909.17 to 4909.19, and 4909.42. In applying for a rate increase, R.C. 4909.15(C)(1) and (2) provide that a utility may propose a test period for determining the revenues and expenses that is any 12-month period beginning not more than six months prior to the date the application is filed and ending not more than nine months subsequent to the date the application is filed. Unless otherwise ordered by the Commission, the test period shall be what is proposed by the utility. It is also required that the date certain be no later than the date of filing.

{¶ 4} On September 1, 2021, Duke filed a notice of intent to file an application for an increase in rates, pursuant to R.C. 4909.43(B) and in compliance with Ohio Adm.Code 4901-7-01, Appendix A, Chapter I of the Commission's Standard Filing Requirements (SFR). Concurrently, Duke also filed a motion to set a test period and date certain, and for a waiver of certain filing requirements.

{¶ 5} On October 1, 2021, Duke filed its application for an increase in rates.

{¶ 6} In the September 1, 2021 motion, Duke proposes to use the twelve months beginning April 1, 2021, and ending March 31, 2022, as the test year for the filing, and June 30, 2021, as the date certain for determining rate base. The Commission finds that the proposed test period and date certain should be approved.

{¶ 7} In its motion, Duke also seeks a waiver from the filing requirements of Ohio Adm.Code 4901-7-01, Appendix A, Chapter II regarding the Applicant's natural gas utility operations. Duke states that information related to its natural gas utility operations is not relevant to these proceedings since such operations are subject to the Commission's review in the context of a natural gas distribution rate case. Upon consideration of Duke's request, the Commission finds Duke's waiver request reasonable and should be granted.

{¶ 8} Additionally, Duke requests a waiver from the SFR as it relates to information associated with electric transmission, generation, and fuel supply, as well as resource planning, since the requested increase in distribution rates will not increase any rates associated with electric transmission or generation, including fuel. Therefore, Duke asserts that this information is not relevant to Duke's requested increase in distribution rates, and production of this information would not further enable an efficient and effective review of Duke's application. Therefore, Duke seeks waivers of the following supplemental filing requirements and supplemental information provided at filing in Ohio Adm.Code 4901-7-01, Appendix A, Chapter II:

(B)(1) – Five-year capital expenditures budget;

(B)(2) - Five -year financial forecast;

(B)(3) - Underlying assumptions;

(B)(4) - Five-year projection of revenue requirements;

(B)(5) - Balance sheet items;

(B)(6) - Identified elements of a statement of changes in financial position;

(B)(8) - Executive summary of applicant's corporate process;

(B)(9) - Executive summary of applicant's management policies, practices, and organization;

(C)(11) - Materials and supplies;

(C)(12) - Depreciation expense;

(C)(16) - Prior plant in service data;

(C)(19) - Depreciation reserve;

(C)(20) - Construction projects that are 75 percent complete;

(C)(21) - Data requirement for surviving dollars by vintage year of placement;

(D)(6) - Chart of accounts;

(D)(7) - Monthly managerial reports;

(D)(8) - Depreciation study;

(D)(11) - Labor contracts;

(D)(13) - Corporate budget by month;

(D)(16) - Standard journal entries;

Section (A) - All revenue requirements schedules;

Section (B) – All rate base schedules;

Section (C) – All operating income schedules;

Section (D) – All rate of return schedules;

Section (E) – All rates and tariffs schedules.

Upon consideration of Duke's request for waiver of these requirements, the Commission finds that, because Duke's application is to increase rates for distribution service, the waiver requests are reasonable and should be granted.

{¶ 9} Noting that, pursuant to Chapter II(C)(13) of the SFR, an electric utility must provide copies of certain specified federal income tax information, Duke requests that it be permitted to make the required information available to Staff on a confidential basis during Staff's field audit, along with the Company's state income tax returns. Additionally, Duke requests that the Commission waive the requirement to provide information regarding construction work in progress (CWIP) contained in paragraph (D) in Chapter II, Section B (Rate Base) of the SFR, including the CWIP information required in Schedules B-4, B-4.1, B-4.2, and B-9, as well as in Chapter II(C)(7) and Chapter II(C)(20) of the SFR. Duke states that it is not including any CWIP balances in the rate base to be proposed in these proceedings. Upon consideration of Duke's above requests, the Commission finds that Duke's requested waivers are reasonable and should be granted

{¶ 10} Duke also requests waiver of Chapter II(C)(3), requiring Duke to deliver copies of its annual reports to shareholders and the most recent statistical supplement to Staff at the time of application filing; waiver of Chapter II(C)(4), requiring Duke to deliver copies of its and/or its parent company's most recent SEC Form 10-K, 10-Q, and 8-K to Staff at the time of application filing; and, waiver of Chapter II(D)(10), requiring Duke to make available to Staff, on the first day of the field audit, Duke's five most recent quarterly reports to shareholders and/or its parent company's quarter reports if the applicant is a wholly owned subsidiary. Duke notes that the above information is available on its website and

requests that it be able to provide such information via the applicable URL so Staff can find the requested forms and reports. Upon consideration of Duke's above requests, the Commission finds that Duke's requested waivers are reasonable and should be granted.

{¶ 11} Further, Duke requests waiver of Chapter II, Section D, (C)(1), which requires an applicant to provide supporting schedules as of the date certain or most recent available historic calendar quarter for embedded cost of short-term debt, relating to the rate fixation requirement in R.C. 4909.15. Duke first notes that "cost of debt" is part of an applicant's capital structure; however, Duke asserts that the Commission has rejected inclusion of short-term debt in the capital structure due to the volatility of the cost, that the Ohio Supreme Court has approved the approach of excluding short-term debt in ascertaining the cost of capital, and that the SFR exclude short-term debt from the classes of capital in the Rate of Return Summary. *In re the Applications of Columbia Gas of Ohio, Inc.*, Case Nos. 88-716-GA-AIR, et al., Opinion and Order, (Oct. 17, 1989); *Masury Water Co. v. Pub. Util. Com.*, 58 Ohio St.2d 147, 149, 389 N.E.2d 478 (1979). Upon consideration of Duke's request, the Commission finds Duke's requested waiver reasonable and should be granted.

{¶ 12} As a final matter, the Commission notes that the granting of these waivers does not preclude Staff from obtaining the information waived through data requests if it is subsequently deemed necessary to complete Staff's investigation effectively and efficiently.

### III. ORDER

{¶ 13} It is, therefore,

{¶ 14} ORDERED, That the test period for Duke shall be the twelve months beginning April 1, 2021, and ending March 31, 2022, and the date certain shall be June 30, 2021. It is, further,

{¶ 15} ORDERED, That the appropriate method for making any changes to the date certain or test period shall be the filing of new notice of intent to file an application for an increase in rates and withdrawal of the pending application. It is, further,

{¶ 16} ORDERED, That Duke's requests for waivers of certain filing requirements be granted as set forth in the Entry. It is, further,

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

COMMISSIONERS:

*Approving:*

Jenifer French, Chair

M. Beth Trombold

Lawrence K. Friedeman

Daniel R. Conway

Dennis P. Deters

MJS/kck

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Summary: Entry finding that Duke Energy Ohio, Inc.'s motion to set a test period and date certain should be granted and its motion for a waiver of certain filing requirements should be granted electronically filed by Heather A. Chilcote on behalf of Public Utilities Commission of Ohio