



Public Utilities Commission

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May 05, 2023

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. 23-26-EL-RDR, and For Approval of Tariff Amendments, Case No. 23-54-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. 23-26-EL-RDR, and For Approval of Tariff Amendments, Case No. 23-54-EL-ATA.

A handwritten signature in black ink that reads "Natalia Messenger".

Natalia Messenger
Accounting and Finance Division
Public Utilities Commission of Ohio

Enclosure
Cc: Parties of Record

Duke Energy Ohio, Inc.
Case No. 23-26-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, capped at \$10 million,¹ for actual expenditures for non-affiliated contractor vegetation management services that exceed the test year expenditure included in base rates for those services. On December 14, 2022, in Case No. 21-887-EL-AIR, the Commission approved a stipulation that updated the test year expenditure to \$22,505,088.

On January 31, 2023, 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 2023. The Company's 2023 projected costs are \$23,371,256, which exceeds the amount established in base rates by \$866,168. The Company is requesting a revenue requirement of \$959,803, which includes an under-recovery of \$91,133 from the 2021 ESRR true-up and application of the commercial activities tax. This results in a Rider ESRR rate of 0.17% to be applied to base distribution charges, a decrease of 2.02% 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 2022 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 2023. SMED Staff selected a total of 27 circuits from Duke's three districts in Butler, Clermont, Hamilton, and Warren counties to physically verify that vegetation line clearance work was performed in 2022 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

¹ *In the Matter of the Application of Duke Energy Ohio, Inc., for Authority to Establish a Standard Service Offer Pursuant to Section 4928.143, Revised Code, in the Form of an Electric Security Plan, Accounting Modifications and Tariffs for Generation Service*, Case No. 17-1263-EL-SSO, et al., (Consolidated Cases) Opinion and Order at 41-42 (Dec. 19, 2018).

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.

TABLE I – 2022 Circuit Visual Inspections

Substation Name	Circuit	Start Date	Completion Date	Length (mi)	Audit Date	Status
Ohio East						
BRANCH HILL	105	9/21/2022	12/30/2022	14.42	4/10/2023	Satisfactory
BUCKWHEAT	172	9/21/2022	12/28/2022	13.66	4/10/2023	Satisfactory
HAMLET	71	9/29/2022	12/30/2022	10.38	4/3/2023	Satisfactory
MT REPOSE	195	4/22/2022	6/30/2022	9.16	4/3/2023	Satisfactory
OLIVE BRANCH	212	6/21/2022	11/30/2022	7.97	4/3/2023	Satisfactory
ROACHESTER	316	3/14/2022	11/30/2022	5.33	4/10/2023	Satisfactory
LOVELAND	153	1/12/2022	1/26/2022	0.40	4/3/2023	Satisfactory
Ohio North						
CHESTER	91	3/18/2022	8/22/2022	8.31	4/13/2023	Satisfactory
DEER PARK	26	1/20/2022	4/25/2022	16.58	4/18/2023	Satisfactory
HALL	166	3/11/2022	11/2/2022	15.83	4/13/2023	Satisfactory
MASON	155	3/15/2022	8/3/2022	5.97	4/18/2023	Satisfactory
PISGAH	164	3/22/2022	7/7/2022	14.19	4/18/2023	Satisfactory
SYMMES	183	3/8/2022	5/26/2022	11.88	4/13/2023	Satisfactory
TYLERSVILLE	150	3/11/2022	9/1/2022	4.11	3/30/2023	Satisfactory
SIMPSON	191	3/11/2022	10/19/2022	0.46	4/13/2023	Satisfactory
WYSCARVER	268	3/8/2022	6/13/2022	11.58	4/13/2023	Satisfactory
Ohio Central						
BRIGHTON	21	2/21/2023	6/27/2022	4.61	4/11/2023	Satisfactory
CHEVIOT	229	5/3/2022	11/16/2022	1.70	4/12/2023	Satisfactory
CUMMINSVILLE	64	1/18/2022	4/25/2022	13.38	4/11/2023	Satisfactory
EBENZER	68	5/6/2022	12/30/2022	11.85	4/12/2023	Satisfactory
IVORYDALE	48	5/5/2022	12/30/2022	9.67	4/11/2023	Satisfactory
LATERAL	41	4/27/2022	10/24/2022	4.78	4/14/2023	Satisfactory
OAKLEY	8	12/30/2021	4/25/2022	11.58	4/14/2023	Satisfactory
RYAN	7	2/21/2022	12/5/2022	4.99	4/12/2023	Satisfactory
WALNUT HILLS	3	3/28/2022	8/10/2022	3.60	4/12/2023	Satisfactory

WHITTIER	218	3/28/2022	8/10/2022	4.65	4/12/2023	Satisfactory
WEST END	15	2/25/2022	10/24/2022	2.29	4/12/2023	Satisfactory
CEVIOT	229	5/3/2022	10/29/2022	0.84	4/11/2023	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 at a rate of 0.17% to the base distribution charges of all retail customers.

**This foregoing document was electronically filed with the Public Utilities
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5/5/2023 10:14:04 AM

in

Case No(s). 23-0054-EL-ATA, 23-0026-EL-RDR

Summary: Staff Review and Recommendation regarding the Application 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.