

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF
DUKE ENERGY OHIO, INC. FOR
AUTHORITY TO ADJUST RIDER PF.

CASE NO. 22-163-EL-RDR

FINDING AND ORDER

Entered in the Journal on January 24, 2024

I. SUMMARY

{¶ 1} The Commission approves Duke Energy Ohio Inc.'s application, as amended, for authority to adjust its Rider PF, consistent with this Finding and Order.

II. PROCEDURAL HISTORY

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

{¶ 3} R.C. 4928.141 mandates that an EDU shall 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.

{¶ 4} On December 19, 2018, the Commission approved a stipulation and recommendation filed by Duke and other parties that, among other things, included an ESP for the period June 1, 2018, through May 31, 2024. *In re Duke Energy Ohio, Inc.*, Case No. 17-1263-EL-SSO, et al. (2017 Rate Case), Opinion and Order (Dec. 19, 2018). Among other things, the ESP authorized Duke to seek recovery of certain costs associated with Rider PF. Rider PF consists of three components. As relevant to this case, the second component

considers, generally, the recovery of costs associated with advanced metering infrastructure (AMI) and data access.

{¶ 5} On November 17, 2021, the Commission issued a Finding and Order approving a stipulation and recommendation filed in Case No. 20-666-EL-RDR, regarding Duke's application to adjust Rider PF and to recover costs associated with the second component of Rider PF, specifically Phases I, II, and V.A. *In re the Application of Duke Energy Ohio, Inc.*, Case No. 20-666-EL-RDR, Finding and Order (Nov. 17, 2021).

{¶ 6} On March 31, 2022, Duke filed its application for authority to adjust Rider PF and to recover costs associated with the second component of Rider PF, specifically Phases III and V.B. Duke also filed testimony in support of its application on March 31, 2022.

{¶ 7} On April 14, 2022, Interstate Gas Supply, Inc. (IGS) filed a motion to intervene in this matter. On April 19, 2022, Ohio Consumers' Counsel (OCC) filed a motion to intervene. No opposition to these motions was filed. Upon review, the attorney examiner finds that IGS and OCC should be granted intervention.

{¶ 8} On May 3, 2023, Duke filed the amended direct testimony of Jay P. Brown.

{¶ 9} On January 24, 2024, the Commission issued a Finding and Order approving the application filed, as amended, in Case No. 21-12-EL-RDR, regarding Duke's application to adjust Rider PF and to recover costs associated with the second component of Rider PF, specifically Phases III and V.B. *In re the Application of Duke Energy Ohio, Inc.*, Case No. 21-12-EL-RDR, Finding and Order (Jan. 24, 2024).

III. DISCUSSION

A. *Summary of the Staff Report and Amended Testimony*

{¶ 10} To compile the Staff Report, Staff notes that it examined Duke's as-filed schedules for consistency with the Opinion and Order approving the stipulation filed in the *2017 Rate Case*. Further, Staff reviewed the application and supporting documents to confirm accuracy and prudence of expenses during the review period, as well as conducted its audit through document review, interviews, and interrogatories.

{¶ 11} Staff notes that the second component of Rider PF is subdivided into five phases, in accordance with the *2017 Rate Case*, and that recovery of the prudently incurred costs of each phase will not be available until the designated functionality has been achieved for each phase. *2017 Rate Case*, Opinion and Order (Dec. 19, 2018) at ¶¶ 132-134. In filing for recovery of such costs, Duke was also authorized to submit expenditures for the communications infrastructure investments needed to support the AMI transition and was permitted to recover the prudently incurred costs through Rider PF, subject to Staff's audit. *2017 Rate Case*, Opinion and Order (Dec. 19, 2018) at ¶ 134.

{¶ 12} In its application, Duke seeks approval for recovery of costs related to the remaining work on data access projects, which includes Phases III and V.B., of the second component of Rider PF, as well as the communications infrastructure investments needed to support Duke's AMI transition for the year 2021. As mentioned above, in addition to demonstrating that the costs incurred were prudent, Duke must also demonstrate the functionality associated with each phase has been successfully implemented. Staff further details the scope and functionality, as well as the cost cap, of these phases, which were detailed in Attachment F of the stipulation approved in the *2017 Rate Case*, as follows:

Phase (Scope and Functionality)	Timeline	Estimated Cost (Cost Cap)
Phase III: 1) Modify Duke's systems for billing to increase ability for larger volumes of interval AMI customer energy usage data (CEUD) to follow through electronic data exchange transactions and for competitive retail electric service (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 Duke, 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 Ohio Adm.Code Chapters 4901:1-10 and 4901:1-21.	Within 24 months of Opinion and Order	\$3.0 million
Phase 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.	Actual PLC and NSPL values will be available for all AMI meters within 24 months of Opinion and Order	\$1,918,750

{¶ 13} Staff notes that Duke requests a total revenue requirement in its application of \$6,107,909. Staff further details the breakdown of various components of this revenue requirement:

Ohio CEUD – 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
Requested Total Revenue Requirement	\$ 6,107,909

{¶ 14} According to Staff, during the audit of Case No. 21-12-EL-RDR, Duke conducted a demonstration for Staff of the specific functionalities required in Phases III and V.B, and, in that case, Staff concluded that the required functionalities had been met.

{¶ 15} As noted above, Duke also requests recovery of the communications infrastructure investments needed to support Duke's AMI transition for the year 2021. Staff notes that this transition of Duke's AMI system from a node-based system to a mesh network system, as approved in the *2017 Rate Case*, has occurred due to the obsolescence of node-based technology. Costs associated with this transition involved a combination of capital and operation and maintenance (O&M) expenses.

{¶ 16} Consistent with the stipulation and recommendation approved in Case No. 20-666-EL-RDR, Staff notes that the revenue requirement in the subject case results in a fixed customer charge of \$0.47 per month for residential customers and \$2.89 per month for non-residential customers.

{¶ 17} Upon review of the application, Staff concludes that the functionalities required by Phases III and V.B. of Rider PF have been met (as found by Staff in Case No. 21-12-EL-RDR) and that, subject to Staff's recommendations, the costs associated with these projects are prudent and appropriate for recovery through Rider PF.

{¶ 18} On May 3, 2023, Duke filed the amended direct testimony of Jay P. Brown. In his testimony, Mr. Brown noted that the Commission approved new electric distribution base rates for Duke and that it seeks to update its schedules in this case to align with the rate case order. *In re the Application of Duke Energy Ohio, Inc.*, Case No. 21-887-EL-AIR, et al. (*2021 Rate Case*), Opinion and Order (Dec. 14, 2022). Accordingly, Mr. Brown attached new schedules to his testimony that removed all capital plant in service costs that were recorded prior to the date certain in its rate case, June 30, 2021, and updated the rate of return, allocation percentages, and billing determinants such that they are consistent with the *2017 Rate Case* order. The updated schedules show that Duke now requests a total revenue requirement in its application of \$5,146,814. According to Duke, the fixed customer charge would be \$0.40 per month for residential customers and \$2.25 per month for non-residential customers.

B. Conclusion

{¶ 19} Upon review of Duke's application, as amended, and the Staff Report, the Commission finds that the proposed rates for Rider PF do not appear to be unjust or unreasonable and should be approved. Further, consistent with our decision in Case No. 21-12-EL-RDR, Rider PF component two investments authorized for recovery through Rider PF in the *2017 Rate Case* shall be allocated based on the percentage of base distribution revenues approved in Duke's *2021 Rate Case*. Furthermore, consistent with our decisions in Case Nos. 20-666-EL-RDR and 21-12-EL-RDR, the revenue requirement shall be billed to residential and non-residential consumers using a fixed monthly distribution charge. Considering the above, the Commission finds that it is unnecessary to hold a hearing in this matter.

{¶ 20} We note that simultaneous with the approval of this application, as amended, we have approved the stipulation and recommendation and application, as amended, filed in Duke's Case No. 21-12-EL-RDR for authority to adjust Rider PF and to recover costs associated with the second component of Rider PF, specifically Phases III and V.B, for the year 2020. With the approval of Duke's applications filed in Case Nos. 21-12-EL-RDR and 22-163-EL-RDR, we note that residential customers' bills will only reflect a fixed customer charge of \$0.40 per month and of \$2.25 per month for non-residential customers as a result of these Commission orders.

IV. ORDER

{¶ 21} It is, therefore,

{¶ 22} ORDERED, That the motions to intervene filed by IGS and OCC should be granted. It is, further,

{¶ 23} ORDERED, That the Stipulation filed by the parties be adopted and approved. It is, further,

{¶ 24} 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,

{¶ 25} 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,

{¶ 26} 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,

{¶ 27} 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,

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

COMMISSIONERS:

Approving:

Jenifer French, Chair
Daniel R. Conway
Lawrence K. Friedeman
John D. Williams

MJS/dr

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

Summary: Finding & Order that the Commission approves Duke Energy Ohio Inc.'s application, as amended, for authority to adjust its Rider PF, consistent with this Finding and Order electronically filed by Ms. Donielle M. Hunter on behalf of Public Utilities Commission of Ohio.