

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF
DUKE ENERGY OHIO, INC., TO ADJUST
AND SET ITS ELECTRIC UNCOLLECTIBLE
RECOVERY RATE FOR RIDER UE-ED.

CASE NO. 21-568-EL-UEX

FINDING AND ORDER

Entered in the Journal on January 12, 2022

I. SUMMARY

{¶ 1} The Commission finds that Duke Energy Ohio's application to set its electric uncollectible recovery rates for Rider UE-ED should be approved, subject to Staff's modifications.

II. DISCUSSION

{¶ 2} Duke Energy Ohio, Inc. (Duke) is an electric light 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.

{¶ 3} On July 8, 2009, the Commission approved a stipulation, which, among other things, established an electric distribution uncollectible expense rider (Rider UE-ED). *In re Duke Energy, Inc.*, Case Nos. 08-709-EL-AIR, et al. (2009 Rate Case), Opinion and Order (July 8, 2009). Rider UE-ED is designed to recover uncollectible expenses incurred by Duke that are in excess of those recovered in base rates, as well as all percentage of income payment plan installment payments not recovered through the universal service fund rider or from the customer net of any unused low-income credit funds. Rider UE-ED was initially set at \$0.00 and is subject to an annual review process.

{¶ 4} On November 10, 2010, the Commission approved Duke's initial application to set rider UE-ED and authorized Duke to create a regulatory asset to defer variances in uncollectible expenses in future periods for recovery or refund in future proceedings to adjust Rider UE-ED. *In re Duke Energy Ohio, Inc.*, Case Nos. 10-912-EL-UEX, et al., Finding and Order (Nov. 10, 2010).

{¶ 5} In response the COVID-19 state of emergency and directives from the Commission, on March 19, 2020, in Case No. 20-599-GE-UNC, Duke filed a temporary plan for addressing the emergency. In a March 20, 2020 Entry, the Commission directed that all requests for accounting authority or incremental cost recovery related to the emergency plan would be addressed in separate applications in separate dockets.

{¶ 6} On May 11, 2020, in Case No. 20-1011-GE-AAM, Duke filed an application to defer, as a regulatory asset for subsequent recovery, all of the incremental operating costs incurred and foregone revenue resulting from implementation of Duke's emergency response plan filed in Case N. 20-599-GE-UNC. The Commission approved Duke's request, subject to modifications, in a June 17, 2020 Finding and Order. The Commission directed that recovery of the incremental costs and lost revenues take place through Rider UE-ED and Rider UE-GEN.

{¶ 7} Duke's current Rider UE-ED rates for residential customers of \$0.000610 per kilowatt hour (kWh) and for nonresidential customers a charge of \$0.33 per bill were approved by Finding and Order issued October 21, 2020, in *In re Duke Energy Ohio, Inc.*, Case No. 20-960-EL-UEX.

{¶ 8} On June 29, 2021, pursuant to the stipulation in the *2009 Rate Case*, Duke filed an application in this case requesting authority to adjust its Rider UE-ED rates for residential customers to \$0.000870 per kWh and for nonresidential customers to \$0.48 per bill. According to Duke, these rates reflect the projected total incremental unrecovered balance as of March 31, 2022 which is expected to be approximately \$6,197,927 for residential customers and \$443,503 for nonresidential customers. Duke explains that the uncollectible expenses eligible for recovery through Rider UE-ED will be those expenses generated by the class of customers paying the uncollectible expense rider. In addition, Duke requests the Commission clarify that Duke has continued authority to create a regulatory asset to defer variances in uncollectible expense in future periods for recovery or refund in further proceedings.

{¶ 9} On December 29, 2021, Staff filed its comments, stating that it audited Duke's schedules for consistency with the Commission's directives. Through a combination of document review, interviews, and interrogatories, Staff reviewed Duke's financial statements for completeness, occurrence, presentation, valuation, allocation, and accuracy. During its review, Staff found 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, generally, reasonable. However, during Staff's review of costs associated with COVID-19 recovery through Rider UE-ED and Rider UE-GEN, Staff identified \$148,225.20 that was incorrectly recorded to one of those riders or otherwise lacked sufficient supporting documentation. Of the funds improperly associated with Rider UE-ED and Rider UE-GEN, Staff recommends 80.87 percent be allocated to Rider UE-ED and the remainder be allocated to Rider UE-GEN. Staff's total disallowance would be \$119,869.56. Accordingly, Staff recommends that the Commission adopt the Rider UE-ED rates of \$0.000857 per kWh for residential customers and \$0.45 per bill for nonresidential customers.

{¶ 10} Upon review of the application and Staff's review, the Commission finds that Duke's application is reasonable and in the public interest and should be approved, subject to Staff's modifications. Accordingly, Duke should be authorized to change the rates for Rider UE-ED to \$0.000857 per kWh for residential customers and \$0.45 per bill for nonresidential customers. Duke is also authorized to continue to create a regulatory asset to defer variances in uncollectible expenses in future periods for recovery or refund in future proceedings to adjust Rider UE-ED. The current and proposed rates are as follows:

Customer Class	Current Rate	Proposed Rate	Proposed Change
Residential	\$0.000610 per kWh	\$0.000857 per kWh	\$0.000247 per kWh
Nonresidential	\$0.33 per bill	\$0.45 per bill	\$0.12 per bill

III. ORDER

{¶ 11} It is, therefore,

{¶ 12} ORDERED, That, in accordance with Paragraph 10, Duke's application be approved, subject to Staff's modifications, and Duke be authorized to adjust the rates for Rider UE-ED. It is, further,

{¶ 13} ORDERED, That Duke be authorized to continue to create a regulatory asset to defer variances in uncollectible expenses in future periods for recovery or refund in future proceedings to adjust Rider UE-ED. It is, further,

{¶ 14} ORDERED, That Duke be authorized to file two complete copies of tariffs in final form consistent with this Finding and Order. Duke shall file one copy in this case docket and one copy in its TRF docket. It is, further,

{¶ 15} ORDERED, That the effective date of the new tariffs shall be a date not earlier than the date upon which final tariffs are filed with the Commission. It is, further,

{¶ 16} ORDERED, That Duke shall notify all affected customers via a bill message, a bill insert, or a separate mailing within 30 days of the effective date of the tariffs. A copy of the customer notice shall be submitted to the Commission's Service Monitoring and Enforcement Department, Reliability and Service Analysis Division, at least 10 days prior to its distribution to customers. It is, further,

{¶ 17} ORDERED, That nothing in this Finding and Order shall be binding upon this Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

{¶ 18} ORDERED, That a copy of this Finding and Order be served upon all parties of record.

COMMISSIONERS:

Approving:

M. Beth Trombold

Lawrence K. Friedeman

Daniel R. Conway

NJW/hac

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

Summary: Finding & Order finding that Duke Energy Ohio's application to set its electric uncollectible recovery rates for Rider UE-ED should be approved, subject to Staff's modifications electronically filed by Heather A. Chilcote on behalf of Public Utilities Commission of Ohio