



Public Utilities Commission

Mike DeWine, Governor
Jenifer French, Chairman

Commissioners

M. Beth Trombold
Lawrence K. Friedeman
Dennis P. Deters
Daniel R. Conway

May 9, 2022

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 Rider ESRR, Case No. 22-18-EL-RDR, and For Approval of Tariff Amendments, Case No. 22-19-EL-ATA.

Dear Docketing Division:

Enclosed please find the Review and Recommendations of the Staff of the Public Utilities Commission of Ohio (Staff) in the Matter of Duke Energy Ohio, Inc., to adjust and Set Rider ESRR, Case No. 22-18-EL-RDR, and For Approval of Tariff Amendments, Case No. 22-19-EL-ATA.

Natalia Messenger
Accounting and Finance Division
Public Utilities Commission of Ohio

Enclosure
Cc: Parties of Record

Duke Energy Ohio, Inc.
Case No. 22-18-EL-RDR (Rider ESRR)

SUMMARY

On December 19, 2018, in Case No. 17-32-EL-AIR, the Commission approved a stipulation that included an agreement that Duke Energy Ohio, Inc. (Duke or Company) would implement a non-bypassable rider for recovery of vegetation management services (Rider ESRR). Rider ESRR was approved to be updated annually and to recover costs for actual expenditure for non-affiliated contractor vegetation management services that exceed the test year expenditure of \$10,720,877 for those services.

On January 31, 2022, Duke filed an application and schedules (Application) proposing a new rate for Rider ESRR that reconciles actual costs for 2021 and recovers projected costs for 2022. The Company's 2022 projected costs are \$22,648,784, which exceeds the amount established in base rates by \$11,924,907. Of this amount, only \$10 million is eligible for recovery under the cap established in the Consolidated Cases' Opinion and Order.¹ The Company is requesting a revenue requirement of \$9,915,754, which includes an over-recovery of (\$110,027) from the 2020 ESRR true-up and application of the commercial activities tax. This results in a Rider ESRR rate of 2.19% to be applied to base distribution charges, an increase of 0.01% from the prior rate.

FINANCIAL AUDIT

In its review, Staff examined the Application for consistency with previous Rider ESRR cases to ensure proper accounting and regulatory treatment was applied. The audit consisted of a review of the financial statements for completeness, occurrence, presentation, valuation, allocation, and accuracy. Staff conducted this audit through a combination of document review, interviews, and interrogatories.

Staff did not discover any variances during the financial audit.

PHYSICAL VERIFICATION OF 2021 ACTIVITY

The visual inspections were conducted in person by staff from the Public Utilities Commission of Ohio's Service Monitoring and Enforcement Department (SMED) in April and May 2022. SMED Staff selected a total of 18 circuits from Duke's three districts in Butler, Clermont, Hamilton, and Warren counties to physically verify that vegetation line clearance work was performed in 2021 as scheduled (see Table I).

Of the circuits inspected, all showed evidence that vegetation line clearance work had been performed. Normal re-growth was detected on several of the circuits; however, no vegetation was in contact with the electric conductors. Staff found these circuits to be satisfactory for vegetation control, and no additional trimming is required at this time.

¹ *In the Matter of the Application of Duke Energy Ohio, Inc., for an Increase in Electric Distribution Rates*, Case No. 17-32-EL-AIR, et al., (Consolidated Cases) Opinion and Order at 41-42 (Dec. 19, 2018).

TABLE I – 2021 Circuit Visual Inspections

Substation Name	Circuit	Start Date	Completion Date	Length (mi)	Audit Date	Status
Ohio East						
KINGS MILLS	85	4/19/2021	6/4/2021	33.67	4/29/2022	Satisfactory
MARKLEY	51	9/27/2021	10/23/2021	15.08	4/29/2022	Satisfactory
PARK	320	6/7/2021	7/9/2021	11.88	4/29/2022	Satisfactory
SUMMERSIDE	69	1/4/2021	3/25/2021	17.68	4/29/2022	Satisfactory
PARK	320	6/7/2021	7/9/2021	11.88	4/29/2022	Satisfactory
Ohio North						
BETHANY	40	7/26/2021	11/12/2021	13.50	4/22/2022	Satisfactory
CANAL	238	3/15/2021	6/3/2021	16.78	4/22/2022	Satisfactory
CORNELL	204	6/21/2021	8/21/2021	8.85	5/3/2022	Satisfactory
FRANKLIN	34	5/10/2021	6/23/2021	9.53	5/3/2022	Satisfactory
MANCHESTER	83	4/12/2021	7/16/2021	10.20	5/3/2022	Satisfactory
NILLES	363	6/21/2021	7/10/2021	13.00	4/22/2022	Satisfactory
PRINCETON OH	355	6/29/2021	7/10/2021	10.67	4/22/2022	Satisfactory
Ohio Central						
ASHLAND	11	9/13/2021	9/29/2021	10.33	4/27/2022	Satisfactory
FAIRFAX	283	3/1/2021	4/17/2021	19.53	4/28/2022	Satisfactory
GLENVIEW	72	7/24/2021	9/24/2021	11.96	4/27/2022	Satisfactory
KLEEMAN	61	9/27/2021	11/15/2021	17.05	4/28/2022	Satisfactory
OAKLEY	8	1/4/2021	1/26/2021	9.73	4/27/2022	Satisfactory
TERMINAL	17	4/6/2021	6/26/2021	13.89	4/27/2022	Satisfactory
WALNUT HILLS	2	8/16/2021	9/3/2021	8.91	4/28/2022	Satisfactory

STAFF RECOMMENDATION

Staff has completed its audit of the Application and circuits finding that the Company has appropriately calculated its Rider ESRR rate and recommends approval of the Company's Application, which will apply a charge of 2.19% to the base distribution charges of all retail customers.

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

5/9/2022 12:28:24 PM

in

Case No(s). 22-0018-EL-RDR, 22-0019-EL-ATA

Summary: Staff Review and Recommendation regarding the Matter of Duke Energy Ohio, Inc., to Adjust and Set Rider ESRR and For Approval of Tariff Amendments electronically filed by Zee Molter on behalf of PUCO Staff