THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE REGULATION OF THE PURCHASED GAS ADJUSTMENT CLAUSE CONTAINED WITHIN THE RATE SCHEDULES OF DUKE ENERGY OHIO, INC.	**CASE NO. 20-218-GA-GCR**
IN THE MATTER OF THE UNCOLLECTIBLE EXPENSE RIDER OF DUKE ENERGY OHIO, INC.	**CASE NO. 20-318-GA-UEX**
IN THE MATTER OF THE PERCENTAGE OF INCOME PAYMENT PLAN RIDER OF DUKE ENERGY OHIO, INC.	**CASE NO. 20-418-GA-PIP**

ENTRY

Entered in the Journal on March 11, 2020

I. SUMMARY

{¶ 1} The Commission initiates the annual gas cost recovery, uncollectible expense, and percentage of income payment plan audits of Duke Energy Ohio, Inc.

II. DISCUSSION

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

{¶ 3} R.C. 4905.302 and Ohio Adm.Code 4901:1-14-07 require that the Commission conduct, or cause to be conducted, periodic audits of gas or natural gas companies. Such an audit shall be performed for Duke and the audit shall review the Company's compliance with the gas cost recovery (GCR) mechanism for the 12-month period ending August 2020. The audit shall review the incurred and estimated costs used to calculate the GCR rates.

{¶ 4} On December 21, 2005, the Commission authorized Duke to establish an uncollectible expense (UEX) rider. *In re The Cincinnati Gas & Elec. Co.*, Case No. 05-732-EL-MER, et al., Finding and Order (Dec. 21, 2005). In accordance with the Commission's previous directives, Duke's independent financial auditor will audit the UEX rider in

conjunction with Duke's GCR audit. *In re Duke Energy Ohio, Inc.*, Case No. 10-726-GA-UEX, Finding and Order (June 23, 2010). The UEX rider audit will examine rates effective from April 1, 2019, to March 31, 2020.

{¶ 5} Furthermore, the Commission has authorized Duke to recover percentage of income payment plan (PIPP) arrearages associated with providing natural gas service through its PIPP rider. *In re Review of PIP Plan Riders*, Case No. 88-1115-GE-PIP, et al., Finding and Order (Dec. 2, 1993). At this time, the Commission finds that the PIPP rider should be audited in the course of the Company's GCR and UEX audits. Therefore, the Commission is initiating the audit of Duke's PIPP rider for rates effective April 1, 2019, through March 31, 2020.

{¶ 6} Through this Entry, the Commission is initiating the financial audits of Duke's GCR mechanism and its UEX and PIPP riders. Duke shall select the auditor to perform the audits described in this Entry. The auditor should docket its audit findings for the GCR audit in Case No. 20-218-GA-GCR, for the UEX rider audit in Case No. 20-318-GA-UEX, and for the PIPP rider audit in Case No. 20-418-GA-PIP. The due date for the GCR, UEX, and PIPP audit reports is November 20, 2020.

{¶ 7} Pursuant to the GCR rules, in the GCR audit report, the auditor shall assure the Commission that:

(a) The costs reflected in the Company's GCR rates were properly incurred by the Company.

(b) The GCR rates were accurately computed by the Company.

(c) The GCR rates were accurately applied to customer bills.

(d) If it changed from historical volumes to weather-normalized and/or forecasted volumes, the Company has reasonably applied such approach throughout the audit period.

{¶ 8} The selected auditor is required to submit a Certificate of Accountability attesting to the accuracy of financial data pertaining to the periods specified above. The financial auditor shall also include discussions of the Company's compliance with any and all applications granted for revisions to its filed GCR rates pertinent to the audit period, as well as the Company's compliance with the financial directives of the Commission's most recent order concerning the Company's GCR audit. Reference should be made in the GCR report to any errors or deviations from the calculations prescribed within Ohio Adm.Code Chapter 4901:1-14.

{¶ 9} Ohio Adm.Code 4901:1-14-08 requires the Commission to hold a public hearing at least 60 days after the filing of the GCR audit report required under Ohio Adm.Code 4901:1-14-07. Therefore, a public hearing shall be held pursuant to R.C. 4905.302 to allow the Commission to review the Company's purchased gas adjustment clause and related matters. The hearing shall commence on January 19, 2021, at 10:00 a.m., at the offices of the Commission, 180 East Broad Street, Hearing Room 11-C, Columbus, Ohio 43215-3793. At that time, all interested persons will be given an opportunity to be heard.

{¶ 10} Ohio Adm.Code 4901:1-14-08 specifies the requirement for notice of the GCR audit hearing, which the Company should cause to be published between 15 and 30 days prior to the date set for its hearing. The notice may be provided by newspaper publication (in a section other than the legal notices section), bill message, bill insert, or direct mailing to the customers. The notice shall be published in substantially the following form:

LEGAL NOTICE

> The Public Utilities Commission of Ohio has set for public hearing Case No. 20-218-GA-GCR, to review the gas cost recovery rates of Duke Energy Ohio, Inc., the operation of its purchased gas adjustment clause, and related matters. This hearing is scheduled to begin at 10:00 a.m. on Tuesday, January 19, 2021, at the offices of the Commission, 180 East Broad Street, Hearing Room 11-C, Columbus,

> Ohio 43215-3793. All interested parties will be given an opportunity to be heard. Further information may be obtained by viewing the Commission's web page at http://www.puco.ohio.gov or contacting the Commission at (800) 686-7826 or for hearing or speech impaired customers 7-1-1.

{¶ 11} The direct testimony of any witness testifying on behalf of Duke should be filed at least 16 days prior to the Company's GCR hearing. All direct testimony to be presented by any other party should be filed at least seven days prior to the hearing.

{¶ 12} The Commission directs that all costs associated with the GCR, UEX, and PIPP audits be borne by Duke.

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

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

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

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

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

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

{¶ 17} The Commission finds that complete documentation of the financial audit process within the auditor's work papers is essential. Accordingly, the financial auditor shall ensure that the reports and work papers are complete reflections of the financial audit process. In the event Staff experiences difficulty in gaining access to necessary documentation, the Commission may issue a request for proposal for the selection of the financial auditor in subsequent audits.

III. ORDER

{¶ 18} It is, therefore,

{¶ 19} ORDERED, That the audits of Duke for the effective periods set forth in Paragraphs 3 through 5 be conducted and filed with the Commission pursuant to the directives herein. It is, further,

{¶ 20} ORDERED, That a public hearing be conducted in the GCR proceeding, consistent with the findings herein, at the date and time specified in Paragraph 9. It is, further,

{¶ 21} ORDERED, That Duke publish legal notice in accordance with Paragraph 10. It is, further,

{¶ 22} ORDERED, That the Company bear the cost of these audits as provided in Paragraph 12. It is, further,

{¶ 23} ORDERED, That the Company and auditor observe the requirements set forth herein. It is, further,

{¶ 24} ORDERED, That the auditor provide the documentation necessary to support its conclusions and recommendations, as specified in Paragraph 17. It is, further,

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

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

SJP/mef

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Case No(s). 20-0218-GA-GCR, 20-0318-GA-UEX, 20-0418-GA-PIP

Summary: Entry that the Commission initiates the annual gas cost recovery, uncollectible expense,
and percentage of income payment plan audits of Duke Energy Ohio, Inc. electronically filed by Docketing Staff on behalf of Docketing