

## BEFORE

### THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke )  
Energy Ohio, Inc., to Establish its Fuel )  
and Economy Purchased Power ) Case No. 09-974-EL-FAC  
Component of its Market-Based Standard )  
Service Offer for 2009. )

In the Matter of the Application of Duke )  
Energy Ohio, Inc., to Establish its System ) Case No. 09-975-EL-RDR  
Reliability Tracker of its Market-Based )  
Standard Service Offer for 2009. )

## ENTRY

The Commission finds:

- (1) By opinion and order issued October 24, 2007, in *In the Matter of the Application of The Cincinnati Gas & Electric Company to Modify Its Nonresidential Generation Rates to Provide for Market-Based Standard Service Offer Pricing and to Establish an Alternative Competitive-Bid Service Rate Option Subsequent to the Market Development Period*, Case No. 03-93-EL-ATA, et al. (03-93), the Commission authorized the Cincinnati Gas & Electric Company, now known as Duke Energy Ohio, Inc. (Duke), to establish both a fuel and economy purchased power component (FPP) and a system reliability tracker component (SRT) of its market-based standard service offer. The FPP consists of fuel and purchased power expenses, a reconciliation adjustment, a system loss adjustment, and emission allowances. The SRT permits Duke to apply annually to the Commission to flow through actual costs related to the purchased power for peak and reserve capacity requirements on a dollar-for-dollar basis. Both riders FPP and SRT are subject to audit by the Commission.
- (2) By opinion and order issued December 17, 2008, in *In the Matter of the Application of Duke Energy Ohio, Inc., for Approval of an Electric Security Plan*, Case No. 08-920-EL-SSO, et. al, the Commission approved a stipulation submitted by the parties, as well as an annual audit process, which would require Duke

to file quarterly reports and to make a filing in the first quarter of each year regarding the audits for riders price-to-compare (PTC)-FPP and system resource adequacy (SRA)-SRT, formerly known as riders FPP and SRT. Consistent with the Commission's order approving the stipulation, Duke filed its initial quarterly filing on December 2, 2008.

- (3) On November 18, 2009, the Commission issued RFP No. U09-FPP-1 in order to obtain qualified independent auditing services for the purposes described in the RFP. Potential bidders were directed to submit proposals to the Commission Staff by December 16, 2009. Bidders were directed to demonstrate their understanding of the project and the work required by showing a clear understanding of the tasks to be completed, the experience and qualifications of the personnel who will perform the work, and the anticipated breakdown of costs and timing.
- (4) The proposals received in response to RFP No. U09-FPP-1 have been evaluated and, after consideration of those proposals, the Commission selects Schumaker & Company (Schumaker). The Commission finds that Schumaker has the necessary experience to complete the required work.
- (5) Duke shall enter into a contract with Schumaker by January 22, 2010, for the purpose of providing payment for its auditing service. The contract shall incorporate the terms and conditions of the RFP, the auditor's proposal, and relevant Commission entries in these proceedings.
- (6) The auditor shall submit invoices for services completed as required by the contract, consistent with the terms of the RFP, or as agreed by contract with Duke. All invoices must be submitted to the Commission's project coordinator for approval and, subject to approval, will be forwarded to Duke for payment to the auditor within 30 days of receipt of the invoices by Duke.
- (7) Schumaker shall complete Audit I of the three audit cycle delineated in the RFP by May 14, 2010. It shall submit a draft audit report to staff by April 30, 2010, and shall file its final audit report by May 14, 2010. Any conclusions, results, or recommendations formulated by Schumaker may be examined

by any participant to the proceedings for which the audit report was generated.

- (8) Schumaker will execute its duties pursuant to the Commission's statutory authority to investigate and obtain records, reports, and other documentation under Sections 4903.02, 4903.03, 4905.06, 4905.15, and 4905.16, Revised Code. Schumaker shall be subject to the Commission's statutory duty under Section 4901.16, Revised Code, which states, in relevant part:

Except in his report to the public utilities commission or when called on to testify in any court or proceeding of the public utilities commission, no employee or agent referred to in section 4905.13 of the Revised Code shall divulge any information acquired by him in respect to the transaction, property, or business of any public utility, while acting or claiming to act as such employee or agent. Whoever violates this section shall be disqualified from acting as agent, or acting in any other capacity under the appointment or employment of the commission.

- (9) Upon request of the auditor or Staff, Duke shall provide any and all documents and information requested. Duke may conspicuously mark such documents or information "confidential." In no event shall Duke refuse or delay providing such information or documents to the auditor or Staff.
- (10) The following process shall apply to the release of any document or information that Duke marks as "confidential": Staff or the auditor shall not publicly disclose any document marked "confidential," except upon three days' prior written notice of intent to disclose served upon counsel for Duke. Three days after such notice, Staff or the auditor may disclose or otherwise make use of such documents or information for any lawful purpose, unless Duke moves the Commission for a protective order pertaining to such information within the three-day notice period. The three-day notice period will be computed according to Rule 4901-1-07, Ohio Administrative Code. Service shall be complete upon mailing or delivery in person.

- (11) The auditor shall perform its duties as an independent contractor. Neither the Commission nor Staff shall be liable for any acts committed by the auditor in the performance of its duties.

It is, therefore,

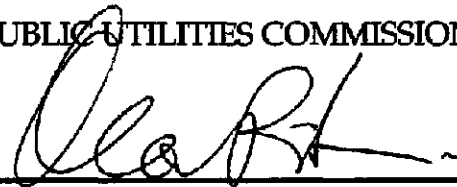
ORDERED, That Schumaker be selected to perform the auditing activities set forth above. It is, further,

ORDERED, That the audit of the companies be conducted in accordance with the provisions of RFP No. U09-FPP-1 and the findings of this entry. It is, further,

ORDERED, That Duke and Schumaker shall observe the requirements set forth in this Entry. It is further,

ORDERED, That a copy of this entry be served upon Schumaker and all parties of record in this proceeding.

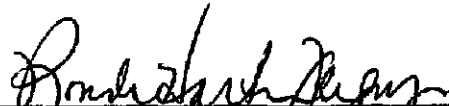
THE PUBLIC UTILITIES COMMISSION OF OHIO



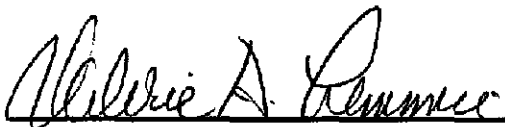
Alan R. Schriber, Chairman



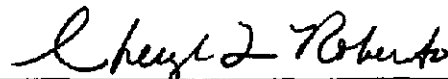
Paul A. Centolella



Ronda Hartman Fergus



Valerie A. Lemmie



Cheryl L. Roberto

KLS/CMTP/dah

Entered in the Journal

JAN 07 2010



Renee J. Jenkins  
Secretary