

Duke Energy Ohio | 2021 Electric Distribution Rate Review

Learn how we're building a smarter energy future.

On Oct. 1, 2021, Duke Energy Ohio filed a request with its state regulator, the Public Utilities Commission of Ohio, to review the company's electric distribution rates.

As part of its request, Duke Energy Ohio seeks approval to increase its current electric distribution rates by approximately \$55 million. The company delivers electricity to more than 735,000 customers in eight counties in southwest Ohio.

Impact on customers' bills

If the state regulator grants Duke Energy Ohio's request in this filing, monthly electric bills for residential customers who use an average of 1,000 kilowatt-hours of electricity per month will increase by \$4.54 – or 3.86% – from \$117.58 to \$122.12. This proposed increase will vary depending on the amount of electricity a customer uses, a customer's rate type and how much a customer pays for electricity supply.

Multimillion-dollar investments, not operational costs, main drivers for increase

Duke Energy Ohio has invested more than \$800 million in a variety of capital projects across southwest Ohio since it last requested a regulatory review of its electric distribution rates in 2017. Over that time, the company has reduced its operating and maintenance expenses. This is a credit to Duke Energy employees' focus on delivering exceptional service while achieving many efficiency and productivity advantages in their work.



The company's recent multimillion-dollar capital investments have improved the reliability and resiliency of its electric delivery system across southwest Ohio, leading to fewer and shorter power outages.

Increasing reliability and delivering more control, convenience and choice

Many of Duke Energy Ohio's investments have focused on the continual buildout of a self-optimizing, smart-thinking grid that automatically isolates issues and reroutes power to reduce the frequency and duration of power outages.

In addition, the company has installed advanced smart meters that enable customers to access more bill-lowering tools; view detailed information about their energy use; easily sign up to receive usage alerts, outage notifications and customized billing options; and more.



New customer benefits proposed

Duke Energy Ohio, in its recent request for an electric distribution rate review, outlines various proposals to provide customers more value, choices and convenience when it comes to their electric service. These include:

- Creating a fee-free payment option for residential customers who wish to pay their monthly utility bills with credit cards, debit cards or electronic checks. Currently, these customers must pay a \$1.50 fee at the time of transaction to use any of these payment methods. This fee is administered by a third-party payment processor.
- Introducing an upgraded, easier-to-use and dynamic time-of-use rate option that provides more opportunities for residential customers to control their energy consumption and costs through the use of popular and emerging technologies like internet-enabled thermostats and electric vehicles. Simple behavioral changes – such as only running dishwashing and laundry appliances at night or on weekends – can also contribute to lower bills as a result of the new plan’s shorter on-peak and discount time periods.
- Continuing to make annual investments in the local electric distribution system to allow for additional grid improvement and modernization projects. Recent projects have resulted in increased levels of safety, reliability and resilience of Duke Energy Ohio’s system – leading to fewer and shorter customer outages, among other benefits. Ongoing and future plans include additional efforts designed to decrease the frequency and duration of outages and improvements that lay the groundwork for the two-way power flows needed to support emerging technologies like rooftop solar, battery storage, electric vehicles and microgrids.

Duke Energy Ohio in its filing with its state regulator also proposes several changes to its lighting tariffs to enable transitions and upgrades to more efficient fixtures.



Helping customers in need

With many individuals and families experiencing financial hardship and struggling to pay their everyday expenses and energy bills, Duke Energy Ohio continues to support its customers, connect them with available assistance and offer tools and programs – including flexible payment plans – to help manage their energy bills.

The company is reaching out to vulnerable residential customers with information about utility assistance administered by state agencies, as well as local nonprofits across Greater Cincinnati. Additional resources can be found here: duke-energy.com/home/billing/special-assistance/need-help.

Separately, the company has delivered more than \$3.5 million in local grants since the beginning of the COVID-19 pandemic, with a focus on social justice and racial equity; women-, veteran- and minority-owned businesses; nature; workforce development; urban revitalization; and K-12 education.

Next steps

Duke Energy Ohio expects the Public Utilities Commission of Ohio to soon initiate a detailed rate review process that includes hearings in Columbus as well as public hearings in the company’s southwest Ohio service territory. Duke Energy Ohio estimates that its state regulator will rule on the company’s request by summer 2022, with rate adjustments taking effect shortly thereafter.

Questions & Answers

What is a rate review?

In Ohio, a regulatory rate review, often referred to as a rate case, is a process during which a utility must demonstrate to its state regulator, the Public Utilities Commission of Ohio, why a proposed increase in rates is needed. This independent, public process helps ensure transparency and fair rates based on the utility's costs to serve its customers. Learn more about the process on the commission's website: puco.ohio.gov/wps/portal/gov/puco/utilities/electricity/resources/rate-case-process.

Why is this increase needed?

We continue to invest millions of dollars in strategic, data-driven projects that aim to improve the safety, reliability and resiliency of our energy delivery system. These investments are providing benefits today and will continue to do so in the years to come. We're now seeking permission from our state regulator to adjust our customers' rates to pay for these important investments.

We know how vital electricity is to our customers, communities and region, and that energy is a significant monthly expense for our customers. We also know there's never an ideal time to increase bills. That's why we continue to work hard to keep our costs down. In fact, in recent years, we've been able to make important and impactful investments and enhancements in the local electric grid – all while reducing our operating and maintenance expenses.

Who sets the rates that customers pay for electricity?

Duke Energy Ohio is a public utility obligated to provide every customer in our service area with reliable electric distribution service at rates approved by our state regulator, the Public Utilities Commission of Ohio. In exchange, we are allowed the opportunity (not a guarantee) to earn a fair return for our investors. Even though our regulators will ultimately determine any changes to customer bills, we pledge to do our part to keep rates as reasonable as possible.

What is the process? Will customers have a chance to share input?

First, Duke Energy Ohio must demonstrate to the Public Utilities Commission of Ohio why the rate increase is needed. The Ohio Consumers' Counsel and other interested stakeholders audit our filings and vet the company's request. The commission then thoroughly reviews our request and holds public hearings to allow customers to comment. We anticipate the Public Utilities Commission of Ohio to soon initiate a detailed rate review process that will include hearings in Columbus as well as public hearings in our southwest Ohio service territory. We estimate that our state regulator will rule on our request by late summer of 2022, with rate adjustments taking effect shortly thereafter.

What is Duke Energy Ohio doing to help its customers?

In addition to making strategic, data-driven investments to improve the power grid and reduce power outages, we've rolled out service enhancements that enable customers to access more bill-lowering tools; view detailed information about their energy use; easily sign up to receive usage alerts, outage notifications and customized billing options; and more.

How does the rate review impact electric supply and customers' ability to shop for supply offers?

Today's filing relates to electricity delivery, which includes the fixed and usage-based fees we charge for delivery of electricity to our customers across southwest Ohio. It has no bearing on the electric supply portion of customers' bills. Our Ohio customers will continue to be able to choose from dozens of companies for your energy supply. Or you can opt to get your energy supply from Duke Energy Ohio. If you choose this option, we'll acquire energy on your behalf at competitive prices and pass along the charges, dollar for dollar, to you via your monthly bill.

Components of your electric bill

Many factors affect your monthly electric bill, including the amount of electricity you use, your rate type and the cost of electric supply. Each component is subject to review and approval by the Public Utilities Commission of Ohio.

The following example shows an overview of the current delivery charges for an average residential customer who uses 1,000 kilowatt-hours of electricity per month, as well as the adjustments proposed in Duke Energy Ohio's recent filing.

Residential Service – Rate RS			
	Present	Proposed	Change
Customer Charge (per month)	\$6.00	\$12.00	\$6.00
Delivery Charge (per kWh)	\$0.031482	\$0.037438	\$0.005956
Delivery Riders	\$24.24	\$16.82	-\$7.42

This chart illustrates the makeup of a current typical residential electric bill as well as how the changes Duke Energy Ohio recently proposed could impact future monthly bills.

Monthly charges for residential customers using an average of 1,000 kilowatt-hours per month			
	Present	Proposed	Change
Customer Charge (per month)	\$6.00	\$12.00	\$6.00
Delivery Charge (1,000 kWh)	\$31.48	\$37.44	\$5.96
Delivery Riders	\$24.24	\$16.82	-\$7.42
Generation Riders ⁽¹⁾	\$0.42	\$0.42	\$0.00
Generation Charges ⁽¹⁾	\$55.44	\$55.44	\$0.00
Total Bill⁽²⁾	\$117.58	\$122.12	\$4.54

(1) The generation components in this chart are representative of the Standard Service Offer available to Duke Energy Ohio customers who choose not to receive electric supply from a third-party energy supplier.

(2) The Total Bill values will likely be different for Duke Energy Ohio residential customers who receive electric supply from a third-party energy supplier.

Glossary

Customer Charge

The basic customer charge is a fixed monthly amount to cover the cost of maintaining your electric meter to your home or business as well as maintaining customer records, billing and other transactions affecting the account. It is applicable whether or not electricity is used.

Delivery Charge

Charges to recover various costs associated with Duke Energy Ohio's electric operations and funding for energy-related programs. The delivery charge is a variable charge based on the amount of electricity you use each month. The charge covers our normal operating expenses for delivering electricity to you, such as the cost of transporting electricity to your home, safety services, maintaining equipment like poles and wires, and other business-related costs.

Delivery Riders

Charges to recover various costs associated with Duke Energy Ohio's electric operations and funding for Ohio energy-related programs.

Generation Riders

Fixed charge to recover uncollectible accounts expense related to generation service.

Generation Charges

Usage-based charges for residential customers who choose to receive electric supply from Duke Energy Ohio instead of a third-party electric supplier. Duke Energy Ohio acquires electric supply at competitive prices and passes along the charges, dollar for dollar, to these customers via their monthly bills.