

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke Energy)
Ohio, Inc., for Authority to Adjust its Power) Case No. 21-0012-EL-RDR
Future Initiatives Rider.)

REPLY COMMENTS OF DUKE ENERGY OHIO, INC.

I. INTRODUCTION

This case concerns the Application of Duke Energy Ohio, Inc. (Duke Energy Ohio or the Company) for the recovery of costs associated with certain advanced metering infrastructure (AMI) and data access, pursuant to the Stipulation and Recommendation filed in the consolidated Case Nos. 17-0032-EL-AIR, *et al.*, 17-1263-EL-SSO, *et al.*, 17-872-EL-RDR, *et al.*, and 16-1602-EL-CSS, *et al.*, as approved by the Commission in late 2018.¹ This component of Rider PF is described as Component Two.² The Staff of the Public Utilities Commission of Ohio (Staff) examined the Company's as-filed schedules for consistency with the Commission's December 19, 2018, Opinion and Order (2018 Order),³ proper accounting methods, accuracy, and the prudence of the submitted expenses.⁴ On February 7, 2022, Staff issued its Staff Review and Recommendation.⁵

¹ *In the Matter of the Application of Duke Energy Ohio, Inc., for an Increase of its Electric Distribution Rates*, Case No. 17-0032-EL-AIR, *et al.*, pp. 44-45, Opinion and Order, (December 19, 2018).

² *In the Matter of the Application of Duke Energy Ohio, Inc., for an Increase in Electric Distribution Rates*, Case Nos. 17-0032-EL-AIR, *et al.*, Stipulation and Recommendation pp. 16-17 (April 13, 2018); and Opinion and Order pp. 84-85 (December 19, 2018).

³ *In the Matter of the Application of Duke Energy Ohio, Inc., for an Increase of its Electric Distribution Rates*, Case No. 17-0032-EL-AIR, *et al.*, p. 44, Opinion and Order, (December 19, 2018).

⁴ Staff Review and Recommendation, p. 4 (February 7, 2022).

⁵ *Id.* (February 7, 2022).

On March 10, 2022, the Commission granted the motions to intervene filed by the Ohio Consumers' Counsel (OCC), Interstate Gas Supply, Inc. (IGS), Ohio Energy Group (OEG), and Direct Energy Business, LLC and Direct Energy Services, LLC (collectively Direct Energy), and issued a procedural schedule directing that any initial comments be filed by April 1, 2022 and any reply comments be filed by April 8, 2022.⁶ On April 1, 2022, Duke Energy Ohio, the Ohio Manufacturers' Association Energy Group (OMAEG), Ohio Energy Group (OEG), and Kroger Co. (Kroger) filed their initial comments.⁷ Additionally, OCC and IGS filed notices reserving their right to file reply comments.⁸

Below are the Company's reply comments.

II. THE COMPANY, LIKE INTERVENORS AND STAFF, SUPPORTS ALLOCATION OF THE REVENUE REQUIREMENT BASED ON PERCENTAGE OF BASE DISTRIBUTION REVENUES AND BILLED AS A FIXED CHARGE.

In Case No. 20-666-EL-RDR, the Commission approved a Stipulation that provided:

For the Rider PF "Component Two" investments authorized for recovery through Rider PF in Case Nos. 17-0032-EL-AIR, et al., the revenue requirement shall be allocated based on the percentage of base distribution revenues approved in the Company's last rate case, (61.99648 percent to Residential Service consumers), and then billed to residential and non-residential consumers using a fixed monthly distribution charge.⁹

⁶ Entry (March 10, 2022).

⁷ Comments of Duke Energy Ohio, Inc.(April 1, 2022) (Duke Energy Ohio Comments); Motion to Intervene and Initial Comments of The Kroger Co., filed by the Kroger Co. (April 1, 2022)(Kroger Comments); Motion to Intervene and Comments of the Ohio Manufacturers' Association Energy Group filed by the Ohio Manufacturers' Association Energy Group (April 1, 2022)(OMAEG Comments) and Comments of the Ohio Energy Group filed by the Ohio Energy Group (April 1, 2022)(OEG Comments).

⁸ Correspondence notifying the Commission that the Office of the Ohio Consumers' Counsel will not be filing Initial Comments in this proceeding but reserves the right to file Reply Comments (April 1, 2022)(OCC correspondence) and Notice that Interstate Gas Supply, Inc. will not be filing Initial Comments in the (above) proceeding but reserves the right to file Reply Comments (April 1, 2022)(IGS Notice).

⁹ Case No. 20-666-EL-RDR, Stipulation, pg. 6 (August 18, 2021). Note: the Company expects that this percentage will be updated when an order is issued in its currently pending electric base rate case, Case No. 21-887-EL-AIR.

The Company supports the same customer allocation approach and fixed charge billing in this case (which was filed prior to the approval of the above-mentioned Stipulation). This also appears to be the consensus of all those who submitted initial comments: Staff, OEG, OMAEG, and Kroger. To aid the Commission in its review, the Company attaches here as Attachment A, an updated calculation of the rate (which includes the \$69 disallowance recommended by Staff), and as Attachments B, C, and D, the current tariff sheet, a redline of the proposed tariff sheet, and a clean copy of the proposed tariff sheet.

III. CONCLUSION

The Company respectfully requests that its application for cost recovery be approved in accordance with its comments here and its initial comments.

Respectfully submitted,

/s/ Larisa M. Vaysman

Rocco O. D'Ascenzo (0077651)
Deputy General Counsel
(Counsel of Record)
Larisa M. Vaysman (0090290)
Senior Counsel
Duke Energy Business Services, Inc.
139 East Fourth Street, ML 1301
Cincinnati, Ohio 45202
Phone: 513-287-4320
Rocco.D'Ascenzo@duke-energy.com
Larisa.Vaysman@duke-energy.com

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing Reply Comments of Duke Energy Ohio, Inc. was served on the following parties this 8th day of April 2022 by regular U. S. Mail, overnight delivery or electronic delivery.

/s/ Larisa M. Vaysman
Larisa M. Vaysman

Thomas.lindgren@OhioAGO.gov
Amy.botschner.obrien@occ.ohio.gov
Ambrosia.wilson@occ.ohio.gove
joliker@igsenergy.com
ebetterton@igsenergy.com
mnugent@igsenergy.com

whitt@whitt-sturtevant.com
fykes@whitt-sturtevant.com
paul@carpenterlipps.com
bojko@carpenterlipps.com

Duke Energy Ohio
Rider Power Future Initiatives
Revenue Requirement
December 31, 2020

Line	Description	December 31, 2020	Reference
1	Gross Plant	\$2,078,266	Schedule 1
2	Accumulated Depreciation	(159,045)	Schedule 2
3	Net Plant in Service	\$1,919,222	Line (1) + Line (2)
4	Accum Def Income Taxes on Plant	(\$1,886)	Schedule 3
5	Capitalized Incentives	\$2,356	Schedule 4
6	Rate Base	\$1,919,691	Line (3) + Line (4) + Line (5)
7	Return on Rate Base (Pre-Tax %)	8.94%	Footnote (1)
8	Return on Rate Base (Pre-Tax)	\$171,620	Line (6) * Line (7)
9	Operation and Maintenance Expenses	3,199,548	Schedule 5
10	Depreciation Expense	100,790	Schedule 2a
11	Annualized Property Tax Expense	45,996	Schedule 6
12	Revenue Requirement Before CAT	\$3,517,954	Lines (8) through (11)
13	Commercial Activities Tax	\$9,171	{(1/(1-CAT))-1} * Line (12)}
14	Total Rider PF Revenue Requirement	\$3,527,125	Line (12) + Line (13)
15	Residential @ 61.99648%	\$ 2,186,693	Line (14) * 61.99648% Footnote (2)
16	Non Residential	\$ 1,340,432	Line (14) - Line (15)
17	Total	\$ 3,527,125	Line (15) + Line (16)
18	Residential Bill Count September 2020 - September 2021	8,009,722	
19	Non-Residential Bill Count August 2020 - July 2021	798,019	
20	Total Bill Count	8,807,741	Line (18) + Line (19)
21	Residential Fixed cost per bill	0.27	Line (15)/Line (18)
22	Non-Residential Fixed cost per bill	1.68	Line (16)/Line (19)

(1) Return on Rate Base (Pre-Tax %) set per Stipulation in Case No. 17-32-EL-AIR.
Upon the Tax Cut and Jobs Act of 2017 becoming law the Return on Rate Base (Pre-Tax %)
has been adjusted to reflect a reduction of the Corporate tax rate from 35% to 21%.

(2) Allocation percentage set per Stipulation in Case No. 20-0666-EL-RDR

Duke Energy Ohio
Rider Power Future Initiatives
Plant in Service Summary by Major Property Groupings
December 31, 2020

Line No.	Account Number		Account Title	OHIO CUSTOMER ENERGY USAGE DATA				PJM SETTLEMENT SYSTEMS	AMI	Total Company
	FERC	Company		Phase I	Phase II	Phase III	Phase IV	Phase V		
General Plant Accounts										
1	397	3970	Communication Equipment	\$0	\$0	\$0	\$0	\$0	\$2,078,266	\$2,078,266
2			Total General Plant	\$0	\$0	\$0	\$0	\$0	\$2,078,266	\$2,078,266

Duke Energy Ohio
Rider Power Future Initiatives
Accumulated Depreciation by Major Property Groupings
December 31, 2020

Line No.	Account Number		Account Title	OHIO CUSTOMER ENERGY USAGE DATA				PJM SETTLEMENT SYSTEMS	AMI	Total Company
	FERC	Company		Phase I	Phase II	Phase III	Phase IV	Phase V		
General Plant Accounts										
1	397	3970	Communication Equipment	\$0	\$0	\$0	\$0	\$0	\$159,045	\$159,045
2				\$0	\$0	\$0	\$0	\$0	\$159,045	\$159,045

Duke Energy Ohio
Rider Power Future Initiatives
Gross Plant & Accumulated Depreciation Detail
December 31, 2020

Line No.	FERC ACCT	CO. ACCOUNT	Project	ACCOUNT TITLE	Rate	202001	202002	202003	202004	202005	202006	202007	202008	202009	202010	202011	202012	Cumulative Total	2020 Totals
1	397	3970	AMI	Communication Equipment		182,662	3,255	205,365	21,248	250,601	21,114	104,796	350,722	93,651	46,161	9,968	19,784	2,078,266	1,309,326
2				Gross Plant Cumulative Total		951,602	954,858	1,160,222	1,181,471	1,432,072	1,453,186	1,557,982	1,908,704	2,002,354	2,048,515	2,058,483	2,078,266		
3				Monthly Depreciation Expense	6.67%	4,782	5,298	5,878	6,508	7,263	8,019	8,369	9,634	10,869	11,258	11,414	11,497	159,045	100,790
4				Accumulated Depreciation		63,037	68,335	74,213	80,721	87,985	96,003	104,372	114,006	124,876	136,134	147,548	159,045		

Duke Energy Ohio
Rider Power Future Initiatives
Accumulated Deferred Income Taxes
December 31, 2020

Project	Property, Plant and Equipment (Capital)		
	2018	2019	2020
PF Capital Expenditure	\$517,904	\$251,036	\$1,309,326
Cumulative Gross Plant	517,904	768,941	2,078,266
Depreciation Expense	8,582	\$49,673	100,790
Accumulated Depreciation	(\$8,582)	(58,255)	(159,045)
Accumulated Deferred Income Tax	(\$2,276)	(1,673)	(1,886)

Book Life	Tax Life
14.99	20.00

	20 Yr MACRS	Cap Additions	Tax Depreciation on			Total Tax Depr	Book Depreciation	Gross Plant	Accumulated Depreciation	Deferred Tax	ADIT
			2018 Spend	2019 Spend	2020 Spend						
2018	3.75%	\$517,904	\$19,421			19,421	\$8,582	517,904	\$8,582	2,276	\$2,276
2019	7.22%	251,036	37,388	\$9,414		46,801	49,673	768,941	58,255	(603)	1,673
2020	6.68%	1,309,326	34,580	18,122	\$49,100	101,802	100,790	2,078,266	159,045	213	1,886
Total		<u>\$2,078,266</u>	<u>\$91,389</u>	<u>\$27,536</u>	<u>\$49,100</u>					<u>1,886</u>	

Duke Energy Ohio
Rider Power Future Initiatives
Capitalized Earnings Based Incentives
December 31, 2020

Project	Property, Plant and Equipment (Capital)		
	2018	2019	2020
PF Capital Incentives	\$744	\$2,954	(5,826)
Cumulative Gross Plant	744	3,698	(2,128)
Depreciation Expense	25	148	52
Accumulated Depreciation	(\$25)	(\$173)	(\$225)
Accumulated Deferred Income Tax	(\$1)	(\$4)	(2)
Total Adjustment	718	3,521	(2,356)

Book Life	Tax Life
14.99	20.00

	20 Yr MACRS	Cap Additions	Tax Depreciation on			Total Tax Depr	Book Depreciation	Gross Plant	Accumulated Depreciation	Deferred Tax	ADIT
			2018 Spend	2019 Spend	2020 Spend						
2018	3.75%	\$744	\$28			28	\$25	744	\$25	1	1
2019	7.22%	2,954	54	\$111		164	148	3,698	173	3	4
2020	6.68%	(5,826)	50	213	(\$218)	44	52	(2,128)	225	(2)	2
		(\$2,128)	\$131	\$324	(\$218)	\$237	\$225		\$423	2	7

Duke Energy Ohio
Rider Power Future Initiatives
Operation and Maintenance Expenses
December 31, 2020

Line No.	Project	Operation and Maintenance Expenses
1	OHIO CUSTOMER ENERGY USAGE DATA - Phase I	-
2	OHIO CUSTOMER ENERGY USAGE DATA - Phase II	-
3	OHIO CUSTOMER ENERGY USAGE DATA - Phase III	556,914
4	OHIO CUSTOMER ENERGY USAGE DATA - Phase IV	-
5	PJM SETTLEMENT SYSTEMS - Phase V	47,652
6	AMI - Cost of Removal	2,609,815
7	PWG and DWG Consultant Costs	-
8	Total Operation and Maintenance Expenses	\$3,214,381
9	Less Incentives related to earnings	(14,833)
10	Total Operation and Maintenance Expenses	<u>\$3,199,548</u>

Duke Energy Ohio
Rider Power Future Initiatives
Personal Property Tax
December 31, 2020

Line	Description	Total Company	Reference
1	Plant in Service (General Plant) - Vintage 2020	\$ 1,309,326	
2	Plant in Service (General Plant) - Vintage 2019	\$251,036	
3	Plant in Service (General Plant) - Vintage 2018	517,904	
4	Real Property	0	
5	Net Cost of Taxable Personal Property	<u>\$2,078,266</u>	Line (1) through Line (4)
6	True Value Percentage - Vintage 2020	96.7%	
7	True Value Percentage - Vintage 2019	90.0%	
8	True Value Percentage - Vintage 2018	83.3%	
9	True Value of Taxable Personal Property - Vintage 2020	\$1,266,118	Line (1) x Line (6)
10	True Value of Taxable Personal Property - Vintage 2019	\$225,933	Line (2) x Line (7)
11	True Value of Taxable Personal Property - Vintage 2018	<u>431,414</u>	Line (3) x Line (8)
12	Total True Value of Taxable Personal Property]	\$1,923,465	Line (9) + Line (10)+ Line (11)
13	Assessment Percentage	24.0%	
14	Assessment Value	<u>\$461,632</u>	Line (12) x Line (13)
15	Personal Property Tax Rate	9.9638%	
16	Personal Property Tax	<u><u>\$45,996</u></u>	Line (14) x Line (15)

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

P.U.C.O. Electric No. 19
Sheet No. 84.01
Cancels and Supersedes
Original Sheet No. 84
Page 1 of 1

RIDER PF

POWER FUTURE INITIATIVES RIDER

APPLICABILITY

Applicable to all retail jurisdictional customers in the Company's electric service areas including those customers taking generation service from a Competitive Retail Electric Service Provider. This tariff does not apply to customers taking service under Rate TS, service at transmission voltage.

DESCRIPTION

This rider recovers the capital and O&M costs of programs, modifications, and offerings related to the continued evolution of the distribution grid and enhanced customer experience, including programs, modifications, and offerings that may be engendered by the Commission's PowerForward review incremental to amounts recovered in other riders or in base rates.

CHARGES

A fixed monthly charge in addition to the Customer Charge shall be applied to all retail customers. This Rider shall be adjusted periodically to recover amounts authorized by the Commission. The charge for the rate schedules are:

Residential Service	\$0.36 per month
Non-Residential Service	\$2.22 per month

This Rider is subject to reconciliation, including, but not limited to, refunds or additional charges to customers, ordered by the Commission as the result of audits by the Commission in accordance with the December 19, 2018, Opinion and Order in Case Nos. 17-1263-EL-SSO, et al., or based upon the impact to the rates recovered through the rider due to changes in federal corporate income taxes, including the Tax Cuts and Jobs Act of 2017 and pursuant to an order by the Commission directing changes to this rider as a result of the Commission's investigation in Case No. 18-47-AU-COI.

Filed pursuant to an Order dated January 12, 2022 in Case No. 21-1215-EL-ATA before the Public Utilities Commission of Ohio.

Issued: January 13, 2022

Effective: February 2, 2022

Issued by Amy B. Spiller, President

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

P.U.C.O. Electric No. 19
Sheet No. 84.0~~42~~
Cancels and Supersedes
Original Sheet No. 84.01
Page 1 of 1

RIDER PF

POWER FUTURE INITIATIVES RIDER

APPLICABILITY

Applicable to all retail jurisdictional customers in the Company's electric service areas including those customers taking generation service from a Competitive Retail Electric Service Provider. This tariff does not apply to customers taking service under Rate TS, service at transmission voltage.

DESCRIPTION

This rider recovers the capital and O&M costs of programs, modifications, and offerings related to the continued evolution of the distribution grid and enhanced customer experience, including programs, modifications, and offerings that may be engendered by the Commission's PowerForward review incremental to amounts recovered in other riders or in base rates.

CHARGES

A fixed monthly charge in addition to the Customer Charge shall be applied to all retail customers. This Rider shall be adjusted periodically to recover amounts authorized by the Commission. The charge for the rate schedules are:

Residential Service	\$0. 2736 per month
Non-Residential Service	\$ 1.682.22 per month

This Rider is subject to reconciliation, including, but not limited to, refunds or additional charges to customers, ordered by the Commission as the result of audits by the Commission in accordance with the December 19, 2018, Opinion and Order in Case Nos. 17-1263-EL-SSO, et al., or based upon the impact to the rates recovered through the rider due to changes in federal corporate income taxes, including the Tax Cuts and Jobs Act of 2017 and pursuant to an order by the Commission directing changes to this rider as a result of the Commission's investigation in Case No. 18-47-AU-COI.

Filed pursuant to an Order dated ~~January 12, 2022~~ in Case No. ~~21-1215-EL-ATA~~ before the Public Utilities Commission of Ohio.

Issued: ~~January 13, 2022~~

Effective: ~~February 2, 2022~~

Issued by Amy B. Spiller, President

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

P.U.C.O. Electric No. 19
Sheet No. 84.02
Cancels and Supersedes
Original Sheet No. 84.01
Page 1 of 1

RIDER PF

POWER FUTURE INITIATIVES RIDER

APPLICABILITY

Applicable to all retail jurisdictional customers in the Company's electric service areas including those customers taking generation service from a Competitive Retail Electric Service Provider. This tariff does not apply to customers taking service under Rate TS, service at transmission voltage.

DESCRIPTION

This rider recovers the capital and O&M costs of programs, modifications, and offerings related to the continued evolution of the distribution grid and enhanced customer experience, including programs, modifications, and offerings that may be engendered by the Commission's PowerForward review incremental to amounts recovered in other riders or in base rates.

CHARGES

A fixed monthly charge in addition to the Customer Charge shall be applied to all retail customers. This Rider shall be adjusted periodically to recover amounts authorized by the Commission.
The charge for the rate schedules are:

Residential Service	\$0.27 per month
Non-Residential Service	\$1.68 per month

This Rider is subject to reconciliation, including, but not limited to, refunds or additional charges to customers, ordered by the Commission as the result of audits by the Commission in accordance with the December 19, 2018, Opinion and Order in Case Nos. 17-1263-EL-SSO, et al., or based upon the impact to the rates recovered through the rider due to changes in federal corporate income taxes, including the Tax Cuts and Jobs Act of 2017 and pursuant to an order by the Commission directing changes to this rider as a result of the Commission's investigation in Case No. 18-47-AU-COI.

Filed pursuant to an Order dated in Case No.- before the Public Utilities Commission of Ohio.

Issued:

Effective:

Issued by Amy B. Spiller, President

**This foregoing document was electronically filed with the Public Utilities
Commission of Ohio Docketing Information System on**

4/8/2022 3:13:44 PM

in

Case No(s). 21-0012-EL-RDR

Summary: Comments Reply Comments of Duke Energy Ohio, Inc. electronically
filed by Mrs. Debbie L. Gates on behalf of Duke Energy Ohio Inc. and D'Ascenzo,
Rocco O. Mr. and Vaysman, Larisa and Akhbari, Elyse