

## THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF  
DUKE ENERGY OHIO, INC. FOR  
APPROVAL TO MODIFY RIDER FBS AND  
RIDER EFBS.

CASE NO. 21-1155-GA-RDR

IN THE MATTER OF THE APPLICATION OF  
DUKE ENERGY OHIO, INC. FOR  
APPROVAL TO MODIFY ITS RATE IMBS  
TARIFF.

CASE NO. 21-1156-GA-ATA

### FINDING AND ORDER

Entered in the Journal on January 12, 2022

#### I. SUMMARY

{¶ 1} The Commission approves the application of Duke Energy Ohio, Inc., as amended, to adjust the rates of its firm balancing service rider, enhanced firm balancing service rider, and interruptible monthly balancing service tariffs.

#### II. DISCUSSION

{¶ 2} Duke Energy Ohio, Inc. (Duke or the Company) is a natural gas 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} R.C. 4909.18 provides, in part, that a public utility may file an application to establish any rate, charge, regulation, or practice. If the Commission determines that the application is not for an increase in any rate and does not appear to be unjust or unreasonable, the Commission may approve the application without the need for a hearing.

{¶ 4} On March 21, 2007, in Case No. 05-732-EL-MER, et al., the Commission approved a stipulation, which, inter alia, set the rate of Duke's firm balancing service rider (Rider FBS). *In re Cinergy Corp.*, Case No. 05-732-EL-MER, et al. (*Merger Case*), Entry (Mar. 21, 2007). Rider FBS is a mechanism that enables Duke to recover the estimated portion of storage costs associated with daily balancing from choice suppliers and aggregators, and the charges collected by the Company are then applied as a credit to the

gas cost recovery (GCR) mechanism. As a result of the stipulation in the *Merger Case*, Duke participated in a collaborative that resulted in the proposal of Duke's enhanced firm balancing service rider (Rider EFBS). In Case No. 15-50-GA-RDR, the Commission approved, with modifications, Duke's application to amend the terms under which choice suppliers and aggregators receive either firm balancing service or enhanced firm balancing service. *In re Duke Energy Ohio, Inc.*, Case No. 15-50-GA-RDR, Opinion and Order (Jan. 6, 2016), Second Entry on Rehearing (Oct. 12, 2016).

{¶ 5} On August 25, 2021, in Case No. 21-180-GA-RDR, et al., the Commission approved the current rates of Rider FBS and Rider EFBS, as well as the interruptible monthly balancing service rate (Rate IMBS). Additionally, in light of pending proceedings before the Federal Energy Regulatory Commission (FERC) in which the rates of Columbia Gas Transmission (TCO) for storage and related transportation are being adjusted, the Commission approved Duke's revised rates on the condition that the Company promptly file a new application in the event that TCO's rates, as ultimately set by FERC, are lower than the revised rates approved by the Commission. *In re Duke Energy Ohio, Inc.*, Case No. 21-180-GA-RDR, et al., Finding and Order (Aug. 25, 2021).

{¶ 6} On November 19, 2021, in the above-captioned proceedings, Duke filed, pursuant to R.C. 4909.18 and the Commission's directives in Case No. 21-180-GA-RDR, et al., an application to adjust Rider FBS, Rider EFBS, and Rate IMBS. Duke amended its application on that same date, in order to provide supporting exhibits. In the amended application, Duke states that, as of December 1, 2021, the charges that the Company pays to TCO for transportation in and out of storage have decreased, pending final approval by FERC. Duke further states that TCO's interim settlement rates are to be implemented effective December 1, 2021, and, therefore, the calculation of rates for Rider FBS, Rider EFBS, and Rate IMBS should change as of December 1, 2021. The proposed rate adjustments are summarized as follows:

	<b>Current Rate</b>	<b>Proposed Rate</b>	<b>Proposed Change</b>
Rider FBS	\$0.614 per Mcf <sup>1</sup>	\$0.575 per Mcf	(\$0.039) per Mcf
Rider EFBS (Demand)	\$11.06 per dth <sup>2</sup>	\$10.22 per dth	(\$0.84) per dth
Rider EFBS (Commodity)	\$0.045 per Mcf	\$0.052 per Mcf	\$0.007 per Mcf
Rate IMBS	\$0.1222 per Mcf	\$0.1145 per Mcf	(\$0.0077) per Mcf

{¶ 7} On December 21, 2021, Staff filed its review and recommendation in response to Duke’s application, as amended. Staff states that, although the FERC proceedings are ongoing, Duke filed the application to reflect the change in TCO’s rates that were ordered to be implemented on December 1, 2021. Staff also notes that Duke did not include a credit to its storage customers for the higher rates charged between August 25, 2021, and the TCO settlement rates implemented on December 1, 2021. Staff explains that this is due to the fact that Rider FBS, Rider EFBS, and Rate IMBS do not have a true-up mechanism, which results in Duke receiving a credit at times when the rates decrease and bearing the costs when the rates increase. Following its review, Staff concludes that Duke’s amended application is reasonable and should be approved.

{¶ 8} The Commission has reviewed Duke’s amended application to adjust Rider FBS, Rider EFBS, and Rate IMBS, as well as Staff’s review and recommendation. As the Commission has stated in prior cases, the proposed rate adjustments are based on a change in the underlying storage costs charged to Duke by TCO, which affords the Company the ability to offer its balancing services, and, therefore, it is appropriate to pass those costs on to the suppliers and aggregators that receive the benefit of those services, or, with respect to

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<sup>1</sup> “Mcf” is an abbreviation for one thousand cubic feet.

<sup>2</sup> “Dth” is an abbreviation for dekatherm.

Rate IMBS, to the interruptible transportation customers receiving those benefits. We have also recognized that the revenues from Rider FBS and Rider EFBS flow through to the GCR customers that initially fund the storage services provided to Duke by TCO. *In re Duke Energy Ohio, Inc.*, Case No. 16-06-GA-RDR, Finding and Order (Mar. 31, 2016) at 2; *In re Duke Energy Ohio, Inc.*, Case No. 15-50-GA-RDR, Finding and Order (Mar. 25, 2015) at 4; *In re Duke Energy Ohio, Inc.*, Case No. 12-1474-GA-RDR, Finding and Order (May 30, 2012) at 3; *In re Duke Energy Ohio, Inc.*, Case No. 10-241-GA-RDR, Finding and Order (July 14, 2010) at 3. We again find that Duke's request to adjust Rider FBS, Rider EFBS, and Rate IMBS is based on a pass through of costs. Accordingly, the Commission finds that the amended application does not constitute an increase in rates, is not unjust or unreasonable, and should be approved. Finally, consistent with R.C. 4909.18, the Commission finds that no hearing is required in these cases.

### III. ORDER

{¶ 9} It is, therefore,

{¶ 10} ORDERED, That Duke's amended application to adjust Rider FBS, Rider EFBS, and Rate IMBS be approved. It is, further,

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

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

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

COMMISSIONERS:

*Approving:*

M. Beth Trombold  
Lawrence K. Friedeman  
Daniel R. Conway

SJP/mef

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**Case No(s). 21-1155-GA-RDR, 21-1156-GA-ATA**

Summary: Finding & Order approving the application of Duke Energy Ohio, Inc., as amended, to adjust the rates of its firm balancing service rider, enhanced firm balancing service rider, and interruptible monthly balancing service tariffs electronically filed by Ms. Mary E. Fischer on behalf of Public Utilities Commission of Ohio