

THE PUBLIC UTILITIES COMMISSION OF OHIO

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

CASE NO. 19-664-GA-RDR

ENTRY

Entered in the Journal on February 26, 2020

I. SUMMARY

{¶ 1} The Commission selects Blue Ridge Consulting Services, Inc. to conduct the audit services necessary to assist the Commission with the review of Duke Energy Ohio, Inc.'s capital assets associated with Rider Advanced Utility.

II. DISCUSSION

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

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

{¶ 4} By Opinion and Order dated July 2, 2019, the Commission approved Duke's application to adjust Rider AU for 2017 grid modernization costs. Additionally, in light of Duke's plans to replace certain advanced metering infrastructure (AMI) components for the gas distribution system, the Commission determined that Staff, in the Company's next annual proceeding to adjust Rider AU, should thoroughly evaluate whether the Company's customers are paying charges through Rider AU for costs associated with equipment that is no longer used and useful. Staff was directed to perform, as necessary, a field audit or other

physical verification of Duke's AMI components for its natural gas operations. *In re Duke Energy Ohio, Inc.*, Case No. 18-837-GA-RDR (2018 Rider AU Case), Opinion and Order (July 2, 2019) at ¶¶ 23-24.

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

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

{¶ 7} On October 25, 2019, Staff filed its review and recommendations, stating that, due to Duke's inability to provide sufficient financial information to support the locational data of its capital equipment, Staff was unable to adequately complete the audit ordered by the Commission in the *2018 Rider AU Case*. Staff recommended, among other things, that a request for proposal (RFP) be issued for the necessary audit of Duke's capital equipment.

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

{¶ 9} On December 4, 2019, the Commission directed Staff to issue an RFP for audit services to review Duke's capital assets associated with Rider AU.

{¶ 10} On January 15, 2020, the Commission directed Staff to reissue the RFP for audit services due to an insufficient number of proposals submitted to the Commission. The

Commission directed that proposals be submitted by February 10, 2020. Further, the RFP specified that the draft and final audit reports would be due on April 17, 2020, and April 29, 2020, respectively, although the RFP also noted that the timeline is subject to change by the Commission.

{¶ 11} At this time, the Commission selects Blue Ridge Consulting Services, Inc. (Blue Ridge) to review Duke's capital assets associated with Rider AU. The Commission finds that Blue Ridge has the necessary experience to complete the required work. Additionally, in order to ensure that Blue Ridge has sufficient time to complete its audit, under circumstances where Duke has been unable to provide sufficient financial information to support the locational data of its capital equipment, the Commission finds that the deadlines for the draft and final audit reports should be extended to May 20, 2020, and June 3, 2020, respectively.

{¶ 12} Duke shall enter into a contract with Blue Ridge by March 11, 2020, for the purpose of providing payment for its auditing services. The contract shall incorporate the terms and conditions of the RFP, the auditor's proposal, and the relevant Commission entries in this case.

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

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

Except in his report to the public utilities commission or when called on to testify in any court or proceeding of the public utilities commission, no employee or agent referred to in section 4905.13 of the Revised Code shall divulge any information acquired by him in respect to the transaction, property, or business of any public utility, while acting or claiming to act as

such employee or agent. Whoever violates this section shall be disqualified from acting as agent, or acting in any other capacity under the appointment or employment of the commission.

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

{¶ 16} Once disclosure is permitted by R.C. 4901.16, the following process applies to the release of any document or information marked as confidential. Three days’ prior notice of intent to disclose shall be provided to the party claiming confidentiality. Three days after such notice, Staff or the auditor may disclose or otherwise make use of such documents or information for any lawful purpose, unless the Commission receives a request for a protective order pertaining to such documents or information within the three-day notice period. The three-day notice period will be computed according to Ohio Adm.Code 4901-1-07.

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

III. ORDER

{¶ 18} It is, therefore,

{¶ 19} ORDERED, That Blue Ridge be selected to perform the consulting activities set forth above and in the RFP. It is, further,

{¶ 20} ORDERED, That the deadlines for the draft and final audit reports be extended to May 20, 2020, and June 3, 2020, respectively. It is, further,

{¶ 21} ORDERED, That Duke and Blue Ridge observe the requirements set forth herein. It is, further,

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

COMMISSIONERS:

Approving:

Sam Randazzo, Chairman

M. Beth Trombold

Lawrence K. Friedeman

Daniel R. Conway

Dennis P. Deters

SJP/kck

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

2/26/2020 3:00:21 PM

in

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

Summary: Entry that the Commission selects Blue Ridge Consulting Services, Inc. to conduct the audit services necessary to assist the Commission with the review of Duke Energy Ohio, Inc.'s capital assets associated with Rider Advanced Utility electronically filed by Docketing Staff on behalf of Docketing