THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF DUKE ENERGY OHIO, INC. TO ADJUST AND SET ITS BASE TRANSMISSION RATE RIDER.	**CASE NO. 23-457-EL-RDR**

FINDING AND ORDER

Entered in the Journal on September 20, 2023

I. SUMMARY

{¶ 1} The Commission approves Duke Energy Ohio, Inc.'s application to adjust and set its base transmission rate rider.

II. DISCUSSION

{¶ 2} Duke Energy Ohio, Inc. (Duke or the Company) is an electric distribution utility (EDU) and a public utility as defined in R.C. 4928.01(A)(6) and R.C. 4905.02, respectively. As such, Duke is subject to the jurisdiction of this Commission.

{¶ 3} R.C. 4928.141 mandates that an EDU provide a standard service offer (SSO) of all competitive retail electric services necessary to maintain essential electric service, including a firm supply of electric generation service, to all consumers within its certified territory. The SSO may be established as a market rate offer under R.C. 4928.142 or an electric security plan (ESP) under R.C. 4928.143. On December 19, 2018, the Commission issued an Opinion and Order that, among other things, authorized Duke to provide consumers an SSO in the form of an ESP through May 2024. *In re Duke Energy Ohio, Inc.*, Case No. 17-1263-EL-SSO, et al. (*2018 ESP Case*), Opinion and Order (Dec. 19, 2018).

{¶ 4} R.C. 4928.05 provides that the Commission may authorize EDUs to recover, through a reconcilable rider on an EDU's distribution rates, all transmission and transmission-related costs, including ancillary and congestion costs, imposed on or charged to the EDU by the Federal Energy Regulatory Commission (FERC) or a regional

transmission organization (RTO), independent transmission operator, or similar organization approved by the FERC.

{¶ 5} On May 25, 2011, the Commission approved a stipulation creating a base transmission rate rider (Rider BTR). *In re Duke Energy Ohio, Inc.*, Case Nos. 11-2641-EL-RDR, et al. (*2011 Rider Case*), Opinion and Order (May 25, 2011). Rider BTR is designed to allow Duke to recover network integrated transmission service costs; Midwest transmission expansion planning costs; and all costs billed to Duke under tariffs approved by the FERC, which includes fees associated with the realignment of RTO membership, such as exit and entrance fees and integration costs, as well as transmission expansion planning costs assessed by the RTO into which the Company may realign. Rider BTR is an unavoidable rider, meaning it is billed to both shopping and nonshopping customers. *2011 Rider Case*, Opinion and Order (May 25, 2011) at 2, 4. Rider BTR was approved to continue in Duke's *2018 ESP Case* but was modified to include the use of a one Coincident Peak factor for purposes of allocating transmission costs to individual rate schedules and for calculating demand-based charges. *2018 ESP Case* at ¶ 100.

{¶ 6} Pursuant to Ohio Adm.Code Chapter 4901:1-36, an EDU is authorized to recover transmission costs under R.C. 4928.05 and must update its rider annually.

{¶ 7} On July 14, 2023, pursuant to Ohio Adm.Code 4901:1-36 and the Commission's Order in the *2011 Rider Case*, Duke filed an application to adjust and set the rates for Rider BTR. Duke attached numerous schedules supporting the calculations of its proposed rates in the application. Duke requests that its application be approved such that rates are effective October 2, 2023. The application proposes the following total rate adjustments for Rider BTR (numbers in parentheses represent refunded rates):

Customer Class	Current Rate		Proposed Rate	
	Energy $/kilowatt hours (kWh)	Demand $/kW or $/kilovolt amps (kVA)	Energy $/kWh	Demand $/kW or $/kVA
Residential	0.012559	N/A	0.011996	N/A
Secondary Distribution	(0.000417)	3.2741	(0.000307)	3.361800
Electric Space Heating	(0.000252)	N/A	(0.000136)	N/A
Secondary Distribution Small	0.010920	N/A	0.013201	N/A
Unmetered Small Fixed Loads	0.009894	N/A	0.005403	N/A
Primary Distribution Voltage	(0.000417)	3.0499	(0.000307)	2.646100
Transmission Voltage	(0.000417)	2.7789	(0.000307)	2.677300
Lighting	(0.000252)	N/A	(0.000136)	N/A

{¶ 8} On July 26, 2023, Ohio Consumers' Counsel (OCC) filed a motion to intervene. No party objected to OCC's motion. By Entry issued August 17, 2023, the attorney examiner granted OCC's motion.

{¶ 9} On August 1, 2023, OCC filed an expedited motion to shorten the time to respond to discovery. For good cause shown, the motion was granted, and the attorney examiner shortened the timeline for discovery to seven days. The attorney examiner also set a deadline of September 6, 2023, and September 13, 2023, to file initial and reply comments, respectively, and noted that these deadlines did not pertain to Staff's review and recommendation (Staff Report).

{¶ 10} On September 6, 2023, OCC filed comments regarding the application. Alleging lack of regulatory oversight of the supplemental transmission projects for which Duke recovers charges through the rider, OCC contends that the Company fails to prove that the proposed Rider BTR rates are just and reasonable, especially considering a large percentage of transmission construction costs during the years 2023 through 2028 will be supplemental transmission projects. Highlighting comments from Commissioner Dan Conway at a FERC technical conference, OCC believes that the supplemental transmission projects, ultimately charged to customers, are not being thoroughly reviewed at any level, whether federal, state, or local. Continuing, OCC asserts that customers should know exactly what they are paying for, and what benefits will accrue, with the increased rider rates and suggests that the application fails to sufficiently provide that information. To alleviate these concerns, OCC submits that the Commission should conduct a prudency review of the Company's increased charges—including an analysis of the criteria for each project, the associated costs, and whether reliability improvements or other benefits are realized—before approving the application.

{¶ 11} On September 8, 2023, Staff filed its Staff Report with regard to Duke's application. Therein, Staff summarizes the application as a whole and explains that Duke proposes to adjust Rider BTR to reflect projected costs for the period October 1, 2023, through September 30, 2024; to reflect any over or under recovery of costs that occurred from June 1, 2022, through May 31, 2023; and to include forecasted over or under recovery for June 1, 2023, through September 30, 2024. Given its analysis, Staff recommends that Duke's application be approved for rates effective on a bills-rendered basis beginning on October 2, 2023.

{¶ 12} On September 13, 2023, Duke filed reply comments, stating that, despite OCC's assertions otherwise, the sole purpose of this proceeding, as set forth in Ohio Adm.Code 4901:1-36-04, is to provide an update of the costs and revenues charged or credited to Duke by PJM. Duke highlights that R.C. 4928.05(A)(2), in part, states that the Commission is authorized to provide recovery through an applicable rider of "* * * all

transmission and transmission-related costs * * * imposed on or charged by the federal energy regulatory commission or a regional transmission organization * * * [.]" Duke asserts that the project costs incorporated into the application derive from projects authorized by the PJM tariff framework approved by FERC in the PJM Open Access Transmission Tariff Attachment H; accordingly, recovery of these project costs through the application is warranted. Further, although the Commission has acknowledged that supplemental transmission projects warrant further attention, Duke argues that the Commission did not disallow recovery of such-related costs in the cases filed by other electric distribution utilities.

{¶ 13} On the same date, OCC filed correspondence, stating that, since it was the only party that filed initial comments, it is declining to file reply comments.

{¶ 14} Upon review of the application materials, OCC's comments, the Staff Report, and Duke's reply comments, the Commission finds that Duke's application does not appear to be unjust or unreasonable and should be approved. The Commission notes OCC's comments regarding supplemental transmission projects and agrees that this is an issue that warrants further attention. The Commission is actively participating in the active FERC case dockets to raise this very issue, among other transmission-related concerns, for FERC's consideration. As OCC highlighted in its comments, Commissioner Dan Conway already acknowledged many of OCC's concerns in his comments for FERC's recent technical conference relating to transmission planning and cost management. *Written Comments of Commissioner Dan Conway, Public Utilities Commission of Ohio, FERC Technical Conference regarding Transmission Planning and Cost Management*, Docket No. AD22-8-000 (Oct. 5, 2022).[1] We will continue to thoroughly engage with FERC to address this regulatory issue, as well as keep parties and the public apprised of any developments in those proceedings that may ultimately affect transmission costs in Ohio. At this time, however, the Commission is not

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[1] Commissioner Conway's written comments are also publicly available on the Commission's docketing website in Case No. 22-7000-EL-FAD.

persuaded that OCC's concerns regarding supplemental transmission projects are cause to reject the Company's otherwise properly supported application. The Commission further finds that it is not necessary to hold a hearing on this matter.

{¶ 15} Accordingly, the Commission finds that the proposed rates for Rider BTR do not appear to be unjust or unreasonable and should be approved.

III. ORDER

{¶ 16} It is, therefore,

{¶ 17} ORDERED, That the application filed by Duke on July 14, 2023, be approved. It is, further,

{¶ 18} ORDERED, That Duke be authorized to file in final form complete copies of the tariff pages consistent with this Finding and Order and to cancel and withdraw its superseded tariff pages. Duke shall file one copy in its TRF docket and one copy in this docket. It is, further,

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

{¶ 20} ORDERED, That Duke shall notify all affected customers 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,

{¶ 21} 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,

{¶ 22} ORDERED, That a copy of this Finding and Order be served upon all parties of record.

COMMISSIONERS:
Approving:
Jenifer French, Chair
Daniel R. Conway
Dennis P. Deters
John D. Williams

MJS/mef

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Case No(s). 23-0457-EL-RDR

Summary: Finding & Order approving Duke Energy Ohio, Inc.'s application to adjust and set its base transmission rate rider. electronically filed by Ms. Mary E. Fischer on behalf of Public Utilities Commission of Ohio.