



Public Utilities Commission

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December 29, 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 its Electric Uncollectible Recovery Rate Under Rider UE-ED, Case No. 21-568-EL-UEx.*

Dear Docketing Division:

Enclosed please find the Staff Review and Recommendation in regard to the application filed by Duke Energy Ohio, Inc., to adjust and set its electric uncollectible recovery rate under Rider UE-ED, Case No. 21-568-EL-UEx.

A handwritten signature in black ink, appearing to read 'DL', written over a horizontal line.

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

Enclosure
Cc: Parties of Record

Duke Energy Ohio, Inc.
Case No. 21-568-EL-UEx (UE-ED)

Background

On June 29, 2021, Duke Energy Ohio, Inc. (Duke or Company) filed an application in Case No. 21-568-EL-UEx for approval to update its electric uncollectible expense rider (Rider UE-ED) rate. The rider enables recovery of net uncollectible accounts expense related to the provision of electric distribution service, as well as all percentage of income payment plan (PIPP) installment payments that are not recovered through the universal service fund rider (USR).

The Company makes annual filings to Rider UE-ED in order to true-up the rider to reflect actual uncollectible expense. The current rates of \$0.000610 per kWh for residential customers and \$0.33 per bill for non-residential customers were approved in Case No. 20-960-EL-UEx in a Finding and Order dated October 21, 2020. On May 11, 2020, Duke filed an application in Case No. 20-1011-GE-AAM (COVID-19 Deferral Case) seeking authority to defer, as a regulatory asset for subsequent recovery, all of the incremental operating costs incurred and foregone revenue that result from implementing the Company's emergency response plan filed in Case No. 20-599-GE-UNC. On June 17, 2020 the Commission approved the Company's COVID-19 Deferral Case.

In its June 29, 2021 application, the Company projected the total incremental unrecovered balance as of March 31, 2022, to be \$6,197,927 for residential customers and \$443,503 for non-residential customers. The Company proposes to adjust the Rider UE-ED rate to \$0.000870 per kWh for residential customers and \$0.48 per bill for non-residential customers.

Staff Review

Staff has completed its review of the Company's Rider UE-ED. Staff examined the as-filed schedules for consistency with the Commission's Opinion and Orders in previous Rider UE-ED cases, and to ensure proper accounting treatment was applied. The audit consisted of a review of the financial statements regarding completeness, occurrence, presentation, valuation, allocation, and accuracy. Staff conducted the audit through a combination of document review, interviews, and interrogatories. Staff requested documentation as needed to determine that the costs were substantiated or to conclude that an adjustment was warranted.

Staff finds that the Company has adequately supported the information used in the determination of the overall revenue requirement for its proposed rates, and that the calculations used to determine the rates are reasonable except for the following adjustment of \$119,869.96.

During the course of Staff's review of the Company's COVID deferral, Staff requested transactional detail to verify the appropriateness of its inclusion in Rider UE-ED. In response to Staff data request five and six, the Company indicated \$145,971 in transmission costs, \$635.52 in vehicle charges, and \$529.88 in translation service that were incorrectly recorded to Rider UE-ED and Rider UE-GEN.

Additionally, Staff identified \$661.11 associated with items for which the Company was unable to provide sufficient supporting documentation, \$419.53 in appliances that were deemed

inappropriate for inclusion in the rider, and \$8.46 of costs related to shareholder services to be inappropriate for inclusion in Rider UE-ED. The \$148,225.20 was allocated between the riders, with 80.87% being charged to Rider UE-ED and the remainder charged to Rider UE-GEN.

Staff Recommendation

Staff recommends an allocation of the COVID disallowances of \$148,225.20 using the same percentages as the Company's filing. Staff recommends that 80.87% of the total adjustment be allocated to UE-ED, which is \$119,869.56.

With the above adjustment, Staff recommends that the reduced rates of \$0.000857 per kWh for residential customers and \$0.45 per bill for non-residential customers be adopted by the Commission.

**This foregoing document was electronically filed with the Public Utilities
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Case No(s). 21-0568-EL-UEx

Summary: Staff Review and Recommendation in regard to the application filed by Duke Energy Ohio, Inc., to adjust and set its electric uncollectible recovery rate under Rider UE-ED electronically filed by Zee Molter on behalf of PUCO Staff