

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE REGULATION OF
THE PURCHASED GAS ADJUSTMENT
CLAUSE CONTAINED WITHIN THE RATE
SCHEDULES OF DUKE ENERGY OHIO, INC.
AND RELATED MATTERS.

CASE NO. 18-218-GA-GCR

ENTRY

Entered in the Journal on May 9, 2018

I. SUMMARY

{¶ 1} The Commission selects Exeter Associates, Inc. to conduct the management/performance audit of Duke Energy Ohio, Inc.

II. DISCUSSION

{¶ 2} Duke Energy Ohio, Inc. (Duke or Company) is a natural gas company, as defined by R.C. 4905.03, and a public utility by reason of R.C. 4905.02. As such, Duke is subject to the jurisdiction of the Commission, in accordance with R.C. 4905.04 and 4905.05.

{¶ 3} Ohio Adm.Code 4901:1-14-07 provides that the Commission shall conduct, or cause to be conducted, periodic financial and management/performance (m/p) audits of each gas or natural gas company. R.C. 4905.302(C)(2) provides that the Commission shall not require an m/p audit pertaining to the purchased gas adjustment clause more frequently than once every three years.

{¶ 4} Duke's last m/p audit was conducted in *In re Duke Energy Ohio, Inc.*, Case No. 15-218-GA-GCR.

{¶ 5} By Entries issued February 21, 2018, pursuant to R.C. 4905.302(C) and Ohio Adm.Code 4901:1-14-07, the Commission initiated an m/p audit for Duke for the period of September 2015 through August 2018, and scheduled a hearing in this matter. The Commission also directed Staff to issue a request for proposal (RFP) to acquire audit services for the m/p audit.

{¶ 6} The proposals received in response to the RFP have been evaluated and, after consideration of the proposals, the Commission finds that Exeter Associates, Inc. (Exeter) has the necessary experience to complete the required work under the RFP. Therefore, the Commission selects Exeter to conduct the audit.

{¶ 7} Duke shall enter into a contract with Exeter, within 15 days of this Entry, to perform the work required to conduct the m/p audit pursuant to the RFP and the findings of this Entry.

{¶ 8} The Commission directs that all costs associated with the m/p audit be borne by Duke, consistent with Ohio Adm.Code 4901:1-14-07(A).

{¶ 9} The total cost of the audit shall not exceed \$85,000 and an additional \$8,000 for travel costs. These amounts do not include expenses and costs associated with the preparation and presentation of expert testimony before the Commission during the hearing. The costs for the preparation and presentation of testimony are to be billed separately by the auditor and will be recoverable to a maximum of \$25,000.

{¶ 10} Exeter shall submit invoices for services completed as required by contract, consistent with the terms of the RFP. All invoices must be submitted to the Commission's project coordinator for approval and, subject to approval, will be forwarded to Duke for payment. The Company shall make payment to the auditor within 30 days of the Company's receipt of the invoices.

{¶ 11} Duke shall provide the auditor full and complete cooperation throughout the term of the audit, and shall endeavor to provide any data, information, and assistance in support of the audit project.

{¶ 12} Exeter shall perform its duties as an independent contractor. Neither the Commission nor Staff shall be liable for any acts committed by the auditor in performance of its duties.

{¶ 13} Exeter shall execute its duties pursuant to the Commission's statutory authority to investigate and acquire records, contracts, reports, and other documentation under R.C. 4903.03, 4905.06, 4905.15, and 4905.16. Exeter is subject to the Commission's statutory duty under R.C. 4901.16, which states:

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.

{¶ 14} Once disclosure is permitted by R.C. 4901.16, the following process applies to the release of any document or information marked as confidential. Three days' prior notice of intent to disclose shall be provided to the party claiming confidentiality. 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 the Commission is moved for a protective order pertaining to such documents or information within the three-day notice period. The three-day notice period will be computed according to Ohio Adm.Code 4901-1-07.

{¶ 15} Upon request of the auditor or Staff, the Company shall provide any and all documents or information requested. The Company may conspicuously mark such documents or information "confidential." In no event, however, shall the Company refuse or delay in providing such documents or information.

III. ORDER

{¶ 16} It is, therefore,

{¶ 17} ORDERED, That Exeter be selected to perform the auditing activities in accordance with the provisions of the RFP and the findings of this Entry. It is, further,

{¶ 18} ORDERED, That, within 15 days of this Entry, the Company enter into a contract with the auditor to perform the work required to conduct the m/p audit pursuant to the RFP and the findings of this Entry. It is, further,

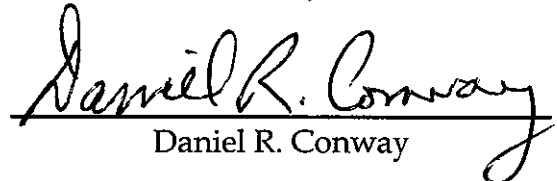
{¶ 19} ORDERED, That the cost of the audit be paid by the Company pursuant to the findings of this Entry. It is, further,

{¶ 20} ORDERED, That a copy of this Entry be served upon the Company and upon all other parties of record in this proceeding.

THE PUBLIC UTILITIES COMMISSION OF OHIO



Asim Z. Haque, Chairman


M. Beth Trombold
Thomas W. Johnson
Lawrence K. Friedeman
Daniel R. Conway

KKS/vrm

Entered in the Journal



Barcy F. McNeal **MAY - 9 2018**
Secretary