

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Procurement of)
Standard Service Offer Generation for) Case No. 15-6000-EL-UNC
Customers of Duke Energy Ohio, Inc.)

FINDING AND ORDER

The Commission finds:

- (1) Duke Energy Ohio, Inc. (Duke) is an electric utility as defined by R.C. 4928.01(A)(11) and an electric distribution utility (EDU) as defined by R.C. 4928.01(A)(6).
- (2) R.C. 4928.141 provides that an EDU shall provide consumers within its certified territory a standard service offer (SSO) of all competitive retail electric services necessary to maintain essential electric services to customers, including firm supply of electric generation services, in accordance with R.C. 4928.142 or 4928.143.
- (3) In Case No. 14-841-EL-SSO, et al., the Commission modified and approved, pursuant to R.C. 4928.143, Duke's application for an electric security plan (ESP), including a competitive auction-based SSO format, as well as a competitive bid procurement (CBP) process for Duke's auctions, for the period of June 1, 2015, through May 31, 2018. Under the CBP process, Duke will obtain all generation necessary to serve its SSO load through a series of auctions. With respect to the auction schedule, the Commission determined that Duke's third auction should occur in March 2016, and offer a 24-month (17 tranches) product. *In re Duke Energy Ohio, Inc.*, Case No. 14-841-EL-SSO, et al. (*ESP 3 Case*), Opinion and Order (Apr. 2, 2015) at 51. In accordance with the approved bidding rules, the Commission has a two business day window from the conclusion of the auction to review the results. *ESP 3 Case*, Duke Ex. 1, Att. C at 40. Duke proposed to retain CRA International Inc. d/b/a Charles River Associates, Inc. (CRA) as the auction manager for Duke's auctions. *ESP 3 Case*, Opinion and Order (Apr. 2, 2015) at 49.
- (4) On March 15, 2016, in this case, CRA and Boston Pacific Company, Inc. (Boston Pacific), a consultant retained by the

Commission to monitor the auctions, filed reports regarding the conduct of Duke's second auction, which was held on March 14, 2016, and included a 24-month product. These reports consisted of confidential versions, filed under seal, and a redacted version of the report filed by CRA, which is publicly available in this docket.

- (5) According to the reports filed by CRA and Boston Pacific, for the 24-month product, the auction resulted in a clearing price of \$48.34 per megawatt hour (MWh) for the June 1, 2016 through May 31, 2018 delivery period. CRA and Boston Pacific each recommended that the Commission find that the auction, within the limits of its structures, had sufficient competitive attributes and resulted in a winning price that is reasonable.
- (6) The Commission finds that the reports filed by CRA and Boston Pacific do not contain any recommendation or evidence that the auction violated the CBP rules in such a manner as to invalidate the auction. Accordingly, the Commission will not reject the results of the auction.
- (7) On March 15, 2016, Staff filed a motion for protective order, pursuant to Ohio Adm.Code 4901-1-24, requesting that both the report of the Commission's consultant regarding Duke's auction and the notification of the auction results filed on March 15, 2016, be kept confidential. In support of the motion, Staff submits that these documents are highly competitively sensitive, in that they identify the details of various bids and parties making the bids in the auction. According to Staff, disclosure of this information would be highly prejudicial to the bidding parties and the viability of any future auction in Ohio.
- (8) Ohio Adm.Code 4901-1-24 provides that, unless otherwise ordered, protective orders issued pursuant to the rule automatically expire after 24 months. However, given the highly competitive and sensitive nature of the reports filed by CRA and Boston Pacific, the Commission finds that it would be appropriate to grant protective treatment indefinitely, until the Commission orders otherwise. Therefore, we find that Staff's motion for protective order of the information filed on March 15, 2016, is reasonable and should be granted, to the extent set forth in this Finding and Order. Accordingly, the Boston Pacific report and the following information related to the CRA

report will be protected from public release: the names of unsuccessful bidders; price information, including starting price methodologies and round prices/quantities for individual bidders; all information contained in Part I and Part II of the bidder applications; and indicative preauction offers.

- (9) However, the Commission finds that certain information regarding the auction contained in the report submitted by CRA should be released to the public after a brief period of time to allow the winning bidders to procure any additional necessary energy or capacity to serve the SSO load. Therefore, unless otherwise ordered by the Commission, the following information will be subject to public release 21 days after the issuance of this Finding and Order, or on April 4, 2016: the names of bidders who won tranches in the auction; the number of tranches won by each bidder; the first round ratio of tranches supplied compared to tranches needed; and the redacted report filed by CRA detailing the auction proceedings, subject only to redaction of any confidential information enumerated in finding (8). The Commission's docketing division is directed to work with Staff to assure the appropriate public release of information.
- (10) Finally, all bidders are required to immediately disclose to the Commission and Staff all prices, terms, and conditions for any post-auction assignments of tranches obtained through the CBP, subject to appropriate protections for confidential or proprietary information.
- (11) Accordingly, the Commission finds that Duke should be authorized to file final tariffs implementing the rates for SSO customers consistent with this Finding and Order. The final tariffs shall be approved effective June 1, 2016, contingent upon final review by the Commission.

It is, therefore,

ORDERED, That Staff's motion for protective order be granted and the information set forth in finding (8) be deemed confidential and remain under seal indefinitely, until otherwise ordered by the Commission. It is, further,

ORDERED, That, unless otherwise ordered by the Commission, the information set forth in finding (9) be subject to public release 21 days after the issuance of this Finding and Order, or on April 4, 2016. It is, further,

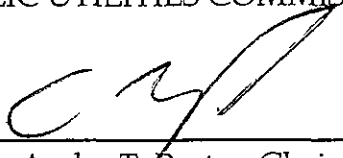
ORDERED, That Duke is authorized to file tariffs, in final form, consistent with this Finding and Order. Duke shall file one copy in this case docket and one copy in its TRF docket. It is, further,

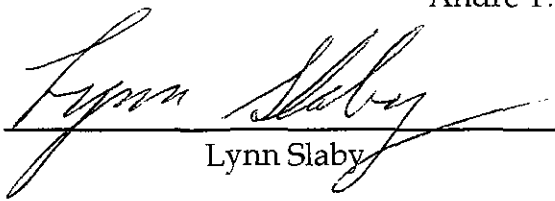
ORDERED, That the effective date of the new tariffs shall be June 1, 2016, contingent upon final review by the Commission. It is, further,

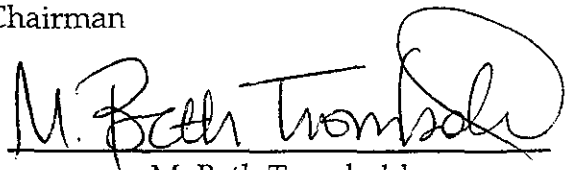
ORDERED, That Duke notify its customers of the changes to the tariff via bill message or bill insert within 30 days of the effective date. A copy of this notice shall be submitted to the Commission's Service Monitoring and Enforcement Department at least 10 days prior to distribution to customers. It is, further,


ORDERED, That a copy of this Finding and Order be served upon all interested persons and parties of record.

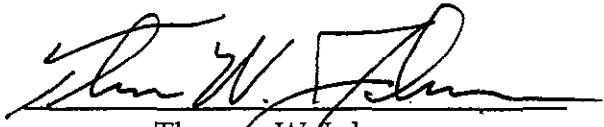
THE PUBLIC UTILITIES COMMISSION OF OHIO



Andre T. Porter, Chairman

Lynn Slaby

M. Beth Trombold

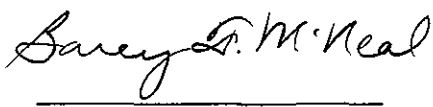
Asim Z. Haque

Thomas W. Johnson

NW/vrm

Entered in the Journal

MAR 16 2016



Barcy F. McNeal
Secretary