

# THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF  
DUKE ENERGY OHIO, INC. TO ADJUST  
RIDER AU FOR 2018 GRID  
MODERNIZATION COSTS.

CASE NO. 19-664-GA-RDR

## ENTRY

Entered in the Journal on December 4, 2019

### I. SUMMARY

{¶ 1} The Commission finds that Staff should issue a request for proposal for audit services to review Duke Energy Ohio, Inc.'s capital assets associated with Rider Advanced Utility. The Commission also directs that collection of the rider charge be suspended until otherwise ordered by the Commission.

### II. DISCUSSION

#### A. *Procedural History*

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

{¶ 3} In Case No. 07-589-GA-AIR, et al., the Commission approved a stipulation and recommendation that, among other things, provided a process for the filing of Duke's deployment plans for the installation of an automated gas meter reading system, which would share the SmartGrid communications technology for the Company's electric system, and a method for recovering costs associated with the plans, which was designated Rider Advanced Utility (Rider AU). *In re Duke Energy Ohio, Inc.*, Case No. 07-589-GA-AIR, et al. (*Gas Distribution Rate Case*), Opinion and Order (May 28, 2008).

{¶ 4} By Opinion and Order dated July 2, 2019, the Commission approved Duke's application to adjust Rider AU for 2017 grid modernization costs. Additionally, in light of Duke's plans to replace certain advanced metering infrastructure (AMI) components for the gas distribution system, the Commission determined that Staff, in the Company's next

annual proceeding to adjust Rider AU, should thoroughly evaluate whether the Company's customers are paying charges through Rider AU for costs associated with equipment that is no longer used and useful. Staff was directed to perform, as necessary, a field audit or other physical verification of Duke's AMI components for its natural gas operations. *In re Duke Energy Ohio, Inc.*, Case No. 18-837-GA-RDR (2018 Rider AU Case), Opinion and Order (July 2, 2019) at ¶¶ 23-24.

¶ 5 On June 25, 2019, in the above-captioned case, Duke filed an application, along with supporting testimony, to adjust Rider AU for grid modernization deployment costs incurred in 2018, pursuant to the process approved in the *Gas Distribution Rate Case*.

¶ 6 By Entry dated July 3, 2019, the attorney examiner established a procedural schedule to accomplish the review of Duke's proposed adjustments to Rider AU, with comments and reply comments due on October 25, 2019, and November 8, 2019, respectively. In the event all of the issues raised in the comments are not resolved, or if the Commission finds that the application may be unjust or unreasonable, Staff and intervenor testimony would be due on November 22, 2019, with Duke's supplemental testimony to be filed on November 29, 2019. Finally, the attorney examiner scheduled a hearing to occur, if necessary, on December 5, 2019.

¶ 7 On October 25, 2019, Staff filed its review and recommendations. Duke filed reply comments on November 8, 2019. No other comments were filed in this proceeding.

¶ 8 By Entry issued on November 21, 2019, the attorney examiner determined that the procedural schedule should be held in abeyance, pending the Commission's consideration of Staff's recommendations.

#### **B. Summary of the Comments**

¶ 9 In its review and recommendations, Staff notes that Duke seeks to recover approximately \$2.5 million in costs incurred over the 12-month period ending December 31, 2018, through a per-meter customer charge. With respect to its capital equipment audit,

Staff states that it first compared the transactional details within Duke's continuing property records (CPR) and its historical annual Rider AU filings. Staff found that the CPR showed an amount that was \$130,557 less than the amounts reported in Duke's annual Rider AU filings, which the Company was unable to explain in response to Staff's subsequent inquiry. Next, in order to perform a physical inspection to verify the existence and valuation of the capital assets, Staff sampled a set of transactions from the CPR transactional details provided by Duke; however, the Company stated that it was unable to connect the capital transactions from the CPR with the locations of the capital equipment. Staff notes that Duke merely provided a listing of its capital equipment with addresses, which did not include the financial information necessary to support the locational data of the capital equipment. As a result, Staff indicates that it was unable to perform an adequate physical inspection to confirm both the existence and valuation of the capital equipment. Because it was unable to complete the audit, Staff advises that it cannot address the used and useful status of the capital equipment, as directed by the Commission in the *2018 Rider AU Case*. Staff, therefore, recommends that a request for proposal (RFP) be issued for the necessary audit of Duke's capital equipment and that the cost of the audit be borne by the Company. Staff also recommends that the Rider AU charge be suspended until the audit is completed.

{¶ 10} In its reply comments, Duke states that, if the Commission orders the Company to discontinue Rider AU, the Commission should ensure that the Company can fully recover its investment, given that the Company was encouraged to complete its initial SmartGrid deployment and there has been no finding, in any of the annual Rider AU adjustment proceedings, that any of the Company's investment was imprudent. According to Duke, it would be improper for the Commission to deny the Company full recovery of costs for an investment that was prudently incurred, based on all of the information available at the time of the decision to complete the initial SmartGrid deployment. *City of Cincinnati v. Pub. Util. Comm.*, 67 Ohio St.3d 523, 620 N.E.2d 826 (1993). Duke asserts that the early retirement of natural gas meters installed since March 31, 2012, should not truncate recovery of that investment and that the issue of whether the investment being recovered

through Rider AU remains used and useful is not relevant to whether those costs can be recovered.

{¶ 11} Additionally, Duke argues that the AMI transition affects both electric and natural gas infrastructure and that the accounting treatment for gas operations should not differ from the accounting treatment for electric operations. Consistent with the approach used for its electric operations in Case No. 17-32-EL-AIR, et al., Duke states that, pursuant to R.C. 4905.13, the Commission should consider the creation of a dying asset account to address, in the Company's next natural gas rate case, the recovery of the Company's natural gas operations investment in meters that are retired before the end of their useful lives. Duke also contends that an audit of the Rider AU assets is unnecessary, but adds that, if an audit is ordered by the Commission, it should occur in tandem with the Company's capital expenditure program (CEP) audit already in progress, with the auditor directed to review the Rider AU assets as well as the CEP assets. Duke concludes that its application should be approved as filed. Alternatively, Duke proposes that Rider AU be discontinued only if a dying asset account is created for the natural gas investments or if the metering infrastructure cost recovery continues through Rider CEP, following a combined audit of the Rider AU and CEP assets.

### C. *Commission Conclusion*

{¶ 12} Upon review of Staff's review and recommendations, as well as Duke's reply comments, the Commission adopts Staff's recommendation regarding the issuance of an RFP. In the *2018 Rider AU Case*, the Commission found, based on the evidence admitted during the hearing, that Staff should examine, as part of its review of the application in the present case, whether the SmartGrid assets that Duke has deployed for its gas operations continue to be used and useful on a going-forward basis. The Commission directed Staff to conduct, as necessary, a field audit or other physical verification of Duke's AMI components for its natural gas operations. *2018 Rider AU Case*, Opinion and Order (July 2, 2019) at ¶¶ 23-24. Consistent with this directive, Staff attempted to perform a physical inspection to verify the existence and valuation of the capital assets. According to Staff, Duke was unable

to provide sufficient financial information to support the locational data of the assets. Duke did not dispute or even address this issue in its reply comments. We, therefore, direct Staff to distribute the attached RFP for the audit services required to complete the audit.

{¶ 13} Although Duke requests that the audit of the Rider AU assets be combined with its current CEP audit, the purpose and scope of the CEP audit have already been defined, an auditor was selected by the Commission on October 23, 2019, and the audit is now in progress, as the Company acknowledges. While the Commission understands Duke's plea for consolidation and efficiency, we find that it is necessary to issue a separate RFP for the audit of the Rider AU assets. With respect to the question of whether the Rider AU charge should continue during the pendency of the audit, the Commission finds that collection of the charge should be suspended, as recommended by Staff. Following the completion of the audit of the Rider AU assets and a review of the audit findings, including, if necessary, an evidentiary hearing, the Commission will address the issue of Duke's recovery of its remaining AMI investment.

{¶ 14} Having determined that the attached RFP should be issued by Staff, the Commission notes that all proposals submitted pursuant to the RFP are due by December 30, 2019. In order to demonstrate the ability to perform the services required in the RFP, the proposal must show, in detail, the auditor's understanding of the project and the work required. Each proposal must address, with specificity, how the auditor will handle all of the issues in the RFP. The auditor must demonstrate that it will be able to perform the required services, showing its 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. The selection criteria to be used by the Commission to determine the selection of the auditor shall be the technical and management capabilities of each firm, as well as the overall cost of each bid.

{¶ 15} Duke shall directly contract with the auditor chosen by the Commission and bear the costs of the audit services solicited in the RFP.

{¶ 16} The Commission shall select and solely direct the work of the auditor. Staff will review and approve payment invoices submitted by the auditor.

{¶ 17} The auditor shall perform its audit and investigation as an independent contractor. Any conclusions, results, or recommendations formulated by the auditor may be examined by any participant to this proceeding. Further, it shall be understood that the Commission and/or Staff shall not be liable for any acts committed by the auditor or its agents in the preparation and presentation of the report.

{¶ 18} The auditor will execute its duties pursuant to the Commission's statutory authority to investigate and acquire records, contracts, reports, and other documentation under R.C. 4903.02, 4903.03, 4905.06, 4905.15, and 4905.16. The auditor is subject to the Commission's statutory duty under R.C. 4901.16, which provides:

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.

{¶ 19} 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 receives a request 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.

{¶ 20} Upon request of the auditor or Staff, Duke shall provide any and all documents or information requested. Duke may conspicuously mark such documents or information “confidential,” if Duke believes the document should be deemed as such. In no event, however, shall Duke refuse, delay, or fail to provide such documents or information.

### III. ORDER

{¶ 21} It is, therefore,

{¶ 22} ORDERED, That Duke suspend collection of Rider AU until otherwise ordered by the Commission. It is, further,

{¶ 23} ORDERED, That Staff issue the RFP attached to this Entry and that December 30, 2019, be set as the due date for proposals in response to the RFP. It is, further,

{¶ 24} ORDERED, That Duke bear the cost of the audit services of the auditor chosen by the Commission. It is, further,

{¶ 25} ORDERED, That Duke and the auditor shall observe the requirements set forth herein. It is, further,

{¶ 26} ORDERED, That a copy of this Entry be served upon all parties of record.

COMMISSIONERS:

*Approving:*

Sam Randazzo, Chairman  
M. Beth Trombold  
Lawrence K. Friedeman  
Daniel R. Conway  
Dennis P. Deters

SJP/mef

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REQUEST FOR PROPOSAL NO. RA19-AMIA-1

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A PLANT IN SERVICE AND USED AND USEFUL AUDIT OF DUKE  
ENERGY OHIO, INC. (NATURAL GAS)

Issued by:  
THE  
PUBLIC UTILITIES COMMISSION OF OHIO  
180 East Broad Street  
Columbus, Ohio  
43215-3793

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PROPOSAL DUE: December 30, 2019

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## **I. INTRODUCTION**

Duke Energy Ohio, Inc. (Duke or Company) is a public utility as defined in R.C. 4905.02 and, as such, is subject to the jurisdiction of the Public Utilities Commission of Ohio (Commission). Since 1953, R.C. 4905.22 has required utilities in Ohio to “furnish necessary and adequate service” and “provide such instrumentalities and facilities as are adequate and in all respects just and reasonable.” In Case No. 07-589-GA-AIR, et al., the Commission approved a stipulation and recommendation that, among other things, provided a process for the filing of Duke’s deployment plans for the installation of an automated gas meter reading system, which would share the SmartGrid communications technology for the Company’s electric system, and a method for recovering costs associated with the plans, which was designated Rider Advanced Utility (Rider AU).

On July 2, 2019, in Case No. 18-837-GA-RDR, the Commission’s Opinion and Order directed Commission Staff (Staff) to thoroughly evaluate whether the equipment contained in Rider AU remains used and useful, given the Company’s plan to replace certain advanced metering infrastructure (AMI) components for the gas distribution system. This evaluation was to be performed during the Company’s subsequent annual filing, and include, as necessary, a field audit or other physical verification of the Company’s AMI components for its gas operations.

On June 25, 2019, in Case No. 19-664-GA-RDR, Duke filed an application, along with supporting testimony, to adjust Rider AU for grid modernization deployment costs incurred in 2018, pursuant to the process approved in Case No. 07-589-GA-AIR, et al.

On July 3, 2019, the attorney examiner by entry established a procedural schedule to accomplish the review of Duke’s proposed adjustments to Rider AU, with comments and reply comments due on October 25, 2019 and November 8, 2019, respectively. On October 25, 2019, Staff filed its Review and Recommendations, with Staff recommending that a request for proposal be issued for the necessary audit of Duke’s capital equipment. On November 8, 2019, Duke filed its reply comments proposing how the AMI components should be treated.

On November 21, 2019, the attorney examiner issued an entry ordering the procedural schedule be held in abeyance until otherwise ordered by the Commission.

This Request for Proposal (RFP) seeks audit services to review the accounting accuracy, prudence, and used and usefulness of Duke’s jurisdictional rate base as presented within its Rider AU AMI components for its gas operations.

## **II. PURPOSE**

Pursuant to its intent to consider whether the AMI equipment is used and useful as stated in the Commission's Opinion and Order in Case No. 18-837-GA-RDR, the Commission is seeking proposals to conduct an audit of the Company's AMI equipment for gas distribution. The first part of the audit is to review and attest to the accounting accuracy and used and useful nature of all the capital expenditures included for recovery in the Company's Rider AU.

The auditor and/or retained sub-contractors shall be familiar with and comply with all of the following:

- Generally accepted accounting principles (GAAP).
- Federal Energy Regulatory Commission (FERC) Uniform System of Accounts.
- The operations and regulatory environment of natural gas distribution utilities.
- Duke's most recent application to increase rates (Case No. 12-1685-GA-AIR, et al.).
- Duke's continuing property records.
- Duke's summary of significant accounting policies.
- Duke's accounting information system.
- The Company's applications in Case Nos.:
  - 19-664-GA-RDR
  - 18-837-GA-RDR
  - 17-690-GA-RDR
  - 16-794-GA-RDR
  - 15-883-GE-RDR
  - 14-1051-GE-RDR
  - 13-1141-GE-RDR
  - 07-589-GA-AIR, et al.

## **III. SCOPE OF INVESTIGATION**

The auditor's investigation shall determine the accuracy, prudence, and used and useful nature of the Company's Rider AU capital assets. For the period 2012–2015, the Company's total net capital expenditures (plant additions, retirements, transfers) were approximately \$40 million.

A. General Project Requirements

For the plant in-service audit, the auditor selected shall:

- Determine total company plant-in-service for each account and subaccount included in Rider AU.
- Determine total company depreciation reserve for each account included in Rider AU.
- Audit the Company's depreciation reserve to determine the proper balance based on the auditor's findings.
- Provide a determination as to the accuracy, completeness, and occurrence of the Company's historical plant records and continuing property record.
- Ensure plant-in-service expenditures were properly classified as a capital expenditure.
- Perform physical inspections to verify Rider AU assets are still used and useful.
- Reconcile the Company's Continuing Property Record with Asset Management System and locational data.
- Review Case Nos. 19-664-GA-RDR; 18-837-GA-RDR; 17-690-GA-RDR; 16-794-GA-RDR; 15-883-GE-RDR; 14-1051-GE-RDR; 13-1141-GE-RDR; and Case No. 07-589-GA-AIR, et al.
- Read and become familiar with all applicable testimony and work papers.
- Recommend and support specific adjustments to Rider AU plant-in-service balance based on any findings or lack of used and usefulness.
- Review and audit all Rider AU-related schedules and testimony to ensure accuracy including Schedules 1 through 12 and associated workpapers as filed on June 25, 2019 in Case No. 19-664-GA-RDR.
- Provide a report of findings that include rationale and description of any recommended adjustments.

B. Role of the Auditor

Any auditor who is chosen by the Commission to perform an audit expressly agrees to perform his or her audit as an independent contractor. Any conclusions, results, or recommendations formulated by the auditor may be examined by any participant to the proceeding for which the audit report was generated. Further, it shall be understood that the Commission and/or the Staff shall not be liable for any acts

committed by the auditor or its agents in the preparation and presentation of the audit report.

C. Commission Staff Supervision

Staff will oversee the project. Staff personnel shall be informed of all correspondence between the auditor selected and the Company, and Staff shall be given at least three working days notice of all meetings and interviews with the Company to allow Staff the opportunity to attend. The auditor shall meet with Staff no less than once a week through the duration of the audit. These meetings may occur via telephone or other electronic media acceptable to Staff.

D. Cost of Audit and Quotation of Charges

The proposed cost of the audit shall include all expenses associated with conducting the audit and presenting the findings and recommendations in the audit report. A detailed presentation of costs shall be provided, broken down by phase/task, in conformance with this Request for Proposal. The proposed costs shall be considered firm prices for performing the work described in the proposal.

E. Cost of Presenting Expert Testimony

The proposed cost of the audit shall include actual costs associated with serving as an expert witness before the Commission during the applicable hearing, including time and materials. These expenses will be billed separately from the cost of the audit. Expenses associated with the presentation of testimony will include the following:

- Actual transportation expense (i.e., airfare, etc.).
- Actual living expenses (hotels, meals, local transportation).
- Actual preparation time, up to 8 hours per witness.
- Actual hours spent in travel.
- Actual hours spent presenting testimony.

#### **IV. TIMELINE**

The timeline presented below is intended to provide the auditor an understanding of the timeframe during which the audit is to be conducted. Although precise dates are used below, the actual dates for awarding the audit and for conducting audit and hearing activities may vary somewhat when they are set through a subsequent Commission entry.

Audit proposals due	December 30, 2019
Award audit (Commission Order)	January 15, 2020
Audit conducted	January 15, 2020 thru March 18, 2020
Draft audit report presented to Staff	March 6, 2020
Final audit report filed with the Commission	March 18, 2020

## **V. DEADLINES AND DELIVERABLES**

### **A. Availability of Documents**

The Company shall provide any and all documents or information requested by the auditor selected and Staff. The Company may conspicuously mark such documents or information as being “confidential.” In no event, however, shall the Company refuse, delay, or fail to provide such documents or information.

Staff or the auditor selected shall not publicly disclose any document marked “confidential” by the Company, except upon three days prior notice of intent to disclose served upon the Company’s counsel. Three days after such notice, Staff or the auditor may disclose or otherwise make use of such documents or information for any purpose, unless the Company moves the Commission 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 Administrative Code 4901-1-07. Service shall be complete upon mailing or delivery in person.

### **B. Fiscal Reports**

The auditor will submit invoices when work is 50 percent complete and when work is 100 percent complete, unless more frequent intervals are agreed to by Staff. The invoices shall include details regarding the dates and activities covered by each invoice, and shall be sufficiently detailed to allow Staff to identify the work completed, the time spent in each billable activity, the personnel involved, and the corresponding charges in relation to the activity schedule originally set forth in the auditor’s proposal. All invoices are to be sent to the Company and copies are to be sent to Staff.

After approval of the invoice by the Staff, the Company will be authorized to make payment.

The Company shall be ordered by the Commission to enter into a contract, which shall incorporate by reference all provisions of this proposal, with the auditor chosen by the Commission to perform the audit. The auditor shall submit a copy of this contract agreement between the auditor and the Company to the Staff member assigned to the audit.

C. Interim Reporting

At the midpoint of the audit activities, the auditor selected will provide a progress report to Staff. This report will briefly describe progress made on required audit activities, as well as initial/tentative findings and conclusions on issues investigated to date. Unless otherwise requested by Staff, this interim report may be made verbally.

D. Draft Report

Two copies of a draft of the final audit report shall be sent to Staff at least ten days prior to the due date of the final audit report. The report may be sent electronically upon prior agreement by Staff.

E. Final Report

One copy of the final audit report plus one reproducible original shall be docketed with the Commission by the morning of the date specified in Section IV. The final report should include an executive summary of recommendations. The final docketed report should contain an overview of the investigation, recommended adjustments, if any, and an attestation by the auditor that the financial information contained in the application is from a reliable source. Along with the docketed report, the auditor shall deliver to Staff one hard copy of the audit report, and shall submit to Staff a computer flash drive containing a complete version of the final audit report. If it is necessary to prepare a redacted report, due to confidentiality concerns, two copies of a non-redacted report shall also be provided to both the Commission and the Company. The non-redacted report shall clearly be labeled “confidential.”

F. Working Papers

A complete set of working papers is an integral part of the audit requirements. With the final audit report, the auditor selected shall deliver to Staff one complete set of working papers that contain documents used and procedures followed to develop the conclusions set forth in the audit report. Working papers should include the Company's name, case number, description (items in folder), and source documents. Plant work papers should include a copy of the work order, location, age, and value of the property. Plant information should include an explanation of the adjustment, if applicable, and a picture of the inspected project. Voluminous documents may be included only as references in the working papers upon Staff's agreement. Confidential documents should be clearly marked and provided in a separate section of the working papers.

The auditor selected shall maintain working papers and document all supporting information, including, without limitation, meetings, interviews, or any pertinent information. The auditor selected shall utilize Staff's data request procedures, utilizing a Microsoft Outlook public folder (or similarly accessible method) for issuing information requests and recording responses or may use its own system, provided Staff has full access to all data requests and responses and is able to store the requests and responses in Microsoft Outlook. All text documents should be word searchable and all data and formulas in Excel spreadsheets shall be fully disclosed and accessible.

**G. Production of Documents**

At any time, upon request of the Commission or Staff, the auditor selected shall immediately produce any document or information obtained or produced within the scope of the audit.

**H. Testimony**

The auditor and/or any retained subcontractor shall present expert testimony during the course of any hearing at which the audit report is considered. The individual(s) providing testimony will be one or more persons who conducted or directed the audit activities being considered at any hearing.

**VI. MINIMUM CONTENTS OF PROPOSAL**

Each proposal shall contain page numbers and a table of contents. In a separate section, reflected in the table of contents, the following information shall be provided:



- A. Name, mailing address, and telephone number of the individual to contact if further information is desired;
- B. An indication of how the bidder plans to incorporate Staff's participation in the proposed work plan;
- C. The name(s) of all subcontractors to be used in the performance of the proposed work, identification of the specific items to be performed/provided by the subcontractor, and the cost of the proposed subcontractor's work; or if no subcontractors are to be used, the entry "Subcontractor – none" (all such subcontractors indicated in the proposal will be acknowledged as accepted by the Commission upon selection of the proposal for contract awarded unless the auditor is previously notified of the contrary. No addition, deletion, or substitution of subcontractors will be permitted during the course of the contract unless approved in advance by Staff in writing.) If subcontractors are proposed, all information required in this section shall be supplied for each subcontractor proposed. Such information shall be supplied in a format parallel to the overall format specified for the contractor.
- D. The following required Equal Employment Opportunity (EEO) data must be provided for the auditor and each subcontractor:
  - 1. The total number of employees;
  - 2. The percentage of the total which are women;
  - 3. The percentage of the total which are Black, Hispanic, Asian, or American Indian (please specify);
  - 4. The total number of employees located in Ohio offices;
  - 5. The percentage of the Ohio total which are women;
  - 6. The percentage of the Ohio total which are Black, Hispanic, Asian, or American Indian (please specify);
  - 7. The number of individuals to be assigned to the project;
  - 8. The percentage of the total assigned which are women;

9. The percentage of the total assigned which are Black, Hispanic, Asian, or American Indian (please specify).
- E. A listing of contracts the auditor and each subcontractor has with the State of Ohio and:
1. Name of the state agency(s) for each contract;
  2. The cost of each contract;
  3. The duration of each current contract.
- F. A listing of the auditor's and each subcontractor's clients which may have a financial interest in the Company, or its affiliates. Auditors maintaining any present or ongoing contracts or agreements with the Company or its affiliates may, at the discretion of the Commission, be disqualified by reason of possible conflict of interest. In the proposal, such contracts should be described in sufficient detail that the Commission can determine whether a conflict of interest exists. A response indicating that this information will be provided on request or that such contracts are too numerous to enumerate will be cause for disqualification of the auditor.
- G. A listing of all the auditor's and each subcontractor's offices, facilities, and equipment to be used in performance under this contract and their locations, including a specification of offices, facilities, and equipment located in Ohio. If none, state "none."
- H. A statement of financial responsibility including certification that the auditor, joint partners if the auditor is a conglomerate operation, and any subcontractors have no outstanding liens or claims against them.
- I. Contact persons that the Commission or Staff may call to receive an assessment of the auditor's, and each subcontractor's previous performance. References should be provided for the company or companies proposing and for the individuals designated as principals for the project. The information required for each reference is as follows:
- Name of individual to contact for reference
  - Company/facility which employed the individual
  - Telephone number
  - Whether reference is for the company or a principal

- Project or work for which reference is given, including dates performed
- J. A description of the proposed scope of work to be performed including a work plan, expected deliverable products and task timing. In a separately numbered section, the auditor will provide a detailed cost breakdown by phase/task of the work plan including the class of personnel performing each phase/task of the work, the hourly rate charged for each class, the number of hours charged for each class, an equivalent breakdown of all subcontracted work, any direct or indirect cost items which the auditor plans to charge, and the total cost.
- K. Identification, by name, of the lead personnel to be employed, the extent of their involvement in the project, and a description of how the proposed personnel's experience matches project requirements. Contract terms will not permit substitution of lead personnel without prior written approval of the Commission. Identification of lead personnel in the cost proposal will not constitute satisfactory compliance with this requirement.
- L. A description of the qualifications, experience, and proven results achieved by all professional lead or significant personnel to be employed on the project, with a summary of work performed on projects similar to the one contemplated by this RFP including specific references. The Commission reserves the right to request samples of prior relevant work from any auditor prior to making its final consultant selection.
- M. Identification by name and title and the hourly rate of pay and all other related costs of the individual or individuals who will present expert testimony before the Commission during the appropriate hearing.

## **VII. REVIEW CRITERIA**

Proposals will be evaluated on a basis which includes the following criteria:

A. Compliance With Minimum Contents Requirements

Lack of satisfactory response to the minimum contents requirements will be grounds for elimination of any proposal from further consideration.

B. Cost

The total proposed contract price is specified in the proposal. Auditors are encouraged to provide as competitive a bid as is practicable.

C. Understanding of Project

Whether the entity bidding on the project has grasped intent of the project; is knowledgeable of the technical aspects required; indicates understanding of potential problems; demonstrates understanding of regulatory issues, trends, and perspectives; and the work plan indicates appropriate phasing. Whether the method of handling the project is indicated, the proposal reflects thorough understanding of project requirements, the methods appear realistic under stated time constraints, and innovative methodologies appear appropriate to the project. The proposal is responsive to the RFP.

D. Experience

Experience of personnel assigned to the project and related organizational experience; relevant experience in applicable fields; qualifications to undertake assignment; and references of previous clients/projects provided.

E. Timelines

Demonstrated ability to meet stated deadline; realistic timelines provided; demonstrated proven results of lead personnel.

## **VIII. OTHER PROPOSAL CRITERIA**

A. Relevance

The auditor shall include only relevant information and pertinent exhibits in the proposal. Duplication of materials provided in the RFP, exhaustive resumes, inclusion of standard company promotional materials, etc., will not garner additional points in the evaluation process and may detract from the clarity and conciseness of the proposal.

B. Proprietary Data in Proposal

Submissions to the Public Utilities Commission of Ohio become public documents available to open inspection. Proprietary data in a proposal will also assume this stature. Therefore, discretionary action is recommended for any proprietary data to be submitted in proposals.

C. Due Date and Submittal Address

Any proposal submitted hereunder must be received at the following address no later than 5:00 p.m. on December 30, 2019. The proposal should be sent in a sealed container, clearly marked and addressed to:

David Lipthratt  
Response to RFP NO. RA19-AMIA-1  
The Public Utilities Commission of Ohio  
3<sup>rd</sup> Floor, 180 East Broad Street  
Columbus, OH 43215-3793

An electronic copy should also be sent to [david.lipthratt@puco.ohio.gov](mailto:david.lipthratt@puco.ohio.gov). Such electronic copy shall not fulfill the requirement for submitting paper responses.

Note: By responding to this request for proposal, the proposer expressly accepts and is bound by all the terms thereof including all attachments, exhibits, and schedules.

D. Copies

Five hard copies of the proposal are to be submitted to the Commission.  
An electronic copy should also be sent to [david.lipthratt@puco.ohio.gov](mailto:david.lipthratt@puco.ohio.gov).

E. Contractor Requirements and Minority Participation

The Commission, in awarding the contract, will give preference to Ohio contractors. Ohio contractors include not only established domestic companies actively doing business in Ohio but also encompass multi-state companies with headquarters outside of Ohio but with substantial commitments of offices, divisions, and facilities within the state. The Commission will give preference to proposals that demonstrate compliance with minority and women EEO criteria.

F. Late Proposals

A proposal is late if received at any time after the due date set for receipt of the proposals. A late proposal will be considered along with other proposals only if it is received before the evaluation of proposals has, in the sole opinion of the Commission, substantially progressed, and then only if one of the three following conditions exists:

1. Mail delay – The lateness is due solely to a delay in the mail when the response has been sent by registered or certified mail for which an official dated postmark on the original receipt has been obtained.
2. Commission error – If it is received by a reasonable means at the Commission in sufficient time to be delivered at the office designated for the opening and would have been received at such office except for the delay due to mishandling at the Commission. Only an appropriate date or time stamp showing the time of the receipt will be accepted as evidence of timely receipt of the proposal.
3. Exceptions – Any other late proposal will not be considered, unless it is the only proposal received or in the sole judgment of the Commission it offers some important technical or scientific advantage that is of benefit to the Commission.

G. Modification or Withdrawal of Proposal

Any proposal may be modified or withdrawn upon written request of the auditor if such request is received by the Commission at the above address by the date set for receipt of original proposals.

H. Modification or Withdrawal of this RFP

This Request for Proposal may be modified or withdrawn at any time prior to the time set for receipt of proposals and thereafter, as long as no proposal has been opened. Upon any such modification or withdrawal, all bidders will be notified and any person or firm who has expressly requested such notice in writing will also be notified of such changes at the discretion of the Commission.

I. Right to Reject Any and All Proposals

The Commission reserves the right to reject any and all proposals without limitation or discussion with those submitting proposals.

J. Penalty for Divulging Information

The auditor selected shall abide by all provisions of 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.”

The auditor shall not divulge any information regarding its audit activities to the media or to any other entity, except in its report and testimony before the Commission, before, during, and /or after the audit. All comments or concerns that the auditor wants to address shall be directed to the Commission’s Media Office.

**K. RFP Website**

All firms wishing to remain on the Commission’s bidder list must subscribe to the Commission RFP list by clicking on the “RFP – Requests for Proposals” link at:

<http://www.puco.ohio.gov/PUCO/Docketing>

Pending RFPs and further information will be posted at the above website.

**L. Statutory Scope of Audit**

Any auditor selected by the Commission to perform an audit shall execute its duties pursuant to the Commission’s statutory authority to investigate and acquire records, contracts, reports and other documentation under R.C. 4903.02, 4903.03, 4905.06, 4905.15, and 4905.16.

**M. Auditor Selection**

The Commission reserves the right to determine that the described audit will not be conducted or will be conducted by Staff, depending on the Commission’s needs and circumstances at the time of the selection.

**IX. QUESTIONS**

Technical questions regarding this RFP should be directed to David Lipthratt at 614-466-8042. Administrative questions should be directed to Adam Bargar at 614-466-8112.

**This foregoing document was electronically filed with the Public Utilities**

**Commission of Ohio Docketing Information System on**

**12/4/2019 3:11:18 PM**

**in**

**Case No(s). 19-0664-GA-RDR**

Summary: Entry that the Commission finds that Staff should issue a request for proposal for audit services to review Duke Energy Ohio, Inc.'s capital assets associated with Rider Advanced Utility. The Commission also directs that collection of the rider charge be suspended until otherwise ordered by the Commission. electronically filed by Docketing Staff on behalf of Docketing