

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE PROCUREMENT OF
STANDARD SERVICE OFFER GENERATION FOR
CUSTOMERS OF DUKE ENERGY OHIO, INC.

CASE No. 18-6000-EL-UNC

FINDING AND ORDER

Entered in the Journal on February 28, 2018

I. SUMMARY

{¶ 1} The Commission accepts the results of Duke Energy Ohio, Inc.'s auction and authorizes Duke Energy Ohio, Inc. to file final tariffs implementing the rates for standard service offer customers.

II. DISCUSSION

{¶ 2} 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).

{¶ 3} R.C. 4928.141 provides that electric utilities shall provide consumers a standard service offer (SSO) of all competitive retail electric services in accordance with R.C. 4928.142 or 4928.143.

{¶ 4} In Case No. 17-1263-EL-SSO, et al. (ESP Case), Duke filed an application for an electric security plan (ESP) pursuant to R.C. 4928.143. In the application, Duke proposed to determine SSO generation rates through competitive bid procurement (CBP) process. Under the CBP process, Duke would obtain all generation necessary to serve its SSO load through a series of auctions. By Entry dated July 21, 2017, an evidentiary hearing regarding Duke's application was scheduled to commence on November 13, 2017. However, since that time, the evidentiary hearing has been rescheduled several times to accommodate ongoing settlement discussions.

{¶ 5} On December 5, 2017, and revised on December 6, 2017, Duke made a filing in the ESP Case requesting to proceed with two auctions to procure energy for its SSO customers.

Duke stated that, as proposed in the Company's application, the auctions would have started in November 2017, but because the application has not yet been approved, no auctions have taken place. Duke proposed to follow the auction process as described in its application and the direct testimony of Robert J. Lee. According to Duke, the product to be procured in the auctions would be hourly, load-following, full requirements tranches of its entire SSO load (which now excludes percentage of income payment plan customers).

{¶ 6} The Commission authorized Duke to proceed with the auctions by Entry on December 20, 2017. In accordance with the proposed bidding rules, the Commission has a two-business-day window from the conclusion of the auction to review the results. ESP Case Application, Att. E 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 Case Application at 8.

{¶ 7} Pursuant to the Commission's Entry in the ESP Case, a CBP auction was held on February 27, 2018. The auction consisted of 19 rounds in the descending-clock phase. On February 28, 2018, CRA and Bates White, LLC (Bates White), a consultant retained by the Commission to monitor the CBP auction, filed reports regarding the conduct of the auction, which included one-year, two-year, and three-year products. These reports consisted of confidential versions, filed under seal, and a redacted version of the report filed by CRA, which is publically available in this docket.

{¶ 8} According to the reports filed by CRA and Bates White, for the one-year product, the auction resulted in a clearing price of \$52.87 per megawatt hour (MWh) for the June 1, 2018, to May 31, 2019 delivery period. For the two-year product, the auction resulted in a clearing price of \$49.48 per MWh for the June 1, 2018, to May 31, 2020 delivery period. Finally, for the three-year product, the auction resulted in a clearing price of \$49.71 per MWh for the June 1, 2018, to May 31, 2021 delivery period. CRA and Bates White 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.

{¶ 9} The Commission finds that the reports filed by CRA and Bates White 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 accepts the results of the auction.

{¶ 10} On February 28, 2018, 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 February 28, 2018, 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.

{¶ 11} 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 Bates White, 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, is reasonable and should be granted, to the extent set forth in this Finding and Order. Accordingly, the Bates White 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.

{¶ 12} 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: 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 above. The Commission's docketing division is directed to work with Staff to assure the appropriate public release of information.

{¶ 13} 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.

{¶ 14} 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, 2018, contingent upon final review by the Commission.

III. ORDER

{¶ 15} It is, therefore,

{¶ 16} ORDERED, That the information set forth in Paragraph 11 be deemed confidential and remain under seal indefinitely. It is, further,

{¶ 17} ORDERED, That, unless otherwise ordered by the Commission, the information set forth in Paragraph 12 be subject to public release 21 days after the issuance of this Finding and Order. It is, further,

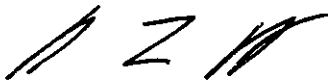
{¶ 18} ORDERED, That Duke is authorized to file tariffs, in final form, consistent with this Finding and Order. Duke shall file one copy in this case docket and one copy in its TRF docket. It is, further,

{¶ 19} ORDERED, That the effective date of the new tariffs shall be June 1, 2018, contingent upon final review by the Commission. It is, further,

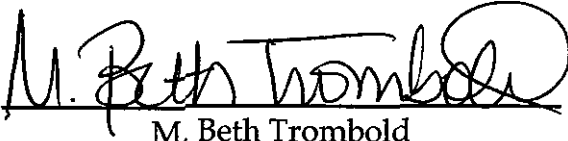
{¶ 20} ORDERED, That Duke notify its customers of the changes to the tariff via bill message or bill insert within 30 days of the effective date. A copy of this notice shall be submitted to the Commission's Service Monitoring and Enforcement Department at least 10 days prior to distribution to customers.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

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

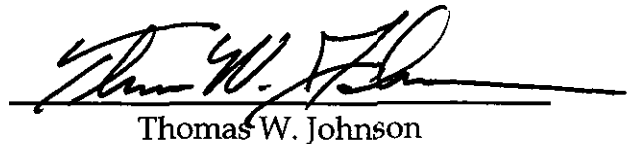
THE PUBLIC UTILITIES COMMISSION OF OHIO



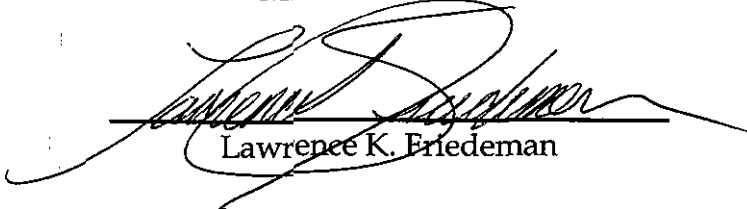
Asim Z. Haque, Chairman



M. Beth Trombold



Thomas W. Johnson



Lawrence K. Friedeman



Daniel R. Conway

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Secretary