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October 12, 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., for Authority to Adjust its Power
Future Initiatives Rider*, Case No. 22-0163-EL-RDR.

Dear Docketing Division:

Enclosed please find the Staff's Review and Recommendation regarding the application filed by Duke Energy Ohio, Inc. to adjust its Power Futures Initiative Rider in Case No. 22-0163-EL-RDR.

A handwritten signature in black ink, appearing to be "DM", written over a light blue horizontal line.

Devin Mackey, Supervisor

Grid Modernization & Retail Markets
Public Utilities Commission of Ohio

Enclosure

Cc: Parties of Record

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DUKE ENERGY OHIO, INC.
Case No. 22-0163-EL-RDR
Rider Power Future Initiatives (Rider PF)

History

On March 2, 2017, Duke Energy Ohio, Inc. (the Company) filed a distribution rate case (Rate Case) in Case No. 17-0032-EL-AIR.¹ On June 1, 2017, the Company filed an application for an Electric Security Plan (ESP) in Case No. 17-1263-EL-SSO. Among other things, the ESP application proposed Rider PF to “promote the Company’s timely, continued transformation of the distribution grid and related customer experience and to meet the Commission’s previously stated goals of the Commission’s grid modernization initiative.”²

On April 13, 2018, a Stipulation and Recommendation (Stipulation) was filed, recommending a resolution for the *Rate Case*, the *ESP*, as well as the financial impacts of the Tax Cuts and Jobs Act of 2017 on the Company (Duke Consolidated Case).³

In the Stipulation, the Signatory Parties agreed to Rider PF as a mechanism to recover the costs related to three components: 1) incremental costs, if any, the Company incurs as a result of a Commission directive issued upon the conclusion of the Commission’s grid modernization initiative; 2) costs associated with advanced metering infrastructure (AMI) and data access, including: the provision of interval customer energy usage data (CEUD) to customers, CRES providers and third parties; the enablement of PJM settlement data transfer enhancements; and the communication infrastructure needed to support the AMI transition, but excluding the costs of the smart meters themselves; and 3) costs related to an infrastructure modernization plan, including a proposal to upgrade the Company’s customer information system (CIS).

Costs associated with “Component two” of Rider PF are to be recovered consistent with the plan and cost caps (estimated costs) detailed in Attachment F of the Stipulation.⁴ “Component two” is subdivided into five phases related to CEUD data. Attachment F includes the estimated costs for each phase, which have been designated as cost caps, under the condition that recovery of the prudently incurred costs of each phase would not be available until the designated functionality had been achieved for each phase.

The Stipulation states that the first annual filing for “Component two” of Rider PF would be an application in an electric rider (EL-RDR) case. In that filing, the costs associated with the first twelve months of work on data access projects would be eligible for cost recovery, subject to a demonstration by the Company that the costs incurred were prudent and the functionality associated with each phase had been successfully implemented, and subject to an audit by Staff and potentially a third party. In the same initial filing, the Company could submit expenditures for the communications infrastructure

¹ *In re Duke Energy Ohio, Inc.*, Case No. 17-32-EL-AIR (“*Rate Case*”).

² *In re Duke Energy Ohio, Inc.*, Case No. 17-1263-EL-SSO (“*ESP Case*”), Henning Direct Testimony at 9 (June 1, 2017).

³ Case No. 17-32-EL-AIR, et.al., Stipulation and Recommendation (April 13, 2018).

⁴ *Id.*

investments needed to support the AMI transition for recovery of prudently incurred costs, subject to the Staff's audit. Cost recovery of the communications system shall not exceed \$28,625,000.⁵

The Stipulation was approved by the Commission on December 19, 2018.⁶

Summary of Application

In this Application, the Company seeks approval for recovery of costs related to the remaining work on data access projects enumerated in Attachment F of the Stipulation, namely "Component two" Phases III and V.B. as well as the communications infrastructure investments needed to support the Company's AMI transition for the Year 2021.

The specific functionalities required by "Component two" Phase III and V.B. are as follows:

Phase (Scope and Functionality)	Timeline	Estimated Cost (Cost Cap)
Phase III: 1) Modify the Company's systems for billing to increase ability for larger volumes of interval AMI CEUD to flow through electronic data interchange (EDI) transactions and for CRES providers to receive interval AMI CEUD. 2) Enable CRES providers to calculate charges associated with interval AMI data and provide the billing amount to the Company, so it can be placed on the bill using "Bill Ready" billing. 3) Any billing system modifications shall recognize the billing requirements in accordance with Chapter 4901:1-10 and Chapter 4901:1-21 of the O.A.C.	Within 24 months of Opinion & Order	\$3.0 million
Phase V: (V.A. & V.B.): Enhancements to the PJM settlement systems and processes, such that actual interval CEUD will be used to calculate the peak load contribution (PLC) and network service peak load (NSPL) values, instead of load profiles.	V.B.: Actual PLC and NSPL values will be available for all AMI meters within 24 months of Opinion & Order	V.B.: \$1,918,750

The specific functionalities required by "Component two" Phase I, II, and V.A. were already reviewed by Staff and addressed by the Commission in Case No. 20-666-EL-RDR.

The revenue requirement being requested in this Rider totals \$6,107,909. The various components included are as follows:

Ohio Customer Energy Usage Data- Phase III	\$ 71,909
PJM Settlement Systems- Phase V.B.	\$ 587,628
Communication Infrastructure Investment – AMI Cost of Removal	\$ 5,413,977
PWG and DWG Consultant Costs	\$ 34,394
<u>Requested Total Revenue Requirement</u>	<u>\$ 6,107,909</u>

⁵ Case No. 17-32-EL-AIR, et.al., Stipulation and Recommendation (April 13, 2018).

⁶ Case No. 17-32-EL-AIR, et al., Opinion and Order (December 19, 2018).

As filed, the fixed monthly charge for Rider PF would be \$0.47 per bill for residential customers and \$2.89 for non-residential customers.

Staff Review and Recommendations

In its review, Staff examined the as-filed schedules for consistency with the Commission's Order approving the Stipulation and to ensure proper accounting and regulatory treatment was applied. The audit consisted of a review of the application and supporting work papers to confirm mathematical accuracy and prudence of expenses during the review period. Staff conducted this audit through a combination of document review, interviews and interrogatories.

During the audit of Case No. 21-0012-EL-RDR, Staff requested that Duke demonstrate the specific functionalities required by "Component two" Phases III and V.B. The Company conducted this demonstration on November 4, 2021. In its review and recommendation docketed in Case No. 21-0012-EL-RDR, Staff summarized its observations as follows:

Phase III: The Company explained that the work to enable CEUD to be requested and sent to CRES providers via electronic data interchange (EDI) has been completed. During the meeting, Duke explained that CRES providers can now receive both historical and current month CEUD via EDI transaction. Duke also explained that CRES providers can now use utility consolidated billing on product offerings that use interval data from the AMI meters.

Phase V.B.: The Company explained that the requirement to include actual capacity (PLC) and transmission (NSPL) values for all AMI meters has been met. As part of the audit in Case No. 20-666-EL-RDR, Duke demonstrated that it used actual PLC and NSPL tags for all AMI meters installed at the end of 2019. Similarly, as AMI meters were installed in 2020, the Company began using interval CEUD for PJM settlement instead of load profiles. The PLC values calculated at the end of 2020 were effective from June 1, 2021, to May 31, 2022. The NSPL values calculated at the end of 2020 were effective from January 1, 2021, to December 31, 2021.

Staff has concluded that the functionalities required by "Component two" Phases III and V.B. of Rider PF have been met and that the costs associated with these projects are prudent and appropriate for recovery through this Rider.

A portion of the costs being requested for recovery in this Rider are associated with the transition of Duke's AMI system from a node-based system to a mesh network system, as approved by the Commission in the Duke Consolidated Case. This transition was largely necessitated by the obsolescence of the node-based Echelon technology. In its Order, the Commission granted approval to the Company to use Rider PF for the recovery of costs associated with the replacement of its communication infrastructure needed to support the AMI transition.

Total costs associated with this 'Tech Transition' project, as well as costs associated with Phases III and V.B., remain below the spending limits established in Case No. 17-32-EL-AIR.⁷

⁷ Case No. 17-32-EL-AIR, et.al., Stipulation and Recommendation (April 13, 2018), Stipulation Attachment F.

Staff has completed its review of the filing and finds that the costs included in Rider PF through December 2021 are prudent and appropriate for recovery.

Consistent with the Stipulation filed on August 18, 2021 and approved by the Commission Order in Case No. 20-666-EL-RDR (November 17, 2021), the revenue requirement from this Rider results in a fixed monthly charge of \$0.47 per month for residential and \$2.89 per month for non-residential customers.

**This foregoing document was electronically filed with the Public Utilities
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in

Case No(s). 22-0163-EL-RDR

Summary: Staff Review and Recommendation of Duke Energy Ohio's Rider PF
electronically filed by Mr. Devin C. Mackey on behalf of PUCO