

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF
DUKE ENERGY OHIO, INC. FOR
APPROVAL TO ADJUST RIDER DDR.

CASE NO. 22-21-EL-RDR

FINDING AND ORDER

Entered in the Journal on June 15, 2022

I. SUMMARY

{¶ 1} The Commission approves Duke Energy Ohio, Inc.'s applications to adjust and set rates for its distribution decoupling rider.

II. PROCEDURAL HISTORY

{¶ 2} Duke Energy Ohio, Inc. (Duke) is an electric distribution utility (EDU) as defined by R.C. 4928.01(A)(6) 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. 4928.141 provides that an EDU shall provide consumers within its certified territory a standard service offer (SSO) of all competitive retail electric services necessary to maintain essential electric services to customers, including a firm supply of electric generation services. The SSO may be either a market rate offer in accordance with R.C. 4928.142 or an electric security plan (ESP) in accordance with R.C. 4928.143.

{¶ 4} On November 22, 2011, the Commission approved a stipulation filed by various parties, which provided for Duke to offer an ESP. Among other terms, the stipulation provided that Duke would file an application for approval of a distribution revenue decoupling mechanism to adjust rates between rate cases for certain customer classes. The decoupling mechanism would adjust rates between rate cases to remove Duke's incentive to sell energy. *In re Duke Energy Ohio, Inc.*, Case No. 11-3549-EL-SSO, et al., Opinion and Order (Nov. 22, 2011).

{¶ 5} By Finding and Order issued in Case No. 11-5905-EL-RDR on May 30, 2012, the Commission approved Duke's application to implement a three-year distribution

revenue decoupling pilot through rider distribution decoupling (Rider DDR) that ran from January 1, 2012, through December 31, 2014. The Commission continued Rider DDR beyond 2014 when it approved Duke's ESP in *In re Duke Energy Ohio, Inc.*, Case No. 14-841-EL-SSO, et al., Opinion and Order (April 2, 2015) and again in *In re Duke Energy Ohio, Inc.*, Case No. 17-1263-EL-SSO, et al., Opinion and Order (Dec. 19, 2018).

III. DISCUSSION

{¶ 6} Rider DDR rates are determined by comparing authorized distribution revenues to revenues actually collected, on a monthly basis, for each rate class, with Duke accruing the positive or negative difference in a balancing account specific to each rate class. As approved by the Commission, Rider DDR was initially set at \$0.00 and is to be updated on a yearly basis, with Duke allocating the amount for the prior year in each balancing account to the corresponding customer rate class. Rider DDR is subject to a three percent cap on the annual adjustment, with balances carrying forward at the long-term cost of debt.

{¶ 7} On March 1, 2022, Duke filed an application to adjust and set Rider DDR based upon the distribution revenues collected in 2021 and Duke's forecasted 2022 sales.

{¶ 8} As calculated by Duke, Rider DDR should be set for the following customer classes as follows:

- (a) Residential Class: The total amount of over-collected distribution revenues is \$21,777,029; therefore, the rate should be adjusted from the current credit of \$0.001724 per kilowatt hour (kWh) to a credit of \$0.002991 per kWh.

- (b) Rate EH, Optional Rate for Electric Space Heating: The total amount of the undercollected distribution revenues was \$323,897. The three percent cap is \$51,279; therefore, Duke is only permitted to recover \$51,279. Thus, the rate should be decreased from the current rate of \$0.001009 per kWh to \$0.000833 per kWh.
- (c) Rate DM, Secondary Distribution Service-Small: The total amount of the overcollected distribution revenues was \$607,578; therefore, Duke should change the current rate provided to those customers from a charge of \$0.00078 per kWh to a credit \$0.003016 per kWh.

{¶ 9} On May 12, 2022, Staff filed its review and recommendation. Staff states it completed a review of Duke's Rider DDR filing and concluded that the proposed distribution decoupling rates reflect the actual differences between what was authorized in the Company's last base rate case and what the Company ultimately collected through rates during 2021. Staff recommends that the application be approved.

{¶ 10} Upon review of Duke's applications, as well Staff's recommendations, the Commission finds that the proposed rates for Rider DDR do not appear to be unjust or unreasonable, and, therefore, we find it unnecessary to hold a hearing in this matter. We determine that the rates filed in Duke's March 1, 2022 application represent the most up-to-date rates. Accordingly, the Commission authorizes Duke to file revised tariffs to implement the adjusted Rider DDR rates presented in the application.

IV. ORDER

{¶ 11} It is, therefore,

{¶ 12} ORDERED, That the application filed by Duke on March 1, 2022, be approved. It is, further,

{¶ 13} ORDERED, That Duke be authorized to file 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,

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

{¶ 15} ORDERED, That Duke notify all affected customers of the changes to the tariffs via a bill message or via a bill insert 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,

{¶ 16} 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,

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

COMMISSIONERS:

Approving:

Jenifer French, Chair

M. Beth Trombold

Lawrence K. Friedeman

Daniel R. Conway

Dennis P. Deters

NJW/hac

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Case No(s). 22-0021-EL-RDR

Summary: Finding & Order approving Duke Energy Ohio, Inc.'s applications to adjust and set rates for its distribution decoupling rider electronically filed by Ms. Mary E. Fischer on behalf of Public Utilities Commission of Ohio