

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Duke Energy Ohio, Inc., to Adjust and Set Rider DSR. )  
Case No. 23-0126-EL-RDR )  
In the Matter of the Application of Duke Energy Ohio, Inc., for Approval of Tariff Amendments. )  
Case No. 23-281-EL-ATA )

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**INITIAL COMMENTS OF DUKE ENERGY OHIO, INC.  
REGARDING STAFF REVIEW AND RECOMMENDATIONS**

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**I. INTRODUCTION**

In its September 8, 2023, Entry in Case Nos. 23-0126-EL-RDR *et al.* (Entry), the Public Utilities Commission of Ohio (Commission) invited the filing of initial comments regarding Duke Energy Ohio, Inc.’s (Duke Energy Ohio or the Company) Application to Adjust its Distribution Storm Rider for Recovery of Distribution Major Storm Expenses, filed March 29, 2023 (Application), and the Staff Review and Recommendation (Staff Report) filed on September 7, 2023. In its Entry, the Commission set forth a deadline for Motions to Intervene and Initial Comments of September 15, 2023, and Reply comments, if any, to be filed by September 22, 2023. Duke Energy Ohio appreciates the opportunity to file comments in response to the Entry. Below, the Company sets forth its limited comments to the Staff Report focused on one topic: the disallowed expenses associated with a November 5, 2022 storm, as detailed in the Application.

As further explained below, the Company does not contest the remaining disallowed expenses, and concurs with or does not contest the remaining Staff Report findings.

## II. INITIAL COMMENTS

### A. Procedural Background

On December 19, 2018, the Commission approved a Stipulation and Recommendation filed by the Company and other parties that, among other things, included an ESP for the period June 1, 2018, through May 31, 2024.<sup>1</sup> In its December 2018 Opinion and Order, the Commission continued the Company's Distribution Storm Rider (Rider DSR). In accordance with the Stipulation, Rider DSR tracks annual incremental major storm expenses, as compared to the amount recovered in base rates. The Company is required to file an annual adjustment to recover or refund the accumulated balance of the storm cost deferral, starting December 31, 2018, and continuing through the term of the Company's ESP IV.

On March 29, 2023, Duke filed an application regarding 2022 storm-related restoration costs. Rider DSR is a non-bypassable rider that is designed to either refund or collect amounts as compared to that which is recovered in base rates. If approved, such rates will be effective during the first billing cycle of November 2023. On May 19, 2023, Ohio Consumers' Counsel (OCC) filed a motion to intervene. No other interested parties have intervened at this time. OCC's intervention was granted per the Entry on September 8, 2023.

Staff filed its Staff Report on September 7, 2023. In its report, Staff explains that it investigated whether Duke's application was just and reasonable and whether the application complied with sound ratemaking principles. Staff recommended approval of the Application with adjustments to the revenue requirement, totaling \$84,066.02.

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<sup>1</sup> *In the Matter of Application of Duke Energy Ohio, Inc. for Authority to Establish a Standard Service Offer Pursuant to R.C. 4928.143 In The Form of an Electric Security Plan, Accounting Modifications, and Tariffs for Generation Service*, Case No. 17-1263-EL-SSO, *et al.*, Opinion and Order (Dec. 19, 2018).

## **B. Staff Report Findings**

In its Application, the Company proposed a revenue requirement of \$13,915,618 to be collected on a fixed monthly basis. In total, the Staff Report recommends adjustments to the revenue requirement totaling \$84,066.02. The Company does not contest the recommended disallowance of \$4,980.27 in transactions that Staff identified as meriting removal from Rider DSR. The Company also identified and indicated that a small favorable adjustment of \$236.19 should be made to its revenue requirement, with which Staff concurs. The only remaining issue for comment is Staff's decision to recommend disallowing costs associated with a storm that occurred on November 5th, 2022 (the November 5th Storm).

In its investigation, Staff is charged with reviewing whether the Company's Application is just and reasonable and whether the Company comported with sound ratemaking principles and followed Commission directives. As part of its findings, Staff reviewed storm costs associated with a storm that occurred on November 5th, 2022. Staff determined that the Company did not include the November 5th Storm in the Company's Rule 10 Report, and recommended, for that reason alone, the associated costs should not be eligible for recovery under Rider DSR. The recommended disallowance associated with the November 5th Storm totals \$79,085.75.

While the recommended disallowance for the November 5th Storm does not represent a large sum, the Company believes it is important to point out why this Staff recommendation does not align with previous Staff findings regarding similar storms reviewed in past Rider DSR investigations and creates stranded costs for which the Company does not have other avenues for recovery, even though these costs are clearly storm related.

### **C. Initial Comments Regarding Staff's Adjustment Related to November 5th Storm**

The Staff Report's justification for recommending disallowance of costs associated with the November 5th Storm states only that "Staff found that the Company did not include this November storm in the Company's Rule 10 report, and therefore the costs are not eligible for recovery in the rider."<sup>2</sup>

The November 5th Storm was a high wind event with wind gusts up to 50 mph. Outages on the Company's system were initially caused by a transmission outage that began at 1:43 a.m. The Company did not declare a storm event until early afternoon when thousands of customers were affected by the high wind event throughout the service territory. Since outages on November 5th began in the transmission system, the event was reported on the Company's Rule 10 Report, Page 4, Section 5a. 4901:1-10-10(C)(2): Transmission Outages, instead of on Page 3, Section 4 4901:1-10-10(C)(2): Major Event Outages, even though this event also qualified as a major storm event for the Company's Rider DSR.

In previous reviews of Rider DSR, Staff has been faced with this very same fact pattern and found in those instances that inclusion (or not) in the Company's Rule 10 Report is not a one size fits all justification for exclusion from the storm rider. For example, in Staff's Fifth Set of Data Requests in Case No. 17-1468-EL-RDR, Staff probed this exact scenario, asking that the Company explain the differences associated with storms that originate with transmission.<sup>3</sup> There, the Company explained that:

Duke Energy Ohio uses the methodology outlined in the Institute of Electrical and Electronics Engineers (IEEE) Guide for Electric Power Distribution Reliability Indices (Standard 1366) to determine when a storm qualifies as a Major Event Day (MED). Duke Energy Ohio and Duke Energy Kentucky are managed as one area for storm response planning, resource mobilization, restoration. Even though the Company manages storms internally as one geographical region, separate projects

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<sup>2</sup> Staff Report at 1.

<sup>3</sup> Attached at Company Initial Comments Exhibit 1.

are established for Ohio and Kentucky to separate restoration cost. All storms that meet the MED qualification are included in the list provided for recovery through the Distribution Storm Rider. However, to clarify, only the Ohio costs are included in the recovery request.

For purposes of calculating the Rule 10 report, the Commission requires Duke Energy Ohio to use a different methodology. The Commission requires Duke Energy Ohio to start with the IEEE Guidelines but then adjust out any outages that originated in the transmission system. The Commission also requires the Company to change the methodology and not base storm response with how Duke Energy actually manages its storm response, but instead to arbitrarily assume that the service territory is only Duke Energy Ohio. Duke Energy's storm response dictates that the proximity of its customers within the two states would require that the Company treat them as one geographical region; to do otherwise would be extremely inefficient and add more to storm costs and restoration time. The restoration resources must be allowed to travel freely between the states to assist with restoration. As a result, a Major Event Day as measured by Duke Energy's internal metrics, may not align with the Commission's reporting standards.<sup>4</sup>

In Case No. 17-1468-EL-RDR, Staff ultimately found that the associated storm costs for a storm beginning in the transmission system that also qualifies as a major storm for Rider DSR should be included in Rider DSR, even when not included in the Company's Rule 10 Report.<sup>5</sup> In this case, the same result should apply, particularly given that Staff has recommended disallowance due to the fact that the Company "did not include this November storm in the Company's Rule 10 report," when in fact the November 5th Storm is included, specifically on page 4, Section 5a. 4901:1-10-10(C)(2): Transmission Outages, with an Outage Start Date of 11/5/2022. Staff presents no reasons in its Staff Report as to why the Commission should veer away from its past precedent on this topic, or why Staff has changed its prior practices.

Moreover, setting aside Staff's past treatment of similar costs, the Company notes that Staff's investigation reviews "whether the Application is just and reasonable and whether the

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<sup>4</sup> *Id.*

<sup>5</sup> See Finding and Order for *In the Matter of the Duke Energy Ohio, Inc.'s Distribution Storm Rider*, Case No. 17-1468-EL-RDR (February 28, 2018) (approving, with adjustments, the Company's Rider DSR application including "seven major storms in 2016").

Company comported with sound ratemaking principles and followed Commission directives.”<sup>6</sup> Rider DSR tracks annual incremental major storm expenses, as compared to the amount recovered in base rates. The rider is calculated by first including all major storm expenses (whether they are in the Rule 10 Report or not) and then subtracts the approved base rate amount of \$4.3 million. Therefore the Company includes all major storm expenses (including base rate storms) in the calculation of Rider DSR. The Staff investigation should not focus solely on the Company’s Rule 10 Report. The realities of storm response and the differences between the criteria used for Rule 10 Reporting and that reviewed for inclusion of storm costs in Rider DSR require relevant context to determine what expenses are properly included in Rider DSR. Failure to account for and include costs, like those associated with the November 5th Storm, could result in considerable stranded costs, as these are clearly major storm-related expenses with no other means for recovery.

### **III. CONCLUSION**

For the reasons set forth above, the Company asks that the Commission decline to adopt the recommended disallowance associated with the November 5th Storm and approve a revenue requirement in the amount of \$13,910,874 associated with Rider DSR. The Company appreciates the opportunity to offer its Initial Comments in this matter and concurs with or does not contest the remaining findings in the Staff Report.

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<sup>6</sup> Staff Report at 1.

Respectfully submitted,

DUKE ENERGY OHIO, INC.

/s/ Elyse H. Akhbari

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**CERTIFICATE OF SERVICE**

The Public Utilities Commission of Ohio’s e-filing system will electronically serve notice of the filing of this document on the parties referenced on the service list of the docket card who have electronically subscribed to the case. In addition, the undersigned hereby certifies that a copy of the foregoing document is also being served via electronic mail on the 15th day of September 2023, upon the persons listed below.

*/s/ Elyse H. Akhbari*

\_\_\_\_\_  
Elyse H. Akhbari

The PUCO’s e-filing system will electronically serve notice of the filing of this document on the following parties:

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Duke Energy Ohio  
2016 – Duke Major Storms  
Staff Fifth Set Data Requests  
Date Received: May 15, 2017

STAFF-DR-05-001

**REQUEST:**

On your response to DR 16-2 (below), you gave me this list of storms for which you are filing for recovery. According to our Service Monitoring and Enforcement Division (SMED), Storms 7 and 11 were not reported as major storms on your Rule 10 report, meaning recovery for those storms would not be allowed.

After just speaking to Sarah Lawler, Staff thinks we should put this in an official DR and if you could, please respond with what Sarah told me (that the difference is storms that originate with transmission or Kentucky).

In speaking to our Service Monitoring and Enforcement Division, they said that there is another section of the Rule 10 report that lists transmission outages and if one or both of these storms were related to transmission, they would be on the Rule 10 report.

**DUKE ENERGY OHIO**  
**Operation and Maintenance**  
**Storms - 2016**  
**Dates & Times**

<b>STORM NUMBER</b>	<b>Storm Declared</b>	<b>Storm Cancelled</b>
<b>STORM 3</b>	<b>4/2/2016</b>	<b>4/4/2016</b>
<b>SMDOH1603</b>	<b>4:46 PM</b>	<b>7:37 PM</b>
<b>Wind Event</b>		
<b>STORM 5</b>	<b>6/15/2016</b>	<b>6/16/2016</b>
<b>SMDOH1605</b>	<b>7:38 PM</b>	<b>11:03 PM</b>
<b>Thunderstorms</b>		
<b>STORM 6</b>	<b>6/23/2016</b>	<b>6/24/2016</b>
<b>SMDOH1606</b>	<b>3:34 AM</b>	<b>1:45 PM</b>
<b>Thunderstorms</b>		
<b>STORM 7</b>	<b>7/8/2016</b>	<b>7/9/2016</b>

	<b>12:39</b>	
<b>SMDOH1607</b>	<b>PM</b>	<b>7:46 PM</b>
<b>Thunderstorms</b>		
<b>STORM 8</b>	<b>7/13/2016</b>	<b>7/15/2016</b>
	<b>11:46</b>	
<b>SMDOH1608</b>	<b>PM</b>	<b>8:39 AM</b>
<b>Thunderstorms</b>		
<b>STORM 10</b>	<b>8/27/2016</b>	<b>8/29/2016</b>
<b>SMDOH1610</b>	<b>3:14 PM</b>	<b>9:06 PM</b>
<b>Thunderstorms</b>		
<b>STORM 11</b>	<b>9/10/2016</b>	<b>9/11/2016</b>
<b>SMDOH1611</b>	<b>4:59 PM</b>	<b>5:56 PM</b>
<b>Thunderstorms</b>		

**RESPONSE:**

Duke Energy Ohio uses the methodology outlined in the Institute of Electrical and Electronics Engineers (IEEE) Guide for Electric Power Distribution Reliability Indices (Standard 1366) to determine when a storm qualifies as a Major Event Day (MED). Duke Energy Ohio and Duke Energy Kentucky are managed as one area for storm response planning, resource mobilization, restoration. Even though the Company manages storms internally as one geographical region, separate projects are established for Ohio and Kentucky to separate restoration cost. All storms that meet the MED qualification are included in the list provided for recovery through the Distribution Storm Rider. However, to clarify, only the Ohio costs are included in the recovery request.

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**PERSON RESPONSIBLE:**

**SARAH LAWLER**

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**Case No(s). 23-0126-EL-RDR, 23-0281-EL-ATA**

Summary: Comments INITIAL COMMENTS OF DUKE ENERGY OHIO, INC.  
REGARDING STAFF REVIEW AND RECOMMENDATION AND EXHBIT 1  
electronically filed by Mrs. Debbie L. Gates on behalf of Duke Energy Ohio Inc. and  
Akhbari, Elyse and D'Ascenzo, Rocco O. Mr. and Kingery, Jeanne W and Vaysman,  
Larisa.