

**Docket No. 19-1287-EL-RDR**

**Compliance Audit of the  
July 1, 2018 to June 30, 2019 Distribution Capital Investment Rider  
("Rider DCI")  
Duke Energy Ohio**

**Submitted on December 13, 2019**

Prepared by  
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**Public Utilities Commission of Ohio**  
**Duke Energy Ohio, Inc.**  
**Case No. 19-1287-EL-RDR Annual Rider DCI Audit**  
**Rehmann Consulting Prepared**

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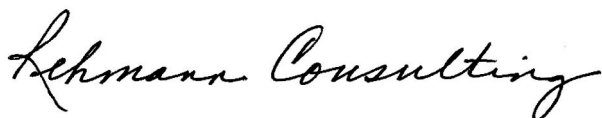
December 13, 2019  
Ms. Doris McCarter  
Public Utilities Commission of Ohio  
180 East Broad Street, 3rd Floor  
Columbus, OH 43215

Doris:

Attached is Rehmann Consulting's ("Rehmann") report on the compliance audit of the July 1, 2018 to June 30, 2019 Distribution Capital Investment Rider ("Rider DCI").

The words audit and examination, as used in this report, are intended, as commonly understood in the utility regulatory environment, to mean a regulatory compliance review or a means of determining the appropriateness of a utility's financial presentation for regulatory purposes. The term audit in this case does not refer to an analysis of financial statement presentation in accordance with the auditing standards established by the American Institute of Certified Public Accountants. The reader should distinguish the regulatory compliance review performed for this engagement from financial audits performed for the purposes of expressing an opinion on the fair presentation of a company's financial statements in accordance with accounting principles generally accepted in the United States of America. This report was prepared based in part on information not within the control of the consultant, Rehmann. While it is believed that the information is reliable, Rehmann does not guarantee the accuracy of the information relied upon. This document and the analyses, evaluations, and recommendations are for the sole use and benefit of the contracting parties. There are no intended third-party beneficiaries, and Rehmann shall have no liability whatsoever to third parties for any defect, deficiency, error, or omission in any statement contained in or in any way related to this document or the services provided.

Sincerely,



Rehmann Consulting

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## **Executive Summary**

### **Background Information**

Ohio's electric law, Senate Bill 221, requires electric utilities to provide consumers with a standard service offer, consisting of either a market rate offer ("MRO") or an electric security plan ("ESP"). Section 4928.142 Revised Code. Duke Energy Ohio ("DEO") filed an application for approval of an ESP on May 29, 2014. After a hearing, the Commission modified and approved DEO's application, *In re Duke Energy Ohio*, Case No. 14-841-EL-SSO, et al., Opinion and Order (April 2, 2015) for the period June 1, 2015 through May 31, 2018. In its Opinion and Order, the Commission ("PUCO") established a Distribution Capital Investment Rider.

Duke Energy Ohio (DEO) filed an application for approval of a new ESP on June 1, 2017. On December 19, 2018, the Commission approved a Stipulation for the new ESP, to run through May 31, 2025, in Case No. 17-1263-EL-SSO. In its Opinion and Order, the Commission extended the Rider DCI.

Through the Rider DCI, DEO may recover property taxes, depreciation expense, Commercial Activity Tax, and earn a return on plant-in-service associated with distribution net investment associated with Federal Energy Regulatory Commission ("FERC") Plant Accounts 360-374. The net capital additions to be included in the Rider DCI reflect gross plant-in-service after June 30, 2016, as adjusted for accumulated depreciation. Capital additions recovered through other riders authorized by the Commission to recover distribution capital additions, will be identified and excluded from the Rider DCI. The maximum annual revenue authorized to be collected through the Rider DCI was also established. Pursuant to the Opinion and Order the DCI Rider is to be audited annually for the purpose of determining accuracy and reasonableness of the amounts for which recovery is sought. Such audit shall be conducted by an independent third party auditor or the Commission's Staff at the Commission's Direction.

### **Purpose**

In accordance with the Opinion and Order in Case No. 17-1263-EL-SSO, the Commission is seeking proposals to review the accounting accuracy, prudence, and compliance of DEO with its PUCO-approved Rider DCI with regards to in-service net capital additions since the Opinion and Order. This review is to include the November 1, 2018 Rider DCI quarterly filing and the 2019 quarterly filings up to and including the August 1, 2019 filing. Capital additions recovered through other riders authorized by the Commission to recover delivery-related capital additions, will be identified and excluded from the Rider DCI. The auditor's review shall also include an identification, quantification, and explanation of any significant net plant increase within individual accounts.

The auditor shall be familiar with and comply with all:

- Generally Accepted Accounting Principles ("GAAP")
- FERC Uniform System of Accounts
- Various accounting and tax changes or decisions issued since June 30, 2016

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**Scope**

The auditor's investigation shall determine if DEO has implemented its PUCO-approved Rider DCI in compliance with the Opinion and Order issued in Case No. 17-1263-EL-SSO.

**General Project Requirements**

According to the Request for Proposal No. RA19-CA-3, the auditor selected shall complete the following tasks:

- Review Case Nos. 14-841-EL-SSO and 17-1263-EL-SSO
- Read all applicable testimony
- Review Plant-in-Service related provisions contained within the Order in Case No. 12-1682-EL-AIR and Case No. 17-0032-EL-AIR
- Obtain and review, all additions, retirements, transfers, and adjustments to current date value of plant-in-service that have occurred since July 1, 2018
- Assess verification with FERC Form 1 for year 2018
- Obtain and review all appropriate documentation relating to DEO's compliance with its PUCO-approved Rider DCI
- Obtain and review all appropriate documentation related to compliance with DEO's quarterly filings in Case No. 18-1378-EL-RDR
- Assess verification of the used and usefulness of incremental plant-in-service
- Review all changes in capitalization policy and assess impact on the Rider DCI, previously authorized recovery as part of base rates, and impact on Operations and Maintenance ("O&M") expenses
- Assess DEO's utilization of tax changes and provisions and verification of their appropriate treatment within the Rider DCI. Estimate foregone tax reduction opportunities and evaluate impact on the Rider DCI
- Review all appropriate documentation relating to the recommendations made in the Auditor's Report in Case Nos. 17-1118-EL-RDR and 18-1036-ER-RDR as well as any Commission Orders in these cases to determine if the recommendations have been addressed pursuant to the Auditor's recommendation, and if not, the financial or operational impacts of the Companies not addressing the identified concerns
- Review DEO's procedures for estimating projects to ensure their accuracy, and assess if cost controls are adequate within projects
- Assess DEO's efforts to timely unitize plant including efforts to eliminate the Plant Unitization and Retirement Work In Progress ("RWIP") backlogs. The assessment should include the timeliness of DEO's efforts and the accuracy of the results.
- Review DEO's adherence to its Danger/Hazard Tree Removal Capitalization Guidelines ("Vegetation Management Guidelines") for an assessment of the verification processes and documentation relied upon by DEO to ensure compliance with all aspects of tree trimming and hazard tree removal capitalization

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- Review DEO's processes to ensure that Contributions in Aid of Construction ("CIAC") is properly billed to and collected from customers. Assess the financial impact on the Rider DCI, if any, from CIAC billing and collection deficiencies.
- Assess DEO's adherence to the capitalized incentive pay offset calculation and assess the financial impact of any recommendations

### **Summary Findings and Recommendations by Task**

#### **Review Case Nos. 14-841-EL-SSO and 17-1263-EL-SSO**

Rehmann reviewed Case No. 14-841-EL-SSO and 17-1263-EL-SSO for an understanding of the Rider DCI and applied the knowledge gained in the compliance audit.

#### **Read all applicable testimony**

Rehmann read testimony applicable to the Rider DCI and applied the knowledge gained in the testimony to the compliance audit.

#### **Review Plant-in-Service related provisions contained within the Order in Case No. 12-1682-EL-AIR and Case No.17-0032-EL-AIR**

Rehmann reviewed Case No. 12-1682-EL-AIR for an understanding of the Rider DCI plant-in-service provisions and applied the knowledge gained in the compliance audit. Rehmann also reviewed Case No. 17-0032-EL-AIR and noted that the base case balances were adjusted from March 31, 2012 to June 30, 2016 and were adjusted from \$1,878,034,210 to \$2,278,714,295 after adjustments. In addition, Rehmann noted that Smart Grid assets were rolled into base rates for \$153,501,773, along with other miscellaneous adjustments totaling \$58,127.

#### **Obtain and review, all additions, retirements, transfers, and adjustments to current date value of plant-in-service that have occurred since July 1, 2018**

Rehmann obtained records of all additions, retirements, transfers, and adjustments to current date value of plant-in-service that have occurred from July 1, 2018 to June 30, 2019 from PowerPlan (the source Plant-in-Service System that supports the Rider DCI filings). These records were before adjustments per Stipulation in Case No. 17-0032-EL-AIR. We requested that these additions, retirements, transfers, and adjustments be provided at a work order level and by accounting period. The detailed work order additions of \$247,323,599, retirements of (\$31,407,548), and transfers of \$864,502 reconciled to the four Rider DCI filings during the audit period.

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Rehmann obtained summary records by FERC Account of all depreciation expense charged to the provision, retirements, cost of removal, salvage and other credits, transfers and adjustments, and impairments to current date value of accumulated depreciation that have occurred from July 1, 2018 to June 30, 2019. These records were before adjustments. The summary records of depreciation expense charged to the provision of \$75,096,201, retirements of (\$31,407,548), cost of removal of (\$17,495,456), salvage credits of \$3,419,292, transfers and adjustments of \$15,975, and impairments of \$0 agreed to the four Rider DCI filings during the audit period.

Rehmann has no other observations and no recommendations from this task.

**Asses verification with FERC Form 1 for year 2018**

Rehmann compared FERC Form 1 or Form 3Q plant-in-service additions, retirements, transfers, and adjustments to plant-in-service to those reported in the four Rider DCI filings and noted the following distribution plant-in-service balance differences between FERC Forms and the DCI filings of which DEO provided detailed reconcilements making up the differences:

- 9/30/18 FERC Form \$14,521,591 lower
- 12/31/18 FERC Form \$72,295 lower
- 3/31/19 FERC Form \$366,160 lower
- 6/30/19 FERC Form \$2,240 higher

Rehmann also tested accumulated depreciation reserve and noted the following distribution plant accumulated depreciation balance differences between FERC Forms and the DCI filings of which DEO provided detailed reconcilements making up the differences:

- 9/30/18 FERC Form \$11,917,801 lower
- 12/31/18 FERC Form \$72,769 lower
- 3/31/19 FERC Form \$1,504,176 lower
- 6/30/19 FERC Form \$81,933 lower

Rehmann recommends that the issue of unposted retirements in Power Plan be corrected as planned by the December 31, 2019 Rider DCI filing to minimize the need for significant on-top entries.

Rehmann recommends that the revenue requirement be reduced by (\$311,135) for the depreciation expense impact of the lag in unposted retirements and increased by \$109,064 for the accumulated depreciation impact of the lag in on top entries over the four quarterly Rider DCI filings (the length of time the entries occurred).

**Obtain and review all appropriate documentation relating to DEO's compliance with its PUCO-approved Rider DCI**

Rehmann issued 10 Document Requests ('DR') for documentation relating to DEO's compliance with its PUCO-approved Rider DCI. These requests are detailed in Appendix A. DEO prepared 316 responses and responded very timely to these requests. They are summarized in Appendix B.

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Rehmann has no other observations and no recommendations from this task.

**Obtain and review all appropriate documentation related to compliance with DEO's quarterly filings in Case No. 18-1378-EL-RDR**

DEO capitalizes costs to work orders from numerous resource types. These include direct costs of labor and materials, contract labor, material issues from inventory, and indirect cost allocations. The Asset Accounting Guidelines clearly detail costs that may be capitalized. Rehmann sampled 50 transactions charged to new additions to plant-in-service.

DEO processes retirement transactions using specific pricing or a statistical aging curve when retirement units have a vintage year value. Rehmann sampled 10 retirement transactions for proper support of the valuation of the retirement unit selected. All retirements sampled were properly supported.

Charges incurred to remove plant assets are recorded as costs of removal. These costs are charged to the Accumulated Depreciation Reserve and therefore increase net plant-in-service. Rehmann tested 15 transactions totaling \$625,159 that were charged on 15 work orders to cost of removal.

Rehmann reviewed detailed schedules supporting the revenue requirements filed in the September 30, 2018 through June 30, 2019 Rider DCI filings. Rehmann noted a new Incentive Pay Offset calculation and described related Rehmann tests and recommendations in the Incentive Pay Offset Section below. Rehmann noted a new Unprotected Excess Deferred Tax Amortization calculation and described related Rehmann tests and observations in the Deferred Tax Section below.

Rehmann obtained Case No. 17-0032-EL-AIR that details the PUCO approved depreciation rates and tested and confirmed that appropriate depreciation and amortization rates were used in the depreciation expense calculation used in the Rider DCI filings. Depreciation expense for the June 30, 2019 Rider DCI filing totaled \$70,247,568.

The property tax expense at June 30, 2019 was \$111,546,710 and was properly calculated and supported for each quarterly filing.

The incremental Commercial Activities Tax was \$153,498 at June 30, 2019 and was properly calculated and supported for each quarterly filing.

Rehmann has no other observations and no recommendations from this task.



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**Assess verification of the used and usefulness of incremental plant-in-service**

PUCO staff assisted with verifying the used and usefulness of plant-in-service by field visiting 15 work orders that included new additions to plant-in-service and retirements of plant-in-service.

PUCO staff noted that one work order (D1737DL2) for \$2,963,576 had \$3,510 of tree trimming costs charged to the work order when the project was a rebuild of an existing line and therefore; all tree trimming costs should have been charged to O&M. PUCO staff also noted that one work order (D8992DL1) for \$4,174,236 had \$4,038 of tree trimming costs charged to the work order when the project had new spans that had to be tree trimmed and therefore; appropriately charged to capital. However, tree trimming along the existing pole line was O&M and not split out and charged to O&M. DEO quantified this overcharge as \$2,019. See the Vegetation Management Section below for related recommendations.

PUCO staff noted that one work order (T1510DS1) for \$1,484,878 had charges that were for transmission plant and should not have been charged to distribution plant. DEO determined that a final invoice for \$198,254 should have been charged to a transmission plant work order (T1510TS1) instead of the distribution plant work order.

Rehmann recommends that the revenue requirement be reduced by \$67,787 over three quarterly Rider DCI filings (the length of time the transmission plant overcharge went undetected during the audit period).

Rehmann recommends that the Rider DCI September 30, 2019 be amended to reflect an adjustment to plant-in-service for the \$198,254 transmission plant overcharges.

Rehmann recommends that each invoice and payroll time sheet that charges a distribution plant work order and has a correlated transmission plant work order, receive a second review and signature on invoices and payroll time sheets that no charges have been mis-applied.

Rehmann recommends that all work distribution plant work orders that have a correlated transmission plant work order, and charged the Rider DCI from July 1, 2018 to June 30, 2019 be reviewed by DEO staff for appropriate charging between distribution and transmission plant. Any detected overcharges should be quantified in a report for the revenue requirement impact and the impact applied to the December 31, 2019 Rider DCI filing.

**Review all changes in capitalization policy and assess impact on the Rider DCI, previously authorized recovery as part of base rates, and impact on O&M expenses**

Rehmann was advised that there were no changes to the Duke Energy Regulated Electric & Gas Capitalization Guidelines ("Asset Accounting Guidelines") dated January 1, 2019.

Rehmann has no other observations and no recommendations from this task.

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**Assess DEO's utilization of tax changes and provisions and verification of their appropriate treatment within the Rider DCI. Estimate foregone tax reduction opportunities and evaluate impact on the Rider DCI**

Rehmann assessed DEO's utilization of tax changes and provisions and verification of their appropriate treatment within the Rider DCI filings. Rehmann found no foregone tax reduction opportunities including the impact of the Tax Cuts and Jobs Act of 2017 on future Rider DCI deferred taxes. Plant Related Accumulated Deferred Income Taxes for the June 30, 2019 Rider DCI filing totaled \$541,031,672 before adjustments.

Rehmann has no other observations and no recommendations from this task.

**Review all appropriate documentation relating to the recommendations made in the Auditor's Report in Case Nos. 17- 1118-EL-RDR and 18-1036-ER-RDR as well as any Commission Orders in these cases to determine if the recommendations have been addressed pursuant to the Auditor's recommendation, and if not, the financial or operational impacts of the Companies not addressing the identified concerns.**

Rehmann reviewed the application, in the September 30, 2018 Rider DCI filing, of an increase to the revenue requirement of \$139,614 from the Compliance Audit Adjustment 16-1437-EL-RDR and the application of a decrease to the revenue requirement of -\$4,283,979 from the Compliance Audit Adjustment 17-1118-EL-RDR. Both adjustments were accurately applied based on Rehmann's recommendations.

Rehmann reviewed the Stipulation and Recommendation for Case No.18-1036-EL-RDR signed by DEO and the Staff of PUCO on June 10, 2019. Rehmann reviewed Rider DCI filings supporting adjustments for Case No. 18-1036-EL-RDR and noted all were appropriately calculated for implementation in the September 30, 2019 Rider DCI filing. Rehmann interviewed DEO staff and reviewed supporting documentation for practices and timelines being implemented for CIAC, work order estimating, un-unitized plant, and un-unitized RWIP. Results of these reviews and recommendations are described in their appropriate sections below.

Rehmann was advised by DEO that the \$633,198 FERC 105 plant-in-service correction was not made until the December 31, 2018 Rider DCI filing.

Rehmann recommends that the revenue requirement be reduced by \$70,969 over one quarterly Rider DCI filing (the length of time the undercharge went undetected during the audit period).

**Review DEO's procedures for estimating projects to ensure their accuracy, and assess if cost controls are adequate within projects**

Rehmann interviewed DEO staff on their progress on the work order estimation process and noted that a Work Order Estimation Process Document was created September 30, 2019. Rehmann concludes that these enhanced controls will help ensure work order estimates more

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closely resemble actual costs to be incurred unless the variances are caused outside of Construction Units ("CU") and specific hardship attributes that can be accounted for in estimates. These outside attributes that are not measurable by the estimating system ("Maximo") still cause a significant gap between estimated costs and actual costs.

Rehmann sampled 25 work orders which had variances from estimates ranging from 2,065% to -117% and \$4,381,022 to (\$1,914,795). Detailed variance explanations were provided by DEO. Eight of the 25 work orders, which had significant variances, had variance explanations that stated contractor crews were assigned to the project.

DEO, at Rehmann's request, re-estimated three of the 25 work orders that had significant overages from original estimated costs. When modifying the CUs based on actual installation required for the work and when adding a hand digging hardship, the work order overages were still significant in two of the three work orders.

Rehmann recommends that an operational audit of contractor charges be completed to determine whether competitive bids are being obtained, contractors are complying with their bid specifications, contract terms are being adhered to, duplicate payments are not made, and contractor time sheets and equipment hours are being monitored by DEO staff. Any detected overcharges and operational improvements should be quantified in a report for the revenue requirement impact and the impact applied to the March 31, 2020 Rider DCI filing.

Rehmann recommends when a contractor's estimated hours needed to complete the work exceeds the estimated hours produced by Maximo, then DEO authorized personnel should evaluate whether or not to approve a contract change order for the overage.

As described in the verification of the used and usefulness of incremental plant-in-service section above, PUCO staff assisted with verifying the used and usefulness of plant-in-service by field visiting 15 work orders that included new additions to plant-in-service and retirements of plant-in-service. Of the 15 work orders, 11 incurred actual costs that exceeded 25% and \$50,000 of the estimate; however, the Automatic Review for Closing ("ARC") process was not yet completed even though the plant went into service over nine months since the audit date.

Rehmann recommends that ARC rules follow-up be completed within nine months (consistent with the Work Order Estimation Process Document that was created September 30, 2019 which Rehmann concurs with) and in conjunction with more timely unitization described below.

**Assess DEO's efforts to timely unitize plant including efforts to eliminate the Plant Unitization and RWIP backlogs. The assessment should include the timeliness of DEO's efforts and the accuracy of the results.**

DEO has made progress on its backlog of un-unitized work orders from in-service year 2017 and older, however there are significant un-unitized work orders that are over one year old from in-service date.

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In the Stipulation and Recommendation for Case No.18-1036-EL-RDR DEO agrees that the un-unitized plant backlog will be caught up within one year of the Commission's Order (October 23, 2019) in this proceeding. Rehmann concurs with this timeline.

Rehmann reviewed the results of the unitization of 25 work orders from the audit period. The unitization process for two of the 25 unitized work orders resulted in the discovery that a total of \$400,961 was charged to transmission plant when it should have been charged to distribution plant.

Rehmann recommends that the revenue requirement be increased by \$45,927 over two quarterly Rider DCI filings (the length of time the undercharge went undetected during the audit period).

In addition, Rehmann noted an increase in RWIP from (\$53,465,525) at June 30, 2018 to (\$77,939,478) at June 30, 2019. While this accumulating balance has no impact on the Rider DCI, since all RWIP is accounted for in the balance of Accumulated Depreciation, an accumulating balance delays the unitization of cost of removal and salvage to FERC Plant Accounts 360-374. Cost of removal and salvage are critical components of establishing depreciation rates at individual FERC Plant Accounts 360-374. While this Rider DCI has authorized depreciation rates, it would be difficult to establish new authorized rates, representative of current depreciation expense, without the (\$77,939,478) unitized.

In the Stipulation and Recommendation for Case No.18-1036-EL-RDR DEO agrees that the Un-unitized RWIP backlog will be caught up within one year of the Commission's Order (October 23, 2019) in this proceeding. Rehmann concurs with this timeline and Rehmann has no other observations and no recommendations from this task.

**Review DEO's adherence to its Danger/Hazard Tree Removal Capitalization Guidelines ("Vegetation Management Guidelines") for an assessment of the verification processes and documentation relied upon by DEO to ensure compliance with all aspects of tree trimming and hazard tree removal capitalization**

DEO has Vegetation Management Guidelines Revised December 5, 2013 that define the criteria associated with charging capital accounts for hazard tree removals as part of the vegetation management program. Rehmann interviewed Vegetation Management Staff and was advised that the Vegetation Management Guidelines are applied regionally and certain processes such as the developing an inventory of hazards trees outside the right-of-way along the three-phase portion of identified circuits is not practiced at DEO.

Rehmann recommends that the Vegetation Management Guidelines be evaluated for which processes should be applied at DEO. Any proposed changes to the Vegetation Management Guidelines which are in addition to the changes recommended in this audit, including the non-application of provisions of the Vegetation Management Guidelines to DEO, should be submitted to the Commission for approval.

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Rehmann recommends that before and after images be taken of the removed danger trees, that clearly demonstrates the removed tree meets the Vegetation Management Guidelines, and named with the longitude and latitude of the tree location for six-year storage in a Vegetation Management network drive.

Rehmann recommends that the Distribution Tree Removal Form include the height of a dead, dying, or diseased tree or length of a leaning tree compared to the distance from the power line.

DEO Vegetation Management Staff perform quality assurance ("QA") with an outside contracted arborist for an unquantified percentage of danger trees before they are removed to help ensure they qualify for danger tree removal. Vegetation Management Staff also perform QA on an unquantified percentage of trees to help ensure that trees identified on the Distribution Tree Removal Form were removed.

Rehmann recommends that the Vegetation Management Guidelines define that 10% of danger trees are reviewed before they are removed and a different 10% are reviewed after they are removed. The QA reviews should be documented on the Distribution Tree Removal Form.

PUCO staff noted that one work order (D1737DL2) for \$2,963,576 had \$3,510 of tree trimming costs charged to the work order when the project was a rebuild of an existing line and therefore; all tree trimming costs should have been charged to O&M. PUCO staff also noted that one work order (D8992DL1) for \$4,174,236 had \$4,038 of tree trimming costs charged to the work order when the project had new spans that had to be tree trimmed and therefore; appropriately charged to capital. However, tree trimming along the existing pole line was O&M and not split out and charged to O&M. DEO quantified this overcharge as \$2,019.

Rehmann sampled 25 tree trimming invoices charged during the audit period. One invoice charged work order VDHAZPGOH for \$22,862 twice and had the same Distribution Tree Removal Form as support. DEO staff determined this \$22,862 invoice was a duplicate invoice; however the contractor did work \$16,853 of non duplicated time during the pay period the duplicate invoice was generated. Therefore, a net overcharge to DEO totals \$6,009. Rehmann also noted that one invoice for \$31,062 was coded as an "X" or O&M but was overridden and changed to capital in the invoice review process. The work order was a capital work order that could have had capitalized initial tree clearing. There was no Tree Trimming Supervisor signature or date on the invoice to document approval of the override.

Rehmann recommends that the revenue requirement be reduced for the tree trimming overcharges by \$2,692 over four quarterly Rider DCI filings (the length of time the overcharge went undetected during the audit period).

Rehmann recommends that the Rider DCI September 30, 2019 be amended to reflect an adjustment to plant-in-service for the \$11,538 of tree trimming overcharges.

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Rehmann recommends a separate detailed audit of all tree trimming invoices charged the Rider DCI from July 1, 2018 to June 30, 2019, to cover the overcharge causes described in this Rider DCI Audit. Any detected overcharges should be quantified in a report for the revenue requirement impact and applied to the December 31, 2019 Rider DCI filing.

Rehmann recommends that a Tree Trimming Supervisor sign, date, and list on the invoice the amount of any O&M to capital overrides.

**Review DEO's processes to ensure that Contributions in Aid of Construction ("CIAC") is properly billed to and collected from customers. Assess the financial impact on the DCI, if any, from CIAC billing and collection deficiencies.**

Rehmann interviewed DEO staff on their progress on the CIAC procedures and noted that a CIAC Tracking Process Document was created September 30, 2019. Rehmann concludes that these enhanced controls will help ensure invoices are billed on required dates and cash collections are followed-up when due dates pass.

Rehmann performed a review of a sample of 25 work orders that had attributes that could result in a billing to the customer. The review disclosed that 13 were billed to customers, five did not qualify for a customer billing, and seven were blanket work orders that hold the numerous billings required for damage claims or smaller residential and commercial projects. Rehmann inquired about blanket CIAC procedures but did not complete detailed testing of blankets.

A total of \$2,909,945 was billed to the 13 customers. Of this amount Rehmann noted that a CIAC accounting record that reduces the work order charges by the amount reimbursed by the customer, was either not recorded or was not recorded timely for \$1,815,208 of the amount billed. A total of \$296,024 remained unposted to work orders as of September 30, 2019.

Rehmann recommends that all CIAC entries be posted to work orders immediately upon invoicing. The revenue requirement should be reduced for the missing or untimely CIAC entries by \$562,933 over the four quarterly Rider DCI filings (the length of time the overcharge went undetected).

Rehmann recommends that the Rider DCI September 30, 2019 be amended to reflect an adjustment to plant-in-service for the \$296,024 CIAC overcharge.

Rehmann recommends a separate detailed audit for any other CIAC postings unrecorded in work orders and therefore the Rider DCI from July 1, 2018 to June 30, 2019. Any unrecorded CIAC should be quantified in a report for the revenue requirement impact and applied to the December 31, 2019 Rider DCI filing.



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**Assess DEO's adherence to the capitalized incentive pay offset calculation and assess the financial impact of any recommendations**

Beginning with the September 30, 2018 Rider DCI filing, DEO is required to capture capitalized incentive pay accrued since July 1, 2016 and offset the amount to Distribution Rate Base in future Rider DCI filings. The total offset through the June 30, 2019 Rider DCI is \$1,090,193. Rehmann independently captured incentive pay transactions, charged to new additions in its sample of 15 work orders that were field visited, to determine whether each was offset in the Rider DCI filings (with 30% earnings related incentives in 2018 and 35% earnings related incentives in 2019). Each debit transaction (charge to the work order) was appropriately captured and offset except a \$60 and a \$239 credit transaction (reduction to the work order) was included in the offset process thereby lowering the total offset. Rehmann believes these transactions were adjustments to new additions that go on to charge cost of removal upon unitization.

Rehmann then independently tested whether routine cost of removal transactions were captured in the offset calculation. Rehmann noted that the offset calculation does not consider cost of removal. Each cost of removal transaction initially charges Retirement Work In Progress (RWIP) which reduces Accumulated Depreciation and thereby increases Net Distribution Plant-In-Service. Rehmann captured all incentive pay included in RWIP since July 1, 2016 and it totals \$212,475. Factoring this amount by the 30% and 35% earnings component results in a net \$66,361 of additional incentive pay offset.

Rehmann recommends that cost of removal in RWIP be captured for the incentive pay offset and for each future quarterly Rider DCI filing.

Rehmann also recommends that the revenue requirement be reduced for the incentive pay offset overcharges by \$19,527 over four quarterly Rider DCI filings (the length of time the overcharge went undetected).

Rehmann recommends that the Rider DCI September 30, 2019 be amended to reflect an adjustment to the incentive pay calculation by adding \$66,361 to the cumulative total of gross plant incentives and \$69,240 to the incentive pay offset total adjustment.

**Overall Impact of Recommendations on Rider DCI Revenue Requirement**

The impact of recommendations from this Rider DCI audit were run through the most applicable quarterly Rider DCI filing and total a one quarter reduced revenue requirement of (\$880,052) from the recommendations' impact throughout the audit period. These impacts are detailed below in Table 11: Total Impact of Recommendations on Rider DCI Revenue Requirement.

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## **Detailed Observations and Recommendations by Task**

### **Review Case Nos. 14-841-EL-SSO and 17-1263-EL-SSO**

Rehmann reviewed Case No. 14-841-EL-SSO and 17-1263-EL-SSO for an understanding of the Rider DCI and applied the knowledge gained in the compliance audit.

### **Read all applicable testimony**

Rehmann read testimony applicable to the Rider DCI and applied the knowledge gained in the testimony to the compliance audit.

### **Review Plant-in-Service related provisions contained within the Order in Case No. 12-1682-EL-AIR and Case No. 17-0032-EL-AIR**

Rehmann reviewed Case No. 12-1682-EL-AIR for an understanding of the Rider DCI plant-in-service provisions and applied the knowledge gained in the compliance audit. Rehmann also reviewed Case No. 17-0032-EL-AIR and noted that the base case balances were adjusted from March 31, 2012 to June 30, 2016 and were adjusted from \$1,878,034,210 to \$2,278,714,295 after adjustments. In addition, Rehmann noted that Smart Grid assets of \$153,501,773 were rolled into base rates, along with other miscellaneous adjustments totaling \$58,127. See Table 1: Plant-in-Service Change by FERC Account

### **Obtain and review, all additions, retirements, transfers, and adjustments to current date value of plant-in-service that have occurred since July 1, 2018**

Rehmann obtained records of all additions, retirements, transfers, and adjustments to current date value of plant-in-service that have occurred from July 1, 2018 to June 30, 2019 from PowerPlan (the source Plant-in-Service System that supports the Rider DCI filings). These records were before adjustments per Stipulation in Case No. 17-0032-EL-AIR. We requested that these additions, retirements, transfers, and adjustments be provided at a work order level and by accounting period. The detailed work order additions of \$247,323,599, retirements of (\$31,407,548), and transfers of \$864,502 reconciled to the four Rider DCI filings during the audit period. See Table 2: Plant-in-Service by Transaction Type.



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**Table 1: Plant-in-Service Change by FERC Account**

<b>Plant</b>	<b>30-Jun-19</b>	<b>30-Jun-18</b>	<b>Difference</b>
Land and Land Rights	\$17,141,316	\$17,753,875	(\$612,559)
Rights of Way	26,675,761	26,616,901	58,860
Structures and Improvements	21,911,008	21,164,731	746,277
Station Equip	264,199,367	204,790,451	59,408,916
Major Equip	129,756,519	119,303,604	10,452,915
Station Equip Electronic	0	0	0
Poles, Towers& Fixtures	367,548,749	341,606,379	25,942,370
Overhead Conductors & Devices	653,080,898	581,730,394	71,350,504
Underground Conduit	144,655,052	129,740,901	14,914,151
Underground Conductors and Devices	416,899,374	389,190,006	27,709,368
Line Transformers	414,618,393	385,103,357	29,515,036
Customer Transformer Installations	3,755,297	3,755,297	0
Services-underground	29,302,393	18,741,371	10,561,022
Services OH	93,560,563	93,113,350	447,213
Meters	0	0	0
Meter Instrument Transformers	14,203,979	7,826,052	6,377,927
Leased Meters	0	0	0
Leased Meter Instrument Transformers	0	5,672,328	(5,672,328)
AMI Meters	57,228,846	9,537,790	47,691,056
Echelon AMI Meters	43,148,207	0	43,148,207
Installation on Customers' Premises	17,373	0	17,373
Company Owned Outdoor Light	0	0	0
Leased Property on Cust Premises	102,503	102,503	0
Street Lighting	0	0	0
CGE Street Lighting OH	15,959,557	15,474,966	484,591
Street Lighting Boulevard	28,253,870	27,970,678	283,192
Light Security OL POL Flood	15,707,970	15,372,763	335,207
Light Choice OLE Public	0	0	0
<b>Total After Adjustments Per Stipulation in Case No. 17-0032-EL-AIR</b>	<b>2,757,726,995</b>	<b>2,414,567,697</b>	<b>343,159,298</b>
<b>Smart Grid Rolled into Plant-in-Service Base Rates Per Stipulation in Case No. 17-0032-EL-AIR</b>			<b>(153,501,773)</b>
<b>Other Adjustments to Plant -in-Service Base Rates Per Stipulation in Case No. 17-0032-EL-AIR</b>			<b>(58,127)</b>
<b>Reconciles to Net Change in Plant-In-Service per Rider DCI filings</b>			<b>\$189,599,398</b>

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Differences in Table 1 with Rehmann follow-up include:

- A (\$612,559) net change in Land and Land Rights was mostly due to Land Held for Future Use of (\$633,198) being transferred out of the account.
- A (\$5,672,328) net change in Leased Meter Instrument Transformers was due to the balance moved to Meter Instrument Transformers.
- A \$47,691,056 net change in AMI Meters was due to Smart Grid assets rolled into the base rates account.
- A \$43,148,207 net change in Echelon AMI Meters was due to Case No. 17-0032-EL-RDR establishing a balance that will be amortized over 10 years.

**Table 2: Plant-in- Service Change by Transaction Type**

<b>Period</b>	<b>Additions</b>	<b>Retirements</b>	<b>Transfers</b>	<b>Net Plant</b>	<b>Adjustments to Reconcile to the Rider DCI*</b>	<b>Net Plant Per Rider DCI</b>
7/1/18-9/30/18	\$57,230,350	(\$6,953,994)	\$0	\$50,276,356	\$0	\$50,276,356
10/1/18-12/31/18	75,014,847	(878,231)	635,793	74,772,409	(20,384,466)	54,387,943
1/1/19 - 3/31/19	37,317,514	(17,714,326)	0	19,603,188	1,200,341	20,803,529
4/1/19-6/30/19	77,760,888	(5,860,997)	228,709	72,128,600	(7,997,031)	64,131,569
<b>Total</b>	<b>\$247,323,599</b>	<b>(\$31,407,548)</b>	<b>\$864,502</b>	<b>\$216,780,553</b>	<b>(\$27,181,156)</b>	<b>\$189,599,397</b>

\* Adjustments are made up of a FERC 105 Land Held For Future Use Adjustment of -\$633,198 and On-top Adjustments mostly from unposted retirements -\$26,547,958. These are described in detail in the Verification with FERC Form 1 for year 2018 Section.

Rehmann obtained summary records by FERC Account of all depreciation expense charged to the provision, retirements, cost of removal, salvage and other credits, transfers and adjustments, and impairments to current date value of accumulated depreciation that have occurred from July 1, 2018 to June 30, 2019. These records were before adjustments. The summary records of depreciation expense charged to the provision of \$75,096,201, retirements of (\$31,407,548), cost of removal of (\$17,495,456), salvage credits of \$3,419,292, transfers and adjustments of \$15,975, and impairments of \$0 agreed to the four Rider DCI filings during the audit period. See Table 3: Accumulated Depreciation Change by FERC Account and Table 4: Accumulated Depreciation Summary by Transaction Type.

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**Table 3: Accumulated Depreciation Change by FERC Account**

<b>Plant</b>	<b>30-Jun-19</b>	<b>30-Jun-18</b>	<b>Change</b>
Land and Land Rights	\$4,289	\$3,651	\$638
Rights of Way	5,078,092	4,724,087	354,005
Structures and Improvements	5,321,318	4,940,232	381,086
Station Equip	70,689,544	63,465,624	7,223,920
Major Equip	48,936,961	47,600,466	1,336,495
Station Equip Electronic	0	0	0
Poles, Towers& Fixtures	129,892,653	128,950,917	941,736
Overhead Conductors & Devices	113,787,227	115,220,842	(1,433,615)
Underground Conduit	44,170,749	45,550,115	(1,379,366)
Underground Conductors and Devices	102,453,081	101,695,738	757,343
Line Transformers	147,835,048	147,876,883	(41,835)
Customer Transformer Installations	2,891,885	2,804,387	87,498
Services-Underground	12,956,477	12,503,116	453,361
Services-Overhead	55,802,303	53,041,403	2,760,900
Meters	6,129,715	3,382,405	2,747,310
Meter Instrument Transformers	4,298,221	2,641,327	1,656,894
Leased Meters	3,004,791	2,035,607	969,184
Leased Meter Instrument Transformers	150,442	1,321,895	(1,171,453)
AMI Meters	9,647,404	(9,151,626)	18,799,030
Echelon AMI Meters	3,946,050	0	3,946,050
Installation on Customers' Premises	(4,317)	(5,259)	942
Company Owned Outdoor Light	0	0	0
Leased Property on Cust Premises	(46,117)	(50,189)	4,072
Street Lighting	0	0	0
CGE Street Lighting OH	14,676,291	14,053,421	622,870
Street Lighting Boulevard	10,222,638	9,528,376	694,262
Light Security OL POL Flood	10,004,304	9,448,416	555,888
Light Choice OLE Public	0	0	0
Retirement WIP	(77,109,448)	(53,465,525)	(23,643,923)
<b>Total After Adjustments</b>	<b>724,739,602</b>	<b>708,116,309</b>	<b>16,623,293</b>
<b>Total Before Adjustments</b>	<b>729,119,365</b>	<b>750,832,786</b>	<b>(21,713,421)</b>
<b>Add Back Retirement WIP Before Adj.</b>	<b>77,939,448</b>	<b>53,465,525</b>	<b>24,473,923</b>
<b>Total Before Retirement WIP</b>	<b>807,058,813</b>	<b>804,298,311</b>	<b>2,760,502</b>
<b>On-top journal entries 12/31/2018</b>			<b>20,922,556</b>
<b>On-top journal entries 3/31//2019</b>			<b>(2,689,919)</b>
<b>On-top journal entries 6/30/2019</b>			<b>8,635,325</b>
<b>Net Change in Accumulated Depreciation</b>			<b>\$29,628,464</b>

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Rehmann tested the changes to Accumulated Depreciation by FERC account and found no unreasonable changes to the reserve based on the approved depreciation rates and retirements recorded.

**Table 4: Accumulated Depreciation Summary by Transaction Type**

Ending Period	Depreciation Expense	Retirements	Cost of Removal	Salvage & Other Credits	Transfers & Adjustments	Impairments	Net Change in Accumulated Depreciation
September 30, 2018	\$18,015,704	(\$6,953,994)	(\$342,276)	\$0	\$0	\$0	\$10,719,434
December 31, 2018	23,800,786	(878,231)	(1,189,183)	18,632	12,890	0	21,764,894
March 31, 2019	15,880,726	(17,714,326)	(6,358,872)	12,763	0	0	(8,179,709)
June 30, 2019	17,398,985	(5,860,997)	(9,605,125)	3,387,897	3,085	0	5,323,845
<b>Total</b>	<b>\$75,096,201</b>	<b>(\$31,407,548)</b>	<b>(\$17,495,456)</b>	<b>\$3,419,292</b>	<b>\$15,975</b>	<b>\$0</b>	<b>\$29,628,464</b>

Rehmann tested the detailed support to the Accumulated Depreciation Reserve by transaction type and found no unsupported entries by transaction type. Significant variations in depreciation expense balances include having the depreciation expense recorded in the Rider DCI filings being adjusted by the following for street light transactions:

- (\$245,039) to the 9/30/18 Rider DCI
- (\$5,522,319) to the 12/31/18 Rider DCI
- \$879,791 to the 3/31/19 Rider DCI
- (\$300,500) to the 6/30/19 Rider DCI

Rehmann has no other observations and no recommendations from this task.

**Assess verification with FERC Form 1 for year 2018**

Rehmann compared FERC Form 1 or Form 3Q plant-in-service additions, retirements, transfers, and adjustments to plant-in-service to those reported in the four Rider DCI filings and noted the following distribution plant-in-service balance differences between FERC Forms and the DCI filings of which DEO provided detailed reconcilements making up the differences:

- 9/30/18 FERC Form \$14,521,591 lower
- 12/31/18 FERC Form \$72,295 lower
- 3/31/19 FERC Form \$366,160 lower
- 6/30/19 FERC Form \$2,240 higher

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The differences are reconciled below:

9/30/18	12/31/18	3/31/19	6/30/19	Description
\$11,917,794	\$0	\$0	\$0	On-top journal entry for retirements not posted in PowerPlan.
1,970,598				On-top journal entry to remove lighting account.
633,198				FERC 105 balance removed.
	72,295			Correct previous on-top entry.
		366,160		Correct previous on-top entry
			(2,240)	On-top entry not reconciled by Property Accounting
\$14,521,590	\$72,295	\$366,160	(\$2,240)	Total

Rehmann also tested accumulated depreciation reserve and noted the following distribution plant accumulated depreciation balance differences between FERC Forms and the DCI filings of which DEO provided detailed reconciliations making up the differences:

- 9/30/18 FERC Form \$11,917,801 lower
- 12/31/18 FERC Form \$72,769 lower
- 3/31/19 FERC Form \$1,504,176 lower
- 6/30/19 FERC Form \$81,933 lower

9/30/18	12/31/18	3/31/19	6/30/19	Description
\$11,917,794	\$0	\$0	\$0	On-top journal entry for retirements not posted in PowerPlan.
	72,295			Correct previous on-top entry.
		366,160		Correct previous on-top entry.
			(1,713)	On-top entry excluded Account 362 and 364 costs.
		636,581		Correct on-top entry
		114,088	83,589	Correct on-top entry
7	474	387,348	58	Adjustment to RWIP
\$11,917,801	\$72,295	\$1,504,177	\$81,934	Total

Rehmann recommends that the issue of unposted retirements in Power Plan be corrected as planned by the December 31, 2019 Rider DCI filing to minimize the need for significant on-top entries.

Rehmann recommends that the revenue requirement be reduced by (\$311,135) for the depreciation expense impact of the lag in unposted retirements and increased by \$109,064 for the accumulated depreciation impact of the lag in on top entries over the four quarterly Rider DCI filings (the length of time the entries occurred).

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**Obtain and review all appropriate documentation relating to DEO's compliance with its PUCO-approved Rider DCI**

Rehmann issued 10 DRs for documentation relating to DEO's compliance with its PUCO-approved Rider DCI. These requests are detailed in Appendix A. DEO prepared 316 responses and responded very timely to these requests. They are summarized in Appendix B.

Rehmann has no other observations and no recommendations from this task.

**Obtain and review all appropriate documentation related to compliance with DEO's quarterly filings in Case No. 18-1378-EL-RDR**

DEO capitalizes costs to work orders from numerous resource types. These include direct costs of labor and materials, contract labor, material issues from inventory, and indirect cost allocations. The Asset Accounting Guidelines clearly detail costs that may be capitalized. Rehmann sampled 50 transactions charged to new additions to plant-in-service (See Table 5: Sample of Work Order Charges by Resource Type).

**Table 5: Sample Work Order Charges by Resource Type**

<b>Resource Description</b>	<b>Amount Charged to Work Orders</b>
Labor-Union	\$34,964
Overtime -Union	288
Labor Overhead Allocations	34,540
Unproduct Labor Alloc-Union	5,592
Allocated Payroll Tax	670
Allocated Payroll Tax-Union	2,560
Allocated Fringes-Non Union	1,146
Allocated Fringes-Union	1,372
Incentives Allocated	118
Incentives Allocated -Union	990
Service Company Overhead	8,133
Direct Material/Inventory Cost	406,337
Material Allocations	(399)
Stores Loading	729
Direct Material Purchases	30,880
Vehicle & Equip. Chargeback	19,811
Baseload Contract Labor	1,700,421
Allocated S&E (Non-Labor)	22,663
AFUDC Debt	(3,565)
AFUDC Equity	(3,218)
<b>Total</b>	<b>\$2,264,032</b>

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DEO processes retirement transactions using specific pricing or a statistical aging curve when retirement units have a vintage year value. Rehmann sampled 10 retirement transactions for proper support of the valuation of the retirement unit selected. All retirements sampled were properly supported (See Table 6: Sample Retirement Transactions).

**Table 6: Sample Retirement Transactions**

<b>Description</b>	<b>Retirement Value</b>	<b>In Service Year</b>
36200 - Station Equipment	(\$237,671)	1926
36200 - Station Equipment	(363,224)	1967
36400 - Poles, Towers & Fixtures	(2,550)	1996
36400 - Poles, Towers & Fixtures	(640)	2012
36400 - Poles, Towers & Fixtures	(3,059)	2015
36500 - Overhead Conductors & Devices	(21,364)	2000
36500 - Overhead Conductors & Devices	(1,636)	1925
36500 - Overhead Conductors & Devices	(1,038)	2008
36800 - Line Transformers	(11,969)	2016
36800 - Line Transformers	(3,732)	2004
<b>Total</b>	<b>(\$646,883)</b>	

Charges incurred to remove plant assets are recorded as costs of removal. These costs are charged to the Accumulated Depreciation Reserve and therefore increase net plant-in-service. Rehmann tested 15 transactions totaling \$625,159 that were charged on 15 work orders to cost of removal.

Rehmann has no other observations and no recommendations from this task.

Rehmann reviewed detailed schedules supporting the revenue requirements filed in the September 30, 2018 through June 30, 2019 Rider DCI filings. Rehmann noted a new Incentive Pay Offset calculation and described related Rehmann tests and recommendations in the Incentive Pay Offset Section below. Rehmann noted a new Unprotected Excess Deferred Tax Amortization calculation and described related Rehmann tests and observations in the Deferred Tax Section below.

Rehmann has no other observations and no recommendations from this task.

Rehmann obtained Case No. 17-0032-EL-AIR that details the PUCO approved depreciation rates and tested and confirmed that appropriate depreciation and amortization rates were used in the depreciation expense calculation used in the Rider DCI filings. See Table 7: Depreciation Expense for the June 30, 2019 Rider DCI filing of depreciation expense of \$70,247,568.

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Rehmann has no other observations and no recommendations from this task.

**Table 7: Depreciation Expense**

	<b>Depreciation Expense at 6-30-19</b>		
<b>Plant</b>	<b>30-Jun-19</b>	<b>Depreciation Rate</b>	<b>Depreciation Expense</b>
Land and Land Rights	\$17,141,316	0.00%	\$0
Rights of Way	26,675,761	1.33%	354,788
Structures and Improvements	21,911,008	1.71%	374,678
Station Equip	264,199,367	1.97%	5,204,728
Major Equip	129,756,519	1.77%	2,296,690
Station Equip Electronic	0	0.00%	0
Poles, Towers & Fixtures	367,548,749	2.27%	8,343,357
Overhead Conductors & Devices	653,080,898	2.36%	15,412,709
Underground Conduit	144,655,052	2.00%	2,893,101
Underground Conductors and Devices	416,899,374	1.92%	8,004,468
Line Transformers	414,618,393	2.44%	10,116,689
Customer Transformer Installations	3,755,297	2.44%	91,629
Sevices-Underground	29,302,393	1.92%	562,606
Services-Overhead	93,560,563	2.90%	2,713,256
Meters	0	Amortization	2,251,310
Meter Instrument Transformers	14,203,979	4.55%	646,281
Leased Meters	0	Amortization	368,144
Leased Meter Instrument Transformers	0	4.55%	0
AMI Meters	57,228,846	6.67%	3,817,164
Echelon AMI Meters	43,148,207	Amortization	4,922,431
Installation on Customers' Premises	17,373	9.17%	1,593
Company Owned Outdoor Light	0	9.17%	0
Leased Property on Cust Premises	102,503	4.04%	4,141
Street Lighting	0	4.00%	0
CGE Street Lighting OH	15,959,557	4.00%	638,382
Street Lighting Boulevard	28,253,870	2.50%	706,347
Light Security OL POL Flood	15,707,970	3.33%	523,075
Light Choice OLE Public	0	5.53%	0
<b>Total</b>	<b>\$2,757,726,995</b>		<b>\$70,247,569</b>



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The property tax expense at June 30, 2019 was \$111,546,710 and was properly calculated and supported for each quarterly filing.

Rehmann has no other observations and no recommendations from this task.

The incremental Commercial Activities Tax was \$153,498 at June 30, 2019 and was properly calculated and supported for each quarterly filing.

Rehmann has no other observations and no recommendations from this task.

**Assess verification of the used and usefulness of incremental plant-in-service**

PUCO staff assisted with verifying the used and usefulness of plant-in-service by field visiting 15 work orders that included new additions to plant-in-service and retirements of plant-in-service.

PUCO staff noted that one work order (D1737DL2) for \$2,963,576 had \$3,510 of tree trimming costs charged to the work order when the project was a rebuild of an existing line and therefore; all tree trimming costs should have been charged to O&M. PUCO staff also noted that one work order (D8992DL1) for \$4,174,236 had \$4,038 of tree trimming costs charged to the work order when the project had new spans that had to be tree trimmed and therefore; appropriately charged to capital. However, tree trimming along the existing pole line was O&M and not split out and charged to O&M. DEO quantified this overcharge as \$2,019. The Rider DCI impact of these tree trimming overcharges and Rehmann tree trimming recommendations are described in the Vegetation Management Section below.

PUCO staff noted that one work order (T1510DS1) for \$1,484,878 had charges that were for transmission plant and should not have been charged to distribution plant. DEO determined that a final invoice for \$198,254 should have been charged to a transmission plant work order (T1510TS1) instead of the distribution plant work order. This work order charged the Rider DCI for three quarters during this audit period and the Rider DCI September 30, 2019 that has been filed for the next audit period. Rehmann quantified the impact on the Rider DCI filings for the three quarters during this audit period. The impact is summarized below in Table 11: Total Impact of Recommendations on Rider DCI Revenue Requirement.

Rehmann recommends that the revenue requirement be reduced by \$67,787 over three quarterly Rider DCI filings (the length of time the transmission plant overcharge went undetected during the audit period).

Rehmann recommends that the Rider DCI September 30, 2019 be amended to reflect an adjustment to plant-in-service for the \$198,254 transmission plant overcharges.

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Rehmann recommends that each invoice and payroll time sheet that charges a distribution plant work order and has a correlated transmission plant work order, receive a second review and signature on invoices and payroll time sheets that no charges have been mis-applied.

Rehmann recommends that all work distribution plant work orders that have a correlated transmission plant work order, and charged the Rider DCI from July 1, 2018 to June 30, 2019 be reviewed by DEO staff for appropriate charging between distribution and transmission plant. Any detected overcharges should be quantified in a report for the revenue requirement impact and the impact applied to the December 31, 2019 Rider DCI filing.

**Review all changes in capitalization policy and assess impact on the Rider DCI, previously authorized recovery as part of base rates, and impact on O&M expenses**

Rehmann was advised that there were no changes to the Asset Accounting Guidelines Dated January 1, 2019.

Rehmann has no other observations and no recommendations from this task.

**Assess DEO's utilization of tax changes and provisions and verification of their appropriate treatment within the Rider DCI. Estimate foregone tax reduction opportunities and evaluate impact on the Rider DCI**

Rehmann assessed DEO's utilization of tax changes and provisions and verification of their appropriate treatment within the Rider DCI filings. Rehmann found no foregone tax reduction opportunities including the impact of the Tax Cuts and Jobs Act of 2017 on future Rider DCI deferred taxes. See Table 8: Plant Related Accumulated Deferred Income Taxes for the June 30, 2019 Rider DCI filing of deferred taxes of \$541,031,672 before adjustments.

Rehmann substantiated the balance of deferred taxes and sub components as of the June 30, 2019 Rider DCI by testing:

- Detailed support to \$528,642,517, or the deferred tax amount resulting from deferred taxes calculated from all vintage year plant-in-service balances through vintage year 2017.
- The calculation of vintage year 2017 Federal deferred taxes of \$54,089,881 since the December 31, 2018 Rider DCI filing is the first Rider DCI filing that vintage year 2017 plant-in-service balances run through the Power Tax detailed deferred tax calculation.
- The reasonableness of the journal entry for \$12,389,155 that establishes the final balance of \$541,032,672 and represents the calculation of deferred taxes on vintage year 2018 and January 1, 2019 through June 30, 2019 estimated (through detailed allocations) plant-in-service balances.
- The balance of Excess Deferred Income Tax ("EDIT") of \$193,939,369 and the resulting balance of Accumulated Deferred Income Tax ("ADIT") of \$347,092,303.

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- The amortization of the January 1, 2018 Unprotected EDIT balance of \$65,767,302 (out of the \$193,939,369) through the amortized balance of \$64,557,548 in the June 30, 2019 Rider DCI filing.

Rehmann has no other observations and no recommendations from this task.

**Table 8: Plant Related Accumulated Deferred Income Taxes**

June 30, 2019				
				Adjusted Total Company
FERC Account 282 Description		Per Books	Adjustments	
263A		(\$49,217,689)	\$0	(\$49,217,689)
AFUDC Debt		(1,388,369)	0	(1,388,369)
Casualty Loss		(6,698,881)	0	(6,698,881)
CIAC		10,447,478	0	10,447,478
CWIP Differences		798,312	0	798,312
FAS109		(18,604,147)	18,604,147	0
Miscellaneous		3,436,214	0	3,436,214
Non-Cash Overheads		10,273,932	0	10,273,932
Section 174		(347,092)	347,092	0
Software		0	0	0
Tax Depreciation		(216,377,342)	0	(216,377,342)
Tax Expensing		(82,330,294)	0	(82,330,294)
TIC		2,915,575	0	2,915,575
Total Plant-Related Accumulated Deferred Income Tax (a)		(347,092,303)	18,951,240	(328,141,063)
Total Plant-Related Excess Deferred Income Tax (a) (b)		(193,939,369)	2,518,917	(191,420,452)
Total Plant-Related ADIT and EDIT		(\$541,031,672)	\$21,470,157	(\$519,561,515)

(a) The Plant-Related Accumulated Deferred Income Tax (ADIT) amounts and Excess Deferred Income Tax (EDIT) presented are after adjustments from the Tax Cuts and Jobs Act of 2017. As part of tax reform portions of the ADIT amounts were reclassified as regulatory liabilities that would also be deducted from net plant for purposes of calculating net rate base.

(b) The \$2,518,917 represents amortization of the unprotected EDIT.

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**Review all appropriate documentation relating to the recommendations made in the Auditor's Report in Case Nos. 17- 1118-EL-RDR and 18-1036-ER-RDR as well as any Commission Orders in these cases to determine if the recommendations have been addressed pursuant to the Auditor's recommendation, and if not, the financial or operational impacts of the Companies not addressing the identified concerns**

Rehmann reviewed the application, in the September 30, 2018 Rider DCI filing, of an increase to the revenue requirement of \$139,614 from the Compliance Audit Adjustment 16-1437-EL-RDR and the application of a decrease to the revenue requirement of -\$4,283,979 from the Compliance Audit Adjustment 17-1118-EL-RDR. Both adjustments were accurately applied based on Rehmann's recommendations.

Rehmann reviewed the Stipulation and Recommendation for Case No.18-1036-EL-RDR signed by DEO and the Staff of PUCO on June 10, 2019 which stated:

1. DEO will reduce the Total Rider DCI Revenue Requirement in future Rider DCI filings as follows:

	1 <sup>st</sup> Quarterly Filing after Commission Order in this Case	2nd Quarterly Filing after Commission Order in this Case	3rd Quarterly Filing after Commission Order in this Case	4th Quarterly Filing after Commission Order in this Case
Classifying Transmission Plant as Distribution Plant	(\$2,763,853)	\$ 0	\$ 0	\$ 0
Contributions In Aid of Construction Not Billed	(83,865)	(83,865)	(83,865)	(83,865)
Classifying Land Held For Future Use as Distribution Plant	(62,464)	(62,464)	(62,464)	(62,464)
CWIP Reclassificati on	610,768	0	0	0
<b>Total</b>	<b>(\$2,299,414)</b>	<b>(\$146,329)</b>	<b>(\$146,329)</b>	<b>(\$146,329)</b>

2. Upon discovery of the accounting errors, DEO made the corrections to its records regarding the Transmission Plant, the Plant Held for Future Use, CIAC, and CWIP recommendations in accordance with the Auditor's findings.
3. DEO agrees to review its processes and procedures by billing Contributions in Aid of Construction (CIAC) and based on that review, agrees to implement enhanced controls

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to ensure that CIAC is billed to all necessary customers on a timely, complete and accurate basis.

4. DEO agrees to review its work order estimating practices and procedures and based on that review, implement enhanced controls to ensure that the work order estimating process is being followed.
5. DEO agrees that the un-unitized plant backlog will be caught up within one year of the Commission's Order (October 23, 2019) in this proceeding.
6. DEO agrees that the Un-unitized RWIP backlog will be caught up within one year of the Commission's Order (October 23, 2019) in this proceeding.
7. Pursuant to the Stipulation approved by the Commission in Case No. 17-1118-EL-RDR, DEO agrees to make a manual adjustment in future Rider DCI filings to reduce its revenue requirement for the impact of the tree-trimming plant extrapolation estimate made by the auditor of \$2,011,170. This manual adjustment will be made in all future Rider DCI filings, or other approved credit mechanism, until the \$2,011,170 plant estimate is fully depreciated

Rehmann reviewed the Stipulation and Recommendation for Case No.18-1036-EL-RDR signed by DEO and the Staff of PUCO on June 10, 2019. Rehmann reviewed Rider DCI filings supporting adjustments for Case No. 18-1036-EL-RDR and noted all were appropriately calculated for implementation in the September 30, 2019 Rider DCI filing. Rehmann interviewed DEO staff and reviewed supporting documentation for practices and timelines being implemented for CIAC, work order estimating, un-unitized plant, and un-unitized RWIP. Results of these reviews and recommendations are described in their appropriate sections below.

Rehmann was advised by DEO that the \$633,198 FERC 105 plant-in-service correction was not made until the December 31, 2018 Rider DCI filing.

Rehmann recommends that the revenue requirement be reduced by \$70,969 over one quarterly Rider DCI filing (the length of time the undercharge went undetected during the audit period).

**Review DEO's procedures for estimating projects to ensure their accuracy, and assess if cost controls are adequate within projects**

Rehmann reviewed the Stipulation and Recommendation for Case No.18-1036-EL-RDR signed by DEO and the Staff of PUCO on June 10, 2019 which stated:

“DEO agrees to review its work order estimating practices and procedures and based on that review, implement enhanced controls to ensure that the work order estimating process is being followed. In that regard, DEO agrees to the following timeline:

- a. Processes and Procedures Review Plan and Scope complete by 6/30/19
- b. Processes and Procedures Review complete by 9/30/19
- c. Implementation of enhanced controls as a result of Review to begin 1/1/20”

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Rehmann interviewed DEO staff on their progress on the work order estimation process and noted that a Work Order Estimation Process Document was created September 30, 2019 which described process improvements that include:

1. Design Change Approval Guidelines will be implemented 12/1/2019 for all Distribution contractor line resources. These Guidelines include having the DEO Design Department, Contractor Oversight Department, or Capital Review Committee approve requests for additional work and equipment hours.
2. A Redesign vs. Redline Document will be implemented 12/1/2019 for all internal line resources.
3. Automatic Review for Closing ("ARC") Process will include a monthly meeting with Engineering, Project Management, Operations, Finance, Resource & Work Management, Lighting, and Contractor Oversight to review projects that fail two of the ARC rules: engineering estimate not within 25% and \$50,000 or \$1 million, and material charge/as-built variance greater than 25% and \$10,000. The timeline for the ARC process including project unitization will be nine months beginning with projects placed in service March 2019.
4. Construction Unit (CU) data will be modified as follows:
  - a. Overhead line labor CUs will be updated from 9/18/2019 to 10/11/2019 with revised labor manhours for more than 1,000 CUs.
  - b. Hourly labor rates will be updated by 9/30/2019. This change includes a blended hourly rate for internal and contractor costs as opposed to current rates which only consider internal labor rates.
  - c. Several CU categories were reviewed against current design standards and set to inactive status if no longer required.

Rehmann concludes that these enhanced controls will help ensure work order estimates more closely resemble actual costs to be incurred unless the variances are caused outside of CUs and specific hardship attributes that can be accounted for in estimates. These outside attributes that are not measurable by the estimating system ("Maximo") still cause a significant gap between estimated costs and actual costs.

Rehmann sampled 25 work orders which had variances from estimates ranging from 2,065% to -117% and \$4,381,022 to (\$1,914,795). Detailed variance explanations were provided by DEO. Eight of the 25 work orders, which had significant variances, had variance explanations that stated contractor crews were assigned to the project.

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DEO, at Rehmann's request, re-estimated three of the 25 work orders that had significant overages from original estimated costs. When modifying the CUs based on actual installation required for the work and when adding a hand digging hardship, the work order overages were still significant in two of the three work orders as noted below:

Work Order	Actual Costs	Original Estimate	Revised Estimate	Overage After Revised Estimate
MX7945355	\$971,577	\$475,242	\$551,904	76%
MX2651003	\$45,955	\$31,661	\$39,399	17%
MX6914266	\$1,374,625	\$572,596	\$643,309	114%

Rehmann recommends that an operational audit of contractor charges be completed to determine whether competitive bids are being obtained, contractors are complying with their bid specifications, contract terms are being adhered to, duplicate payments are not made, and contractor time sheets and equipment hours are being monitored by DEO staff. Any detected overcharges and operational improvements should be quantified in a report for the revenue requirement impact and the impact applied to the March 31, 2020 Rider DCI filing.

Rehmann recommends when a contractor's estimated hours needed to complete the work exceeds the estimated hours produced by Maximo, then DEO authorized personnel should evaluate whether or not to approve a contract change order for the overage.

As described in the verification of the used and usefulness of incremental plant-in-service section above, PUCO staff assisted with verifying the used and usefulness of plant-in-service by field visiting 15 work orders that included new additions to plant-in-service and retirements of plant-in-service. Of the 15 work orders, 11 incurred actual costs that exceeded 25% and \$50,000 of the estimate; however, the ARC process was not yet completed even though the plant went into service over nine months since the audit date.

Rehmann recommends that ARC rules follow-up be completed within nine months (consistent with the Work Order Estimation Process Document that was created September 30, 2019 which Rehmann concurs with) and in conjunction with more timely unitization described below.

**Assess DEO's efforts to timely unitize plant including efforts to eliminate the Plant Unitization and RWIP backlogs. The assessment should include the timeliness of DEO's efforts and the accuracy of the results.**

Unitization is an assignment and allocation of construction costs to property units by FERC Plant Accounts 360-374 and asset location. These Plant Accounts translate to FERC Account 101. Rehmann noted that DEO had significant distribution plant-in-service charges in FERC Account 106 which are several years old and represent un-unitized charges earning a return on rate base. The Asset Accounting Guidelines require charges in FERC Account 106 to be moved to FERC Account 101 within one year of being charged to FERC Account 106.



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As noted below in Table 9–FERC Account 106 (Un-unitized ) Comparison, DEO has made progress on its backlog of un-unitized work orders from in-service year 2017 and older, however there are significant un-unitized work orders that are over one year old from in-service date.

**Table 9: FERC Account 106 (Un-unitized) Comparison**  
**6/30/2018 to 6/30/2019**

<b>In-Service Year</b>	<b>6/30/2018</b>	<b>6/30/2019</b>	<b>Increase (Decrease)</b>
1998	\$42,361	\$42,361	\$0
1999	(1,402)	(1,402)	0
2000	724	724	0
2001	1,319	1,319	0
2002	0	0	0
2003	1,246	1,246	0
2004	0	0	0
2005	(2,240)	0	2,240
2006	461,796	0	(461,796)
2007	284,676	0	(284,676)
2008	1,833,873	1,755,397	(78,476)
2009	4,774,248	4,695,641	(78,607)
2010	(16,875)	117,254	134,129
2011	4,505,925	4,348,887	(157,038)
2012	1,594,291	1,538,110	(56,181)
2013	17,902,616	18,314,870	412,254
2014	(2,225,461)	(3,975,085)	(1,749,624)
2015	10,965,301	5,489,141	(5,476,160)
2016	48,799,276	32,974,506	(15,824,770)
2017	160,146,805	86,022,927	(74,123,878)
2018	65,290,163	203,052,215	137,762,052
2019	0	95,714,863	95,714,863
<b>Total</b>	<b>\$314,358,642</b>	<b>\$450,092,974</b>	<b>\$135,734,332</b>

In the Stipulation and Recommendation for Case No.18-1036-EL-RDR DEO agrees that the un-unitized plant backlog will be caught up within one year of the Commission's Order (October 23, 2019) in this proceeding. Rehmann concur with this timeline.



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Rehmann reviewed the results of the unitization of 25 work orders from the audit period. The unitization process for two of the 25 unitized work orders resulted in the discovery that a total of \$400,961 was charged to transmission plant when it should have been charged to distribution plant.

Rehmann recommends that the revenue requirement be increased by \$45,927 over two quarterly Rider DCI filings (the length of time the undercharge went undetected during the audit period).

In addition, Rehmann noted an increase in RWIP from (\$53,465,525) at June 30, 2018 to (\$77,939,478) at June 30, 2019. While this accumulating balance has no impact on the Rider DCI, since all RWIP is accounted for in the balance of Accumulated Depreciation, an accumulating balance delays the unitization of cost of removal and salvage to FERC Plant Accounts 360-374. Cost of removal and salvage are critical components of establishing depreciation rates at individual FERC Plant Accounts 360-374. While this Rider DCI has authorized depreciation rates, it would be difficult to establish new authorized rates, representative of current depreciation expense, without the (\$77,939,478) unitized.

In the Stipulation and Recommendation for Case No.18-1036-EL-RDR DEO agrees that the Un-unitized RWIP backlog will be caught up within one year of the Commission's Order (October 23, 2019) in this proceeding. Rehmann concurs with this timeline and Rehmann has no other observations and no recommendations from this task.

**Review DEO's adherence to its Danger/Hazard Tree Removal Capitalization Guidelines ("Vegetation Management Guidelines") for an assessment of the verification processes and documentation relied upon by DEO to ensure compliance with all aspects of tree trimming and hazard tree removal capitalization**

When auditing the Vegetation Management Guidelines Rehmann determined that the Asset Accounting Guidelines, dated January 1, 2019, are also utilized by DEO to apply accounting treatments to tree trimming costs. The Asset Accounting Guidelines states:

To properly account for distribution and transmission right-of-way clearing costs in accordance with GAAP and applicable regulatory requirements:

1. Expenditures associated with the initial clearing of a right-of-way, including removal of danger trees and overhang from outside of the actual right-of-way, shall be capitalized.
2. Expenditures associated with the subsequent removal of danger trees shall be capitalized.
3. Expenditures associated with the widening of an existing right-of-way shall be capitalized. Note that there may be specific regulatory orders which must be followed, as is the case with Piedmont North Carolina, where subsequent right of way widening has been deferred to future rate cases.
4. Expenditures associated with the clearing or reclamation of an existing right-of-way, including charges for routine circuit maintenance, customer ticket work, and herbicide programs, shall be expensed.

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A “danger tree,” for purposes of this policy, is defined as any tree along right-of-way corridors, but located outside the actual right-of-way boundary, that is dead, dying, diseased, or severely leaning such that if it fell it could cause damage to poles, circuits, conductors, etc., or any other tree that, due to its proximity, shape, type or size otherwise endangers these assets.

Sufficient supporting documentation will be maintained by Power Delivery for all capital work performed.

DEO also has Vegetation Management Guidelines Revised December 5, 2013 that define the criteria associated with charging capital accounts for hazard tree removals as part of the vegetation management program. These guidelines describe two hazard tree programs:

1. Distribution Circuit Maintenance Program - Each year distribution circuits are scheduled for maintenance. As these circuits are trimmed (O&M expense), hazard trees are identified and removed. The removal of hazard trees outside the right-of-way is charged to capital accounts.
2. Distribution Annual Hazard Tree Program – The scope of the Distribution Annual Hazard Tree Program includes the identification and removal of hazard trees along all three phase circuits. While this varies based on region, the program is typically performed annually. Step 1 of the process includes developing an inventory of hazards trees outside the right-of-way along the three phase portion of identified circuits. Step 2 of the process involves a systematic approach to hazard tree removals. Documentation is maintained to account for the number of hazard trees removed as part of this program. This program is charged to capital accounts with the exception of an occasional hazard tree inside the right-of- way, which is charged to O&M. Removal of identified overhang issues is also charged to O&M.

For management trail purposes, the Vegetation Management Guidelines require DEO to maintain the appropriate documentation validating that work performed meets the Asset Accounting Guidelines for charging capital accounts for hazard tree removal. A Distribution Tree Removal Form is the key document to identify the danger tree type, diameter, condition, latitude and longitude, and street address. The Form also identifies capital versus O&M. The Form is not supported by pictures of before and after images of removed danger trees. The Form also does not include the height of a dead tree or length of a leaning tree compared to the distance from the power line. DEO Vegetation Management Staff perform quality assurance (“QA”) with an outside contracted arborist for an unquantified percentage of danger trees before they are removed to help ensure they qualify for danger tree removal. Vegetation Management Staff also perform QA on an unquantified percentage of trees to help ensure that trees identified on the Distribution Tree Removal Form were removed. Detailed contractor timesheets detail hours or units worked by capital (coded with an “I”) or O&M (coded with an “X”) to help ensure the actual tree trimming work matches to the appropriate accounting string.

Rehmann interviewed Vegetation Management Staff and was advised that the Vegetation Management Guidelines are applied regionally and certain processes such as the developing an inventory of hazards trees outside the right-of-way along the three-phase portion of identified circuits is not practiced at DEO.

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Rehmann recommends that the Vegetation Management Guidelines be evaluated for which processes should be applied at DEO. Any proposed changes to the Vegetation Management Guidelines which are in addition to the changes recommended in this audit, including the non-application of provisions of the Vegetation Management Guidelines to DEO, should be submitted to the Commission for approval.

Rehmann recommends that before and after images be taken of the removed danger trees, that clearly demonstrates the removed tree meets the Vegetation Management Guidelines, and named with the longitude and latitude of the tree location for six-year storage in a Vegetation Management network drive.

Rehmann recommends that the Distribution Tree Removal Form include the height of a dead, dying, or diseased tree or length of a leaning tree compared to the distance from the power line.

As mentioned above DEO Vegetation Management Staff perform QA with an outside contracted arborist for an unquantified percentage of danger trees before they are removed to help ensure they qualify for danger tree removal. Vegetation Management Staff also perform QA on an unquantified percentage of trees to help ensure that trees identified on the Distribution Tree Removal Form were removed.

Rehmann recommends that the Vegetation Management Guidelines define that 10% of danger trees are reviewed before they are removed and a different 10% are reviewed after they are removed. The QA reviews should be documented on the Distribution Tree Removal Form.

As mentioned in the verification of the used and usefulness of incremental plant-in-service section described above, PUCO staff noted that one work order (D1737DL2) for \$2,963,576 had \$3,510 of tree trimming costs charged to the work order when the project was a rebuild of an existing line and therefore; all tree trimming costs should have been charged to O&M. This work order charged the Rider DCI June 30, 2019, or for one quarter during this audit period and the Rider DCI September 30, 2019 that has been filed for the next audit period. PUCO staff also noted that one work order (D8992DL1) for \$4,174,236 had \$4,038 of tree trimming costs charged to the work order when the project had new spans that had to be tree trimmed and therefore; appropriately charged to capital. However, tree trimming along the existing pole line was O&M and not split out and charged to O&M. DEO quantified this overcharge as \$2,019. This work order charged the Rider DCI all four quarters during this audit period and the Rider DCI September 30, 2019 that has been filed for the next audit period.

Rehmann sampled 25 tree trimming invoices charged during the audit period. One invoice charged work order VDHAZPGOH for \$22,862 twice and had the same Distribution Tree Removal Form as support. DEO staff determined this \$22,862 invoice was a duplicate invoice; however the contractor did work \$16,853 of non duplicated time during the pay period the duplicate invoice was generated. Therefore, a net overcharge to DEO totals \$6,009. This

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work order charged the Rider DCI for two quarters during this audit period and the Rider DCI September 30, 2019 that has been filed for the next audit period. Rehmann also noted that one invoice for \$31,062 was coded as an "X" or O&M but was overridden and changed to capital in the invoice review process. The work order was a capital work order that could have had capitalized initial tree clearing. There was no Tree Trimming Supervisor signature or date on the invoice to document approval of the override.

Rehmann recommends that the revenue requirement be reduced for the tree trimming overcharges by \$2,692 over four quarterly Rider DCI filings (the length of time the overcharge went undetected during the audit period).

Rehmann recommends that the Rider DCI September 30, 2019 be amended to reflect an adjustment to plant-in-service for the \$11,538 of tree trimming overcharges.

Rehmann recommends a separate detailed audit of all tree trimming invoices charged the Rider DCI from July 1, 2018 to June 30, 2019, to cover the overcharge causes described in this Rider DCI Audit. Any detected overcharges should be quantified in a report for the revenue requirement impact and applied to the December 31, 2019 Rider DCI filing.

Rehmann recommends that a Tree Trimming Supervisor sign, date, and list on the invoice the amount of any O&M to capital overrides.

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**Review DEO's processes to ensure that Contributions in Aid of Construction ("CIAC") is properly billed to and collected from customers. Assess the financial impact on the DCI, if any, from CIAC billing and collection deficiencies.**

Rehmann reviewed the Stipulation and Recommendation for Case No.18-1036-EL-RDR signed by DEO and the Staff of PUCO on June 10, 2019 which stated:

"DEO agrees to review its processes and procedures for billing Contributions in Aid of Construction ("CIAC") and based on that review, agrees to implement enhanced controls to ensure that CIAC is billed to all necessary customers on a timely, complete and accurate basis. In that regard, DEO agrees to the following timeline:

- a. Processes and Procedures Review Plan and Scope complete by 6/30/19
- b. Processes and Procedures Review complete by 9/30/19
- c. Implementation of enhanced controls as a result of Review to begin 1/1/20"

Rehmann interviewed DEO staff on their progress on the CIAC procedures and noted that a CIAC Tracking Process Document was created September 30, 2019 which described invoice tracking for:

- Residential/Commercial/Industrial/Non-government agency whereby construction does not start until payment is received. Major Projects designed projects receive a customer signature on a Flat Billing Authorization Form. Other projects receive a customer signature on a Line Extension Agreement.
- Residential /Subdivision whereby invoice payment is due within 30 days and construction usually does not start for 14 to 21 days after invoicing. These projects receive a customer signature on an Endorsement Package.
- DOT/Municipal Project whereby invoicing is done after construction completion and is due in 30 days. Before construction starts a customer signature is received on either a Flat Billing Authorization Form, a Customer Not to Exceed Billing Authorization Form, or a Customer Approximate Billing Authorization Form.

Process improvements were identified with implementation dates as follows:

- The CIAC Tracking Spreadsheet will be populated based on a canned query of CIAC projects from Maximo rather than being updated manually which risks missing CIAC projects that were not billed and had no follow-up. This automation will be implemented by 11/1/2019. Training for the Project Controls Team will occur 11/15/2019.
- A canned query entitled "Aging CIAC" report will be used to monitor customer payments and follow-up for collection. This "Aging CIAC" report will be implemented 10/31/2019. Each Project Controls leader will review the report monthly and follow-up on customers who are outside the payment agreement window.

Rehmann concludes that these enhanced controls will help ensure invoices are billed on required dates and cash collections are followed-up when due dates pass.

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Rehmann performed a review of a sample of 25 work orders that had attributes that could result in a billing to the customer. The review disclosed that 13 were billed to customers, five did not qualify for a customer billing, and seven were blanket work orders that hold the numerous billings required for damage claims or smaller residential and commercial projects. Rehmann inquired about blanket CIAC procedures but did not complete detailed testing of blankets.

A total of \$2,909,945 was billed to the 13 customers. Of this amount Rehmann noted that a CIAC accounting record that reduces the work order charges by the amount reimbursed by the customer, was either not recorded or was not recorded timely for \$1,815,208 of the amount billed. A total of \$296,024 remained unposted to work orders as of September 30, 2019.

Rehmann recommends that all CIAC entries be posted to work orders immediately upon invoicing. The revenue requirement should be reduced for the missing or untimely CIAC entries by \$562,933 over the four quarterly Rider DCI filings (the length of time the overcharge went undetected).

Rehmann recommends that the Rider DCI September 30, 2019 be amended to reflect an adjustment to plant-in-service for the \$296,024 CIAC overcharge.

Rehmann recommends a separate detailed audit for any other CIAC postings unrecorded in work orders and therefore the Rider DCI from July 1, 2018 to June 30, 2019. Any unrecorded CIAC should be quantified in a report for the revenue requirement impact and applied to the December 31, 2019 Rider DCI filing.

**Assess DEO's adherence to the capitalized incentive pay offset calculation and assess the financial impact of any recommendations**

Beginning with the September 30, 2018 Rider DCI filing, DEO is required to capture capitalized incentive pay accrued since July 1, 2016 and offset the amount to Distribution Rate Base in future Rider DCI filings. The total offset through the June 30, 2019 Rider DCI is \$1,090,193. Rehmann independently captured incentive pay transactions, charged to new additions in its sample of 15 work orders that were field visited, to determine whether each was offset in the Rider DCI filings (with 30% earnings related incentives in 2018 and 35% earnings related incentives in 2019). Each debit transaction (charge to the work order) was appropriately captured and offset except a \$60 and a \$239 credit transaction (reduction to the work order) was included in the offset process thereby lowering the total offset. Rehmann believes these transactions were adjustments to new additions that go on to charge cost of removal upon unitization.

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Rehmann then independently tested whether routine cost of removal transactions were captured in the offset calculation. Rehmann noted that the offset calculation does not consider cost of removal. Each cost of removal transaction initially charges Retirement Work In Progress (RWIP) which reduces Accumulated Depreciation and thereby increases Net Distribution Plant-In-Service. Rehmann captured all incentive pay included in RWIP since July 1, 2016 and it totals \$212,475. Factoring this amount by the 30% and 35% earnings component results in a net \$66,361 of additional incentive pay offset. See below Table 10: Quantification of Incentive Pay Adjustment for the offset calculation and revenue requirement calculation.

Rehmann recommends that cost of removal in RWIP be captured for the incentive pay offset and for each future quarterly Rider DCI filing.

Rehmann also recommends that the revenue requirement be reduced for the incentive pay offset overcharges by \$19,527 over four quarterly Rider DCI filings (the length of time the overcharge went undetected).

Rehmann recommends that the Rider DCI September 30, 2019 be amended to reflect an adjustment to the incentive pay calculation by adding \$66,361 to the cumulative total of gross plant incentives and \$69,240 to the incentive pay offset total adjustment.

Table 10: Quantification of Incentive Pay Adjustment  
6/30/2019

Rider DCI Date	Current New Additions Incentive Pay	COR with Incentive Allocation	COR with Incentive Allocation - Union	Total COR Incentive Pay	30 % Earnings Portion 2018	35% Earnings Portion 2019	Total COR Incentive Pay Impact	Adjusted Incentive Pay Amount	Increase in Incentive Pay Offset	Decrease in Revenue Requirement
9/30/2018	\$60,719	\$26,824	\$111,151	\$137,975	\$41,393		\$41,393	\$102,112	\$41,181	\$3,700
12/31/2018	60,665	3,976	18,156	22,132	6,640		6,640	67,305	47,820	4,287
3/31/2019	39,069	3,673	20,721	24,394		8,538	8,538	47,607	59,493	5,333
6/30/2019	58,169	2,075	25,899	27,974		9,791	9,791	67,960	69,240	6,207
<b>Total</b>	<b>\$218,622</b>	<b>\$36,548</b>	<b>\$175,927</b>	<b>\$212,475</b>	<b>\$48,032</b>	<b>\$18,329</b>	<b>\$66,361</b>	<b>\$284,983</b>	<b>\$69,240</b>	<b>\$19,527</b>



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## Detailed Impact of Recommendations on Rider DCI Revenue Requirement

The impact of recommendations from this Rider DCI audit were run through the most applicable quarterly Rider DCI filing and total a one quarter reduced revenue requirement of (\$880,052) from the recommendations' impact throughout the audit period. These impacts are detailed below in Table 11: Total Impact of Recommendations on Rider DCI Revenue Requirement.

**Table 11: Total Impact of Recommendations on Rider DCI Revenue Requirement**

<b>Recommendation</b>	<b>Transaction Correction</b>	<b>9/30/18 Change in Revenue Requirement</b>	<b>12/31/18 Change in Revenue Requirement</b>	<b>3/31/19 Change in Revenue Requirement</b>	<b>6/30/19 Change in Revenue Requirement</b>	<b>Total One Quarter Change in Revenue Requirement by Recommendation</b>
Classifying Transmission Plant as Distribution Plant	(\$198,254)		(\$22,485)	(\$22,513)	(\$22,789)	(\$67,787)
Depreciation Expense Lag from Unposted Retirements	(12,356,249)	(300,065)	(1,839)	(9,231)		(\$311,135)
On top Accumulated Depreciation Entry Lag	1,219,951			101,739	7,325	\$109,064
Contributions in Aid of Construction not Recorded	(1,815,208)	(164,143)	(149,622)	(149,838)	(99,330)	(562,933)
Tree Trimming Charged to Capital	(2,019)	(226)	(229)	(229)	(232)	(916)
Tree Trimming Charged to Capital	(6,009)			(682)	(691)	(1,373)
Tree Trimming Charged to Capital	(3,510)				(403)	(403)
Transmission Plant Unitized to Distribution Plant	400,961	44,940	987			45,927
FERC 105 Correction Made in December 31, 2018 DCI Filing	(633,198)	(70,969)				(70,969)
Incentive Pay (increase Offset)	(41,181)	(3,700)				(3,700)
Incentive Pay (increase Offset)	(47,820)		(4,287)			(4,287)
Incentive Pay (increase Offset)	(59,493)			(5,333)		(5,333)
Incentive Pay (increase Offset)	(69,240)				(6,207)	(6,207)
<b>Total</b>	<b>(\$13,611,269)</b>	<b>(\$494,163)</b>	<b>(\$177,475)</b>	<b>(\$86,087)</b>	<b>(\$122,327)</b>	<b>(\$880,052)</b>

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**Appendix A – Work Papers - Document Requests**

**Document Request #1**

**Date Submitted:** 8/12/2019

**To:** Dianne Kuhnell

**CC:** Elizabeth Watts, Sarah Lawler, Jay Brown, Doris McCarter, Devin Mackey

**From:** Kirk Balcom

**General Notes:**

- All requested information should be electronic to the extent possible; and numeric information should be provided in MS Excel formats.
- Please upload information directly to Rehmann Client Portal
- Please be guided by each item's priority number (1= highest).

Item	Description	Date Requested	Priority	Date Received
01-001	Please provide four quarterly Excel Spreadsheets, which minimally lists, by work order, each new addition, transfer, adjustment, and retirement from July 1, 2018 through June 30, 2019 and lists within each work order the FERC account, completion date, and total cost.	8/12/2019	1	8/26/2019
01-002	Please provide four quarterly canned reports out of PowerPlan, which minimally lists, by work order, each new addition, transfer, adjustment, and retirement from July 1, 2018 through June 30, 2019 and lists within each work order the FERC account, completion date, and total cost.	8/12/2019	2	8/26/2019
01-003	Please provide four quarterly Monthly Depreciation Reserve Activity Reports out of PowerPlan that lists by FERC account beginning reserve, provision, retirements, cost of removal, salvage and other credits, transfers and adjustments, impairments and gain or loss, and ending reserve from July1, 2018 through June 30, 2019.	8/12/2019	2	8/26/2019
01-004	Please provide in Excel Spreadsheets four quarterly Monthly Depreciation Reserve Activity Reports that lists by FERC account beginning reserve, provision, retirements, cost of removal, salvage and other credits, transfers and adjustments, impairments and gain or	8/12/2019	1	8/26/2019

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Item	Description	Date Requested	Priority	Date Received
	loss, and ending reserve from July 1, 2018 through June 30, 2019.			
01-005	Please provide the following Duke Energy Ohio, Inc. FERC Reports in PDF format: <ul style="list-style-type: none"> <li>• FERC Form 1 for 12-31-18</li> <li>• FERC Form 3Q for 9-30-18</li> <li>• FERC Form 3Q for 3-31-19</li> <li>• FERC Form 3Q for 6-30-19 (may not be filed as of 8-12-19)</li> </ul>	8/12/2019	1	8/26/2019
01-006	Please provide the Depreciation Rate Case that supports the depreciation rates in the DCI filings. Please provide the authorized depreciation rate table from the rate case filing that documents the authorized depreciation rates and amortization rates.	8/12/2019	2	8/26/2019
01-007	Please provide a copy of all other riders describing capital additions recovered that are excluded from the DCI.	8/12/2019	2	8/26/2019
01-008	Please provide a copy of the follow-up audit report(s), if any, completed as a result of the 12-6-18 Rehmann DCI Audit.	8/12/2019	2	8/26/2019
01-009	Please provide in an Excel Spreadsheet a report by work order for all FERC accounts, from July 1, 2018 to June 30, 2019, that lists the cost of removal and salvage charges and credits, the posting period, and the utility account description.	8/12/2019	1	8/26/2019
01-010	Please provide an Excel Spreadsheet of the support to the average real property tax rate used in the DCI filings for 2017 pay and 2018 statement year that includes county, parcels, statement description, current tax value, and current paid amount.	8/12/2019	2	8/26/2019
01-011	Please provide the support for the real property allocation by function.	8/12/2019	2	8/26/2019
01-012	Please provide an Excel Spreadsheet of the support to the personal property tax rate used in DCI filings that includes county, taxing district, 2018 T&D value, 18 pay and 19 tax rate, and 18 pay and 19 T&D tax.	8/12/2019	2	8/26/2019
01-013	Please provide the detailed calculations supporting the balances of the individual unprotected and protected amounts that make up the \$(193,939,369) of Excess Deferred Income Tax per books listed in the June 30, 2019 Rider DCI filing.	8/12/2019	2	8/26/2019 Supplement 10/25/2019
01-014	Please provide a detailed reconciliation of the FERC account 282 as of 6/30/19 to the DCI filing before adjustments as of 6/30/19.	8/12/2019	2	8/26/2019 Supplement

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Item	Description	Date Requested	Priority	Date Received
				10/25/2019 11/13/2019
01-015	Please provide detailed support to each of the account 282 Deferred Tax subaccounts making up the balance of (\$347,092,303) per books listed in the June 30, 2019 Rider DCI filing.	8/12/2019	2	8/26/2019  Supplement 10/25/2019 11/13/2019
01-016	Please provide the detailed calculations supporting the Journal Entries that make up the Accumulated Deferred Income Tax for each of the account 282 Deferred Tax subaccounts per books listed in the June 30, 2019 Rider DCI filing.	8/12/2019	2	8/26/2019
01-017	Please provide the detailed calculations supporting the Book Balance used to develop the Accumulated Deferred Income Tax Per Books Vintage Year 2017 amounts for each of the account 282 Deferred Tax subaccounts per books listed in the June 30, 2019 Rider DCI filing.	8/12/2019	2	8/26/2019
01-018	Please provide four quarterly Excel Spreadsheets, which minimally lists, by work order and amount, all transaction activity from July 1, 2018 to June 30, 2019 supporting the adjustments column in the Plant in Service Summary and Accumulated Depreciation Summary.	8/12/2019	1	8/26/2019
01-019	Please provide a copy of the current Capitalization Policy. Please summarize any changes since July 1, 2018.	8/12/2019	2	8/26/2019
01-020	Please provide the balance of FERC Account 106 at June 30, 2019 pertaining to Electric Distribution FERC Subaccounts. Please provide in an Excel Spreadsheet the detail balances by work order and then engineering in service date.	8/12/2019	2	8/26/2019
01-021	For each of the quarterly DCI Filing please provide, in Excel Format, details (including work order, transaction type, transaction date, and amount) of Retirement Work in Progress as noted below: <ul style="list-style-type: none"> <li>• 9/30/18 (\$64,129,214)</li> <li>• 12/31/18 (\$71,829,231)</li> <li>• 3/31/19 (\$73,891,317)</li> <li>• 6/30/19 (\$77,939,448)</li> </ul>	8/12/2019	2	8/26/2019

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Item	Description	Date Requested	Priority	Date Received
01-022	Please provide an explanation for the increase in Retirement Work in Progress from (\$53,465,525) at June 30, 2018 to (\$77,939,448) at June 30, 2019.	8/12/2019	2	8/26/2019

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**Document Request #2**

**Date Submitted:** 8/29/2019

**To:** Dianne Kuhnell

**CC:** Elizabeth Watts, Sarah Lawler, Jay Brown, Doris McCarter, Devin Mackey

**From:** Kirk Balcom

**General Notes:**

- All requested information should be electronic to the extent possible; and numeric information should be provided in MS Excel formats.
- Please upload information directly to Rehmann Client Portal
- Please be guided by each item's priority number (1= highest).

Item	Description	Date Requested	Priority	Date Received
2-001	Please provide a reconciliation for the following Distribution Plant In Service Balance differences between FERC Forms and the DCI Filings (before adjustments): <ul style="list-style-type: none"><li>• 9/30/18 FERC Form \$14,521,591 lower</li><li>• 12/31/18 FERC Form \$72,295 lower</li><li>• 3/31/19 FERC Form \$366,160 lower</li><li>• 6/30/19 FERC Form \$2,241 higher</li></ul>	8/29/2019	1	9/12/2019
2-002	Please provide a reconciliation for the following Distribution Plant Accumulated Depreciation Balance differences between FERC Forms and the DCI Filings (before adjustments): <ul style="list-style-type: none"><li>• 9/30/18 FERC Form \$11,917,801 lower</li><li>• 12/31/18 FERC Form \$72,769 lower</li><li>• 3/31/19 FERC Form \$1,504,176 lower</li><li>• 6/30/19 FERC Form \$81,933 lower</li></ul>	8/29/2019	1	9/12/2019
2-003	Rehmann calculated the total change in the DCI Filing Plant in Service Adjustment column from quarter to quarter as noted below. Please provide a reconciliation of the changes. <ul style="list-style-type: none"><li>• 6-30-18 to 9-30-18 \$153,020,959 decrease</li><li>• 9-30-18 to 12-31-18 \$1,480,439 decrease</li><li>• 12-31-18 to 3-31-19 \$288,610 increase</li><li>• 3-31-19 to 6-30-19 \$652,888 increase</li></ul>	8/29/2019	1	9/12/2019

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Item	Description	Date Requested	Priority	Date Received
2-004	<p>Rehmann calculated the total change in the Accumulated Depreciation DCI Filing Adjustment column from quarter to quarter as noted below. Please provide a reconciliation of the changes.</p> <ul style="list-style-type: none"> <li>• 6-30-18 to 9-30-18    \$42,987,932 decrease</li> <li>• 9-30-18 to 12-31-18   \$4,235,742 increase</li> <li>• 12-31-18 to 3-31-19   \$187,371 increase</li> <li>• 3-31-19 to 6-30-19    \$288,106 increase</li> </ul>	8/29/2019	1	9/12/2019



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**Rehmann Consulting Prepared**

**Document Request #3**

**Date Submitted:** 9/5/2019

**To:** Dianne Kuhnell

**CC:** Elizabeth Watts, Sarah Lawler, Jay Brown, Doris McCarter, Devin Mackey

**From:** Kirk Balcom

**General Notes:**

- All requested information should be electronic to the extent possible; and numeric information should be provided in MS Excel formats.
- Please upload information directly to Rehmann Client Portal
- Please be guided by each item's priority number (1= highest).

Item	Description	Date Requested	Priority	Date Received
3-001	Please provide, in Excel Format, a listing by FERC account, resource type, date of transaction, description of transaction and amount, all details pertaining to new addition work orders: <ul style="list-style-type: none"><li>• D1138DL2 totaling \$4,339,604</li><li>• D1737DL2 totaling \$2,945,754</li><li>• D8992DL1 totaling \$4,174,237</li><li>• MX2153805 totaling \$1,015,357</li><li>• MX7338778 totaling \$218,456</li></ul>	9/5/2019	1	9/19/2019
3-002	Please provide, in Excel Format, a listing by FERC account, resource type, date of transaction, description of transaction and amount, all details pertaining to new addition work orders: <ul style="list-style-type: none"><li>• MX6321445 totaling \$1,379,578</li><li>• OEC682086 totaling \$1,035,684</li><li>• OHR670899 totaling \$1,116,707</li><li>• OIP020427 totaling \$-2,420</li><li>• ONP194163 totaling \$1,060,486</li></ul>	9/5/2019	1	9/19/2019  Supplement 11/15/2019
3-003	Please provide, in Excel Format, a listing by FERC account, resource type, date of transaction, description of transaction and amount, all details pertaining to new addition work orders: <ul style="list-style-type: none"><li>• OUB834678 totaling \$700,751</li><li>• OUC423366 totaling \$449,755</li><li>• P6225 totaling \$1,677,880</li></ul>	9/5/2019	1	9/19/2019

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Item	Description	Date Requested	Priority	Date Received
	<ul style="list-style-type: none"> <li>T1510DS1 totaling \$1,484,878</li> <li>T1663DS1 totaling \$3,087,057</li> </ul>			
3-004	For each of the new addition work orders listed in 3-001, 3-002, and 3-003 please provide a Work Order Authorization Information Report that details a work order description, approvals, addition and retirement cost estimates, property units retired, and unitization amounts.	9/5/2019	1	9/19/2019
3-005	For each of the new addition work orders listed in 3-001, 3-002, and 3-003 please provide in Excel Format, a listing by FERC account, resource type, date of transaction, description of transaction and amount, all details pertaining to the corresponding retirement work order (if retirement work was involved). These retirement transactions include costs of removal and salvage credits.	9/5/2019	1	9/19/2019
3-006	For each of the new addition work orders listed in 3-001, 3-002, and 3-003 please provide the CU Estimate Property Additions and Retirements Report and the construction print.	9/5/2019	1	9/19/2019  Prints 10/6/2019
3-007	Please provide, in Excel Format, a listing by FERC account, resource type, date of transaction, description of transaction and amount, all details pertaining to new addition work order EMETEROH totaling \$4,339,149.	9/5/2019	1	9/19/2019
3-008	For work order EMETEROH please provide in Excel Format, a listing by FERC account, resource type, date of transaction, description of transaction and amount, all details pertaining to the retirement work order. These retirement transactions include costs of removal and salvage credits.	9/5/2019	1	9/19/2019
3-009	For the following retirement work orders please explain the reason why each debits FERC account 101 instead of a credit to FERC account 101: <ul style="list-style-type: none"> <li>D1598DS1 totaling \$1,119,633</li> <li>D1781DS1 totaling \$608,902</li> <li>EMR053 totaling \$435,557</li> </ul>	9/5/2019	1	9/19/2019

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**Document Request #4**

**Date Submitted:** 9/12/2019

**To:** Dianne Kuhnell

**CC:** Elizabeth Watts, Sarah Lawler, Jay Brown, Doris McCarter, Devin Mackey

**From:** Kirk Balcom

**General Notes:**

- All requested information should be electronic to the extent possible; and numeric information should be provided in MS Excel formats.
- Please upload information directly to Rehmann Client Portal
- Please be guided by each item's priority number (1= highest).

Item	Description	Date Requested	Priority	Date Received
4-001	The Duke Energy Regulated Electric & Gas Capitalization Guidelines dated January 1, 2019 states, in the Distribution and Transmission Right of Way Clearing Costs Section, that costs of initial clearing, initial danger tree removal, initial trimming of overhang, subsequent widening, and subsequent danger tree removal can be capitalized. The Guidelines further state that sufficient supporting documentation will be maintained by Power Delivery for all capital work performed. Please provide one example of the support kept by Power Delivery for each of the five instances where right of way clearing costs may be capitalized. This support may include but is not limited to notations made in the work order estimating process, pictures of the right of way before the work began, and pictures of the right of way after the work was completed. Please additionally provide the contractors' invoices supporting the examples selected. These examples should fall within new plant additions charged from July 1, 2018 to June 30, 2019.	9/12/2019	1	10/14/2019
4-002	The Danger/Hazard Tree Removal Capitalization Guidelines dated December 5, 2013 states that a Distribution Tree Removal Form represents the data and information needed to document and retain for audit purposes. Please provide the Distribution Tree Removal Form prepared for the initial danger tree removal and the	9/12/2019	1	10/10/2019

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Item	Description	Date Requested	Priority	Date Received
	subsequent danger tree removal examples provided in No.04-001 above.			
4-003	The Danger/Hazard Tree Removal Capitalization Guidelines dated December 5, 2013 states that a Hazard Tree Inventory shall be developed. Please provide the Hazard Tree Inventory at July 1, 2018 and separately at June 30, 2019. Please ensure the hazard tree location is recorded for each hazard tree listed at both inventory dates.	9/12/2019	1	Inventory Not Maintained in Ohio
4-004	Please provide all work orders from July 1, 2018 to June 30, 2019 that were charged to plant in service and had tree trimming charges. Please provide in an Excel Spreadsheet the work order number, work order location, FERC Plant Account number, and the total amount charged for tree trimming.	9/12/2019	1	10/10/2019
4-005	Please provide for each work order listed in No. 4-004 above, an Excel Spreadsheet listing the tree trimming charges' date of transaction, journal ID, resource type, resource description, vendor name and amount.	9/12/2019	1	10/10/2019
4-006	For the total tree trimming charged to plant in service from July 1, 2018 to June 30, 2019 please categorize the charges by (use actual allocation but if not available an estimated allocation): <ul style="list-style-type: none"> <li>• initial clearing</li> <li>• initial danger tree removal</li> <li>• initial trimming of overhang</li> <li>• subsequent widening</li> <li>• subsequent danger tree removal</li> </ul>	9/12/2019	1	Details not Available

**Public Utilities Commission of Ohio**  
**Duke Energy Ohio, Inc.**  
**Case No. 19-1287-EL-RDR Annual Rider DCI Audit**  
**Rehmann Consulting Prepared**

**Document Request #5**

**Date Submitted:** 9/30/2019

**To:** Dianne Kuhnell

**CC:** Elizabeth Watts, Sarah Lawler, Jay Brown, Doris McCarter, Devin Mackey

**From:** Kirk Balcom

**General Notes:**

- All requested information should be electronic to the extent possible; and numeric information should be provided in MS Excel formats.
- Please upload information directly to Rehmann Client Portal
- Please be guided by each item's priority number (1= highest).

Item	Description	Date Requested	Priority	Date Received
5-001	Excel File DR No.05-001 Attachment has 25 work orders that may have CIAC billed to customers. For each of the 25 work orders please provide the following: <ul style="list-style-type: none"><li>• Was the work order eligible for CIAC (yes/no)</li><li>• If no explain why not eligible</li><li>• If yes was there a billing (yes/no)</li><li>• If no explain why not billed</li><li>• If yes how much was billed and how was the amount determined</li><li>• If yes provide the work order detailed transactions by year, month, journal ID, project ID, resource code, resource description, RESPCTR,vendor name, and amount</li><li>• If yes what was the date billed</li><li>• If yes how much has been collected</li></ul> These 25 work orders will be discussed at our CIAC meeting October 15-17.	9/30/2019	1	10/14/2019  Supplement 10/25/2019 11/22/2019
5-002	Excel File DR No.05-002 Attachment has 25 work orders that were unitized from FERC Account 106 to FERC Account 101. Eleven of the 25 have differences between what was originally charged to FERC Account 106 and what was eventually charged to FERC Account 101.Please explain what makes up the differences. For each of the 25 work orders please have the unitization detailed support available for our unitization meeting October 15-17.	9/30/2019	1	10/21/2019  Supplement 10/28/2019

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**Case No. 19-1287-EL-RDR Annual Rider DCI Audit**  
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Item	Description	Date Requested	Priority	Date Received
5-003	Excel File DR No.05-003 Attachment has 25 work orders making up the June 30, 2019 balance of RWIP of \$77,939,447.63 but were labeled Account 108.000-RWIP-Unitized. For each of these 25 work orders please provide the FERC Plant Account 360 through 373 that the retirement costs were assigned to. For each of the 25 work orders please have the unitization support details available for our unitization meeting October 15-17.	9/30/2019	1	10/21/2019  Supplement 10/28/2019
5-004	Please provide a listing of work orders in an Excel Spreadsheet that have construction completion before April 1, 2019 and have charges in Account 106 during our audit period July 1, 2018 through June 30, 2019. Please provide the work order estimate and the actual charges through June 30, 2019 for each work order. This Excel Spreadsheet will be a source of discussions for our work order estimating practices meeting October 15-17.	9/30/2019	1	10/14/2019  Supplement 11/15/2019

**Public Utilities Commission of Ohio**  
**Duke Energy Ohio, Inc.**  
**Case No. 19-1287-EL-RDR Annual Rider DCI Audit**  
**Rehmann Consulting Prepared**

**Document Request #6**

**Date Submitted:** 10/12/2019

**To:** Dianne Kuhnell

**CC:** Elizabeth Watts, Sarah Lawler, Jay Brown, Doris McCarter, Devin Mackey

**From:** Kirk Balcom

**General Notes:**

- All requested information should be electronic to the extent possible; and numeric information should be provided in MS Excel formats.
- Please upload information directly to Rehmann Client Portal
- Please be guided by each item's priority number (1= highest).

Item	Description	Date Requested	Priority	Date Received
6-001	Excel File DR No.06-001 Attachment has 25 tree trimming invoices. Please provide a copy of the invoice along with any supporting documents that may be attached to the invoices. These 25 invoices will be discussed at our Tree Trimming meeting October 15.	10/12/2019	1	10/18/2019



**Public Utilities Commission of Ohio**  
**Duke Energy Ohio, Inc.**  
**Case No. 19-1287-EL-RDR Annual Rider DCI Audit**  
**Rehmann Consulting Prepared**

**Document Request #7**

**Date Submitted:** 10/15/2019

**To:** Dianne Kuhnell

**CC:** Elizabeth Watts, Sarah Lawler, Jay Brown, Doris McCarter, Devin Mackey

**From:** Kirk Balcom

**General Notes:**

- All requested information should be electronic to the extent possible; and numeric information should be provided in MS Excel formats.
- Please upload information directly to Rehmann Client Portal
- Please be guided by each item's priority number (1= highest).

Item	Description	Date Requested	Priority	Date Received
7-001	Excel File DR No.07-001 Attachment has 25 work orders that were over or under the work order estimate by more than 25%. Please provide a copy of the support that explains the over or under amounts. Also, please explain any actions taken as a result of the over or under amount. These 25 work orders will be discussed at our work order estimate meeting October 16.	10/15/2019	1	10/25/2019  Supplement 11/14/2019

**Public Utilities Commission of Ohio**  
**Duke Energy Ohio, Inc.**  
**Case No. 19-1287-EL-RDR Annual Rider DCI Audit**  
**Rehmann Consulting Prepared**

**Document Request #8**

**Date Submitted:** 10/17/2019

**To:** Dianne Kuhnell

**CC:** Elizabeth Watts, Sarah Lawler, Jay Brown, Doris McCarter, Devin Mackey

**From:** Kirk Balcom

**General Notes:**

- All requested information should be electronic to the extent possible; and numeric information should be provided in MS Excel formats.
- Please upload information directly to Rehmann Client Portal
- Please be guided by each item's priority number (1= highest).

Item	Description	Date Requested	Priority	Date Received
8-001	Excel File DR No.08-001 Attachment has 25 tree trimming invoices. Please provide a copy of supporting details such as time sheets, hazard tree removal forms, and explanations of accounting distributions as detailed in the attachment.	10/17/2019	1	10/28/2019  Supplement 11/15/2019

**Public Utilities Commission of Ohio**  
**Duke Energy Ohio, Inc.**  
**Case No. 19-1287-EL-RDR Annual Rider DCI Audit**  
**Rehmann Consulting Prepared**

**Document Request #9**

**Date Submitted:** 10/23/2019

**To:** Dianne Kuhnell

**CC:** Elizabeth Watts, Sarah Lawler, Jay Brown, Doris McCarter, Devin Mackey

**From:** Kirk Balcom

**General Notes:**

- All requested information should be electronic to the extent possible; and numeric information should be provided in MS Excel formats.
- Please upload information directly to Rehmann Client Portal
- Please be guided by each item's priority number (1= highest).

Item	Description	Date Requested	Priority	Date Received
9-001	Please provide the 2018 Valuation Notice that supports the "True Value Percentage" on page 10 of 15 of each of the quarterly DCI Filings.	10/23/2019	1	10/30/2019
9-002	<p>Please provide the following Real Property County Tax Bills supporting the Real Property Tax Rate of 7.8532% used in the December 31, 2018, March 30, 2019 and June 30, 2019 DCI Filings as noted below:</p> <ul style="list-style-type: none"> <li>• Clermont County; 27-28-02C-016; 27-28-02C-016(US Route 52); value \$11,651,220; paid \$683,894</li> <li>• Hamilton County; 083-0001-0221-00; 083-0001-00221-00 (WS Main St); value \$3,249,060; paid \$315,005</li> <li>• Hamilton County;147-0007-0258-00; 147-0007-0258-00 (ES Gest St); value \$2,532,760; paid \$236,852</li> <li>• Hamilton County;083-0001-0216-00; 083-0001-0216-00 (SWC 4<sup>th</sup> &amp; Main St 115.09); value \$2,313,300; paid \$222,802</li> <li>• Hamilton County;4612 Kellog Ave-460.68 x 664.62 IRR R1-T5-S23-24 Commercial Warehouse East End;value \$987,340; paid \$92,322</li> <li>• Hamilton County;137-0003-0070-00; West Front St 200' irr.lots 62 to 6; value \$886,540; paid \$83,076</li> <li>• Hamilton County; SS Simonson Rd; value \$1,241,230; paid \$61,180</li> </ul>	10/23/2019	1	10/30/2019

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Item	Description	Date Requested	Priority	Date Received
	<ul style="list-style-type: none"> <li>Hamilton County; 510-007-0559-00, value \$754,660; paid \$60,972</li> <li>Hamilton County; 242-0006-0007-00; Rear Corner May &amp; Station ft. irr.; value \$532,590; paid \$49,787</li> <li>Hamilton County; 600-0013-0077-00; Solzman Rd 433 x 1,015' Lot 2 Nordl; value \$546,220; paid \$44,154</li> </ul>			
9-003	<p>Please provide the Personal Property County Tax Bills supporting the Average T &amp; D Rate of 9.783% used in the March 31, 2019 and June 30, 2019 DCI Filings as noted below:</p> <ul style="list-style-type: none"> <li>HAMILTON 31-1110 \$42,182,443</li> <li>BUTLER 09-0410 \$6,497,404</li> <li>CLERMONT 13-0420 \$3,753,889</li> <li>BUTLER 09-0060 \$3,286,937</li> <li>HAMILTON 31-0960 \$3,080,292</li> <li>HAMILTON 31-0080 \$3,001,617</li> <li>HAMILTON 31-0030 \$2,677,331</li> <li>BUTLER 09-0520 \$2,439,454</li> <li>CLERMONT 13-0180 \$2,399,762</li> <li>HAMILTON 31-0060 \$2,320,663</li> </ul>	10/23/2019	1	11/7/2019
9-004	Please provide the detailed support such as invoices for accounts payable transactions, payroll timesheets for internal labor, and detailed calculations for allocations such as AFUDC for the attached sample of 50 transactions charged to new additions (DR-09-004 Attachment).	10/23/2019	1	11/7/2019
9-005	Please provide the detailed support such as invoices for accounts payable transactions for the attached sample of 15 transactions charged to cost of removal (DR-09-005 Attachment).	10/23/2019	1	10/30/2019
9-006	Please provide the detailed support for the attached sample of 10 transactions charged to plant retirement units (DR-09-006 Attachment). This support includes details of how the retirement units were valued.	10/23/2019	1	10/30/2019

**Public Utilities Commission of Ohio**  
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**Document Request #10**

**Date Submitted:** 10/28/2019

**To:** Dianne Kuhnell

**CC:** Elizabeth Watts, Sarah Lawler, Jay Brown, Doris McCarter, Devin Mackey

**From:** Kirk Balcom

**General Notes:**

- All requested information should be electronic to the extent possible; and numeric information should be provided in MS Excel formats.
- Please upload information directly to Rehmann Client Portal
- Please be guided by each item's priority number (1= highest).

Item	Description	Date Requested	Priority	Date Received
10-001	Excel File DR No.10-001 Attachment has questions as a result of our field visit observations that were recently completed. Please provide a response to the listed questions within the DR No 10-001 Attachment.	10/28/2019	1	11/7/2019

**Public Utilities Commission of Ohio**  
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**Appendix B – Work Papers - Document Request Responses**

**DEO submitted 316 responses to Rehmann Document Requests:**

**Rehmann-DR-01-001**  
**Rehmann-DR-01-001(a) Attachment**  
**Rehmann-DR-01-001(b) Attachment**  
**Rehmann-DR-01-001(c) Attachment**  
**Rehmann-DR-01-001(d) Attachment**  
**Rehmann-DR-01-001(e) Attachment**  
**Rehmann-DR-01-001(f) Attachment**  
**Rehmann-DR-01-001(g) Attachment**  
**Rehmann-DR-01-001(h) Attachment**  
**Rehmann-DR-01-001(i) Attachment**  
**Rehmann-DR-01-001(j) Attachment**  
**Rehmann-DR-01-001(k) Attachment**  
**Rehmann-DR-01-001(l) Attachment**  
**Rehmann-DR-01-001(m) Attachment**  
**Rehmann-DR-01-001(n) Attachment**  
**Rehmann-DR-01-002**  
**Rehmann-DR-01-002(a) Attachment**  
**Rehmann-DR-01-002(b) Attachment**  
**Rehmann-DR-01-002(c) Attachment**  
**Rehmann-DR-01-002(d) Attachment**  
**Rehmann-DR-01-002(e) Attachment**  
**Rehmann-DR-01-002(f) Attachment**  
**Rehmann-DR-01-002(g) Attachment**  
**Rehmann-DR-01-002(h) Attachment**  
**Rehmann-DR-01-002(i) Attachment**  
**Rehmann-DR-01-002(j) Attachment**  
**Rehmann-DR-01-002(k) Attachment**  
**Rehmann-DR-01-002(l) Attachment**  
**Rehmann-DR-01-003**  
**Rehmann-DR-01-003(a) Attachment**  
**Rehmann-DR-01-003(b) Attachment**  
**Rehmann-DR-01-003(c) Attachment**  
**Rehmann-DR-01-003(d) Attachment**  
**Rehmann-DR-01-004**  
**Rehmann-DR-01-004(a) Attachment**  
**Rehmann-DR-01-004(b) Attachment**  
**Rehmann-DR-01-004(c) Attachment**  
**Rehmann-DR-01-004(d) Attachment**  
**Rehmann-DR-01-004(e) Attachment**  
**Rehmann-DR-01-004(f) Attachment**  
**Rehmann-DR-01-005**  
**Rehmann-DR-01-005(a) Attachment**  
**Rehmann-DR-01-005(b) Attachment**

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Rehmann-DR-01-005(c) Attachment  
Rehmann-DR-01-005(d) Attachment  
Rehmann-DR-01-005(d) Attachment V2  
Rehmann-DR-01-006 Confidential  
Rehmann-DR-01-006(a) Attachment  
Rehmann-DR-01-006(b) Attachment  
Rehmann-DR-01-006(c) Conf Attachment  
Rehmann-DR-01-007  
Rehmann-DR-01-008  
Rehmann-DR-01-009  
Rehmann-DR-01-009 Attachment  
Rehmann-DR-01-010  
Rehmann-DR-01-010(a) Attachment  
Rehmann-DR-01-010(b) Attachment  
Rehmann-DR-01-011  
Rehmann-DR-01-011 Attachment  
Rehmann-DR-01-012  
Rehmann-DR-01-012(a) Attachment  
Rehmann-DR-01-012(b) Attachment  
Rehmann-DR-01-013  
Rehmann-DR-01-013 Attachment  
Rehmann-DR-01-013 Supplemental  
Rehmann-DR-01-013 Supplemental Attachment  
Rehmann-DR-01-014  
Rehmann-DR-01-014 Attachment  
Rehmann-DR-01-014 Second Supplemental  
Rehmann-DR-01-014 Supplemental  
Rehmann-DR-01-014 Supplemental Attachment  
Rehmann-DR-01-015  
Rehmann-DR-01-015 Second Supplemental  
Rehmann-DR-01-015 Supplemental  
Rehmann-DR-01-015(a) Attachment  
Rehmann-DR-01-015(a) Supplemental Attachment  
Rehmann-DR-01-015(b) Attachment  
Rehmann-DR-01-015(b) Attachment Corrected  
Rehmann-DR-01-015(b) Supplemental Attachment  
Rehmann-DR-01-016  
Rehmann-DR-01-016 Attachment  
Rehmann-DR-01-017  
Rehmann-DR-01-017 Attachment  
Rehmann-DR-01-018  
Rehmann-DR-01-018(a) Attachment  
Rehmann-DR-01-018(b) Attachment  
Rehmann-DR-01-018(c) Attachment  
Rehmann-DR-01-019 Confidential  
Rehmann-DR-01-019 Confidential Attachment  
Rehmann-DR-01-020



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Rehmann-DR-01-020 Attachment  
Rehmann-DR-01-021  
Rehmann-DR-01-021(a) Attachment  
Rehmann-DR-01-021(b) Attachment  
Rehmann-DR-01-021(c) Attachment  
Rehmann-DR-01-021(d) Attachment  
Rehmann-DR-01-022  
Rehmann-DR-02-001  
Rehmann-DR-02-001 Attachment  
Rehmann-DR-02-002  
Rehmann-DR-02-002 Attachment  
Rehmann-DR-02-003  
Rehmann-DR-02-003 Attachment  
Rehmann-DR-02-004  
Rehmann-DR-02-004 Attachment  
Rehmann-DR-03-001  
Rehmann-DR-03-001 Attachment  
Rehmann-DR-03-002  
Rehmann-DR-03-002 Attachment  
Rehmann-DR-03-002 Supplemental  
Rehmann-DR-03-002 Supplemental Attachment  
Rehmann-DR-03-003  
Rehmann-DR-03-003 Attachment  
Rehmann-DR-03-004  
Rehmann-DR-03-004 Attachment  
Rehmann-DR-03-005  
Rehmann-DR-03-005 Attachment  
Rehmann-DR-03-006  
Rehmann-DR-03-007  
Rehmann-DR-03-007 Attachment  
Rehmann-DR-03-008  
Rehmann-DR-03-008 Attachment  
Rehmann-DR-03-009  
Rehmann-DR-03-009 Attachment  
Rehmann-DR-04-001 Confidential  
Rehmann-DR-04-001(a)(1) Attachment  
Rehmann-DR-04-001(a)(2) Redacted Conf Attachment  
Rehmann-DR-04-001(b)(1) Redacted Conf Attachment  
Rehmann-DR-04-001(b)(2) Redacted Conf Attachment  
Rehmann-DR-04-001(c)(1) Redacted Conf Attachment  
Rehmann-DR-04-001(c)(2) Redacted Conf Attachment  
Rehmann-DR-04-001(d)(1) Attachment  
Rehmann-DR-04-001(d)(2) Attachment  
Rehmann-DR-04-002 19-1287 Rehmann DR 4 (2,4,5,6)  
Rehmann-DR-04-002(a) Attachment  
Rehmann-DR-04-002(b) Attachment  
Rehmann-DR-04-004 Attachment

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Rehmann-DR-04-005 Attachment  
Rehmann-DR-05-001  
Rehmann-DR-05-001 2nd Supplemental  
Rehmann-DR-05-001 2nd Supplemental Attachment  
Rehmann-DR-05-001 Attachment  
Rehmann-DR-05-001 Conf Supplemental  
Rehmann-DR-05-001 Supplemental Attachment  
Rehmann-DR-05-001(a)(1) Supplemental Attachment  
Rehmann-DR-05-001(a)(2) Conf Supp Redacted Attach  
Rehmann-DR-05-001(b) Supplemental Attachment  
Rehmann-DR-05-001(c) Supplemental Attachment  
Rehmann-DR-05-001(e)(1) Supplemental Attachment  
Rehmann-DR-05-001(e)(10) Supplemental Attachment  
Rehmann-DR-05-001(e)(11) Supplemental Attachment  
Rehmann-DR-05-001(e)(12) Supplemental Attachment  
Rehmann-DR-05-001(e)(13) Conf Supp Redacted Attachment  
Rehmann-DR-05-001(e)(14) Supplemental Attachment  
Rehmann-DR-05-001(e)(2) Supplemental Attachment  
Rehmann-DR-05-001(e)(3) Supplemental Attachment  
Rehmann-DR-05-001(e)(4) Supplemental Attachment  
Rehmann-DR-05-001(e)(5) Supplemental Attachment  
Rehmann-DR-05-001(e)(6) Supplemental Attachment  
Rehmann-DR-05-001(e)(7) Supplemental Attachment  
Rehmann-DR-05-001(e)(8) Supplemental Attachment  
Rehmann-DR-05-001(e)(9) Supplemental Attachment  
Rehmann-DR-05-002  
Rehmann-DR-05-002 Attachment  
Rehmann-DR-05-002 C2648  
Rehmann-DR-05-002 C8152  
Rehmann-DR-05-002 D1584DL3  
Rehmann-DR-05-002 D1584DL3 B  
Rehmann-DR-05-002 D1769DL1 EST Bethany 45 4kV Conversion DOH1769  
Rehmann-DR-05-002 D1769DL1 Explanation for High Contractor Cost  
Rehmann-DR-05-002 D1927DL1  
Rehmann-DR-05-002 EMR053  
Rehmann-DR-05-002 G0775  
Rehmann-DR-05-002 G8598  
Rehmann-DR-05-002 G9778  
Rehmann-DR-05-002 H1671  
Rehmann-DR-05-002 L6109  
Rehmann-DR-05-002 OHR127963  
Rehmann-DR-05-002 OIL191530 CUE  
Rehmann-DR-05-002 OIL891829  
Rehmann-DR-05-002 OUC967105  
Rehmann-DR-05-002 OUC967105 Explanation for UG Cable  
Rehmann-DR-05-002 Supplemental  
Rehmann-DR-05-002 T1671DS1

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Rehmann-DR-05-002(a) Supplemental Attachment  
Rehmann-DR-05-003  
Rehmann-DR-05-003 Attachment  
Rehmann-DR-05-003 D1598DL2  
Rehmann-DR-05-003 D1842DL1  
Rehmann-DR-05-003 D1842DL1 Explanation for High Contractor Cost  
Rehmann-DR-05-003 MX22235087 Act vs Est Explanation.msg  
Rehmann-DR-05-003 MX2235087  
Rehmann-DR-05-003 OEC999765  
Rehmann-DR-05-003 OET010889 Explanation for UG Cable  
Rehmann-DR-05-003 OET216734  
Rehmann-DR-05-003 OET216804  
Rehmann-DR-05-003 OHR075528  
Rehmann-DR-05-003 OHR075528 Explanation for High Contractor Cost  
Rehmann-DR-05-003 OHR185990 Explanation for High Contractor Cost  
Rehmann-DR-05-003 OHR466090 Explanation for High Contractor Cost  
Rehmann-DR-05-003 OHR518988  
Rehmann-DR-05-003 OHR659474  
Rehmann-DR-05-003 OHR659474 Explanation for High Contractor Cost  
Rehmann-DR-05-003 OHR992515  
Rehmann-DR-05-003 OIA892710  
Rehmann-DR-05-003 ONP469504  
Rehmann-DR-05-003 ONP662767  
Rehmann-DR-05-003 ONP662769  
Rehmann-DR-05-003 ONP662769 Explanation for High Contractor Cost  
Rehmann-DR-05-003 ONP662778  
Rehmann-DR-05-003 ONP662779  
Rehmann-DR-05-003 ONP662779 Explanation for UG Cable  
Rehmann-DR-05-003 ONP662780  
Rehmann-DR-05-003 ONP662807  
Rehmann-DR-05-003 ONP662809 Explanation for UG Cable  
Rehmann-DR-05-003 Supplemental  
Rehmann-DR-05-004  
Rehmann-DR-05-004 Attachment  
Rehmann-DR-05-004 Supplemental  
Rehmann-DR-06-001  
Rehmann-DR-06-001(a) Conf Attachment  
Rehmann-DR-06-001(b) Conf Attachment  
Rehmann-DR-06-001(c) Conf Attachment  
Rehmann-DR-06-001(d) Conf Attachment  
Rehmann-DR-06-001(e) Conf Attachment  
Rehmann-DR-06-001(f) Conf Attachment  
Rehmann-DR-06-001(g) Conf Attachment  
Rehmann-DR-06-001(h) Conf Attachment  
Rehmann-DR-06-001(i) Conf Attachment  
Rehmann-DR-06-001(j) Conf Attachment  
Rehmann-DR-06-001(k) Conf Attachment

**Public Utilities Commission of Ohio**  
**Duke Energy Ohio, Inc.**  
**Case No. 19-1287-EL-RDR Annual Rider DCI Audit**  
**Rehmann Consulting Prepared**

Rehmann-DR-06-001(l) Conf Attachment  
Rehmann-DR-06-001(m) Conf Attachment  
Rehmann-DR-06-001(n) Conf Attachment  
Rehmann-DR-06-001(o) Conf Attachment  
Rehmann-DR-06-001(p) Conf Attachment  
Rehmann-DR-06-001(q) Conf Attachment  
Rehmann-DR-06-001(r) Conf Attachment  
Rehmann-DR-06-001(s) Conf Attachment  
Rehmann-DR-06-001(t) Conf Attachment  
Rehmann-DR-06-001(u) Conf Attachment  
Rehmann-DR-06-001(v) Conf Attachment  
Rehmann-DR-06-001(w) Conf Attachment  
Rehmann-DR-06-001(x) Conf Attachment  
Rehmann-DR-06-001(y) Conf Attachment  
Rehmann-DR-07-001  
Rehmann-DR-07-001 - Conf Supplemental  
Rehmann-DR-07-001 22651003 Original Estimate Detailed Cost Report  
Rehmann-DR-07-001 22651003 Revised - with scope change -Detailed Cost Report  
Rehmann-DR-07-001 26814266 Revised Detailed Cost Report  
Rehmann-DR-07-001 26914266 Original Estimate Detailed Cost Report  
Rehmann-DR-07-001 27945355 Original Estimate Detailed Cost Report  
Rehmann-DR-07-001 27945355 Revised Detailed Cost Report  
Rehmann-DR-07-001 Attachment  
Rehmann-DR-07-001 Conf Supp Redacted Attachment  
Rehmann-DR-08-001 Confidential  
Rehmann-DR-08-001 Confidential Supplemental  
Rehmann-DR-08-001(a) Conf Attachment  
Rehmann-DR-08-001(a) Conf Supplemental Attachment  
Rehmann-DR-08-001(b) Conf Attachment  
Rehmann-DR-08-001(b) Conf Supplemental Attachment  
Rehmann-DR-08-001(c) Conf Attachment  
Rehmann-DR-08-001(c) Conf Supplemental Attachment  
Rehmann-DR-08-001(d) Conf Attachment  
Rehmann-DR-08-001(d) Conf Supplemental Attachment  
Rehmann-DR-08-001(e) Conf Attachment  
Rehmann-DR-08-001(e) Conf Supplemental Attachment  
Rehmann-DR-08-001(f) Conf Attachment  
Rehmann-DR-08-001(g) Conf Attachment  
Rehmann-DR-08-001(h) Conf Attachment  
Rehmann-DR-08-001(i) Conf Attachment  
Rehmann-DR-08-001(j) Conf Attachment  
Rehmann-DR-08-001(k) Conf Attachment  
Rehmann-DR-08-001(l) Conf Attachment  
Rehmann-DR-08-001(m) Conf Attachment  
Rehmann-DR-08-001(n) Conf Attachment  
Rehmann-DR-08-001(o) Conf Attachment  
Rehmann-DR-08-001(p) Conf Attachment

**Public Utilities Commission of Ohio**  
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**Case No. 19-1287-EL-RDR Annual Rider DCI Audit**  
**Rehmann Consulting Prepared**

Rehmann-DR-08-001(q) Conf Attachment  
Rehmann-DR-08-001(r) Conf Attachment  
Rehmann-DR-08-001(s) Conf Attachment  
Rehmann-DR-08-001(t) Conf Attachment  
Rehmann-DR-08-001(u) Conf Attachment  
Rehmann-DR-08-001(v) Conf Attachment  
Rehmann-DR-08-001(w) Conf Attachment  
Rehmann-DR-08-001(x) Conf Attachment  
Rehmann-DR-08-001(y) Conf Attachment  
Rehmann-DR-09-001  
Rehmann-DR-09-001 Attachment  
Rehmann-DR-09-002  
Rehmann-DR-09-002 Attachment  
Rehmann-DR-09-003  
Rehmann-DR-09-003(a) Attachment  
Rehmann-DR-09-003(b) Attachment  
Rehmann-DR-09-003(c) Attachment  
Rehmann-DR-09-004 Attachment  
Rehmann-DR-09-004 Confidential  
Rehmann-DR-09-004(a) Attachment  
Rehmann-DR-09-004(b) Attachment  
Rehmann-DR-09-004(c) Attachment  
Rehmann-DR-09-004(d) Attachment  
Rehmann-DR-09-004(e) Conf Redacted Attachment  
Rehmann-DR-09-004(f) Attachment  
Rehmann-DR-09-004(g) Attachment  
Rehmann-DR-09-004(h) Conf Attachment  
Rehmann-DR-09-004(i) Attachment  
Rehmann-DR-09-004(j) Attachment  
Rehmann-DR-09-004(k) Attachment  
Rehmann-DR-09-004(l) Conf Attachment  
Rehmann-DR-09-005 Confidential  
Rehmann-DR-09-005(a) Attachment  
Rehmann-DR-09-005(b) Conf Attachment  
Rehmann-DR-09-006  
Rehmann-DR-09-006 Attachment  
Rehmann-DR-10-001  
Rehmann-DR-10-001 Attachment

**Public Utilities Commission of Ohio**  
**Duke Energy Ohio, Inc.**  
**Case No. 19-1287-EL-RDR Annual Rider DCI Audit**  
**Rehmann Consulting Prepared**

**Appendix C – Work Papers Prepared by Rehmann Consulting**

- Field visit observation summaries for 15 work orders and supporting picture files
- Excel file summary of sample of 15 work orders field visited
- Excel file of new additions work orders
- Excel file of retirement work orders
- Excel file of transfer work orders
- Excel file summary of sample of 50 transactions charged to new additions and supporting schedules
- Excel file summary of sample of 15 transactions charged to cost of removal and supporting schedules
- Excel file summary of sample of 10 retirement transactions
- FERC Form 1 detailed tests
- FERC Form 1 reconciliation of differences
- Excel file summary of accumulated deferred income tax tests and supporting files (8 files)
- Property tax tests (4 files)
- Depreciation tests
- Excel file summary of the CAT test
- Excel file summary of plant-in-service detailed tests of balances and supporting files (2 files)
- Excel File summary of accumulated depreciation detailed tests of balances and supporting files (3 files)
- Excel files quantifying impacts on revenue requirement (11 files)
- Excel file summary of RWIP buildup
- Excel file summary of un-unitized amounts by engineering in-service year
- Excel file summary of 25 tree trimming invoices and supporting schedules (2 files)
- Excel file summary of 25 unitized plant-in-service work orders and supporting schedules
- Excel file summary of 25 unitized RWIP work orders and supporting schedules
- Excel file summary of 25 work orders evaluating CIAC and supporting schedules (2 files)
- Excel file summary of 25 work order estimates versus actuals and supporting schedules (2 files)
- Excel file summary of incentive tests (7 files)
- Document requests (10)
- Document request responses (316)

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

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**Case No(s). 19-1287-EL-RDR**

Summary: Report Compliance audit of Rider DCI electronically filed by Mr. Devin C Mackey  
on behalf of PUCO