

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE REVIEW OF THE
DEMAND SIDE MANAGEMENT AND
ENERGY EFFICIENCY RIDER OF OHIO
EDISON COMPANY, THE CLEVELAND
ELECTRIC ILLUMINATING COMPANY,
AND THE TOLEDO EDISON COMPANY.

CASE NO. 18-1646-EL-RDR
CASE NO. 19-1904-EL-RDR
CASE NO. 20-1673-EL-RDR
CASE NO. 21-1131-EL-RDR
CASE NO. 22-1044-EL-RDR

ENTRY

Entered in the Journal on March 6, 2024

I. SUMMARY

{¶ 1} The Commission directs Staff to issue the request for proposal for audit services to assist the Commission with its review of the demand side management and energy efficiency rider of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company.

II. DISCUSSION

{¶ 2} Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company (collectively, FirstEnergy or the Companies) are electric distribution utilities as defined in R.C. 4928.01(A)(6) and public utilities as defined in R.C. 4905.02, and, as such, are subject to the jurisdiction of this Commission.

{¶ 3} R.C. 4928.141 provides that an electric distribution utility shall provide customers within its certified territory a standard service offer (SSO) of all competitive retail electric services necessary to maintain essential electric services to customers, including firm supply of electric generation services. The SSO may be either a market rate offer in accordance with R.C. 4928.142 or an electric security plan (ESP) in accordance with R.C. 4928.143.

{¶ 4} The Commission has approved several riders in FirstEnergy's ESP proceedings, some of which require the Companies to file semi-annual updates no later than December 1st and June 1st of each year and are subject to an annual audit by the Commission. One of these Commission-approved riders is the Demand Side Management and Energy Efficiency Rider (Rider DSE). *In re Ohio Edison Co., The Cleveland Elec. Illum. Co., and The Toledo Edison Co.*, Case No. 08-935-EL-SSO, et al.; *In re Ohio Edison Co., The Cleveland Elec. Illum. Co., and The Toledo Edison Co.*, Case No. 10-388-EL-SSO; *In re Ohio Edison Co., The Cleveland Elec. Illum. Co., and The Toledo Edison Co.*, Case No. 12-1230-EL-SSO; *In re Ohio Edison Co., The Cleveland Elec. Illum. Co., and The Toledo Edison Co.*, Case No. 14-1297-EL-SSO (*ESP IV Case*). Rider DSE recovers costs incurred by the Companies associated with energy efficiency, peak demand reduction (EE/PDR), and demand side management programs.¹ Pursuant to the Commission's orders in the ESP proceedings listed above, FirstEnergy is required to file an application annually for the review of Rider DSE costs.

{¶ 5} On March 31, 2020, FirstEnergy filed an application in Case No. 18-1646-EL-RDR, in support of Staff's 2019 annual review of Rider DSE (*2019 Rider DSE Review*).

{¶ 6} On March 31, 2021, FirstEnergy filed an application in Case No. 19-1904-EL-RDR, in support of Staff's 2020 annual review of Rider DSE (*2020 Rider DSE Review*).

{¶ 7} On September 7, 2022, FirstEnergy filed an application in Case No. 20-1673-EL-RDR, in support of Staff's 2021 annual review of Rider DSE (*2021 Rider DSE Review*).

¹ There are three separate components to Rider DSE at issue in the above-captioned proceedings: (1) Rider DSE 1 charges recover costs associated with customers taking service under the Economic Load Response (ELR) Rider; (2) Rider DSE 2 charges recover costs associated with compliance with the EE/PDR requirements in R.C. 4928.66; and (3) Rider DSE 3 charges, which FirstEnergy proposed in Case No. 20-1673-EL-RDR, would recover charges that were previously recovered under Rider DSE 2, which are not costs incurred for compliance with R.C. 4928.66, and instead, in large part, are associated with energy efficiency commitments authorized by the Commission in the *ESP IV Case*.

{¶ 8} On March 31, 2023, FirstEnergy filed an application in Case No. 21-1131-EL-RDR, in support of Staff's 2022 annual review of Rider DSE (*2022 Rider DSE Review*).

{¶ 9} FirstEnergy is required to file an application in Case No. 22-1044-EL-RDR by March 31, 2024, in support of Staff's 2023 annual review of Rider DSE (*2023 Rider DSE Review*).

{¶ 10} As an initial matter, given that the above-captioned cases relate to annual reviews of Rider DSE, the Commission finds that the cases should be consolidated, sua sponte, in the spirit of administrative efficiency. Not only will consolidation promote efficiency in the resolution of these cases, the Commission also notes that no party will be prejudiced as no procedural schedule has been issued in any of the cases at issue.

{¶ 11} To assist the Commission with the audit of the Companies' Rider DSE costs for the period from January 1, 2019, through December 31, 2023, the Commission directs Staff to issue the request for proposal (RFP) for audit services attached to this Entry.²

{¶ 12} All proposals submitted pursuant to the RFP are due by April 3, 2024. In order to demonstrate the ability to perform the services required in the RFP, the proposal must show, in detail, the auditor's understanding of the project and the work required. Each proposal must address, with specificity, how the auditor will handle all of the issues in the RFP. The auditor must demonstrate that it will be able to perform the required services, showing its clear understanding of the tasks to be completed, the experience and qualifications of the personnel who will perform the work, and the anticipated breakdown of costs and timing. The selection criteria to be used by the Commission to determine the

² As noted in the attached RFP, the auditor will be required to review up to three separate components of Rider DSE in each audit period at issue: the *2019 Rider DSE Review* consists of a review of Rider DSE 1 and Rider DSE 2 charges; the *2020 Rider DSE Review* consists of a review of Rider DSE 1 and Rider DSE 2 charges; the *2021 Rider DSE Review* consists of a review of Rider DSE 1 charges, the final reconciliation of Rider DSE 2 charges due to the elimination of EE/PDR programs pursuant to R.C. 4928.66, and proposed Rider DSE 3 charges; the *2022 Rider DSE Review* consists of a review of Rider DSE 1 charges; and the *2023 Rider DSE Review* consists of a review of Rider DSE 1 charges.

selection of the auditor shall be the technical and management capabilities of each firm, as well as the overall cost of each bid.

{¶ 13} The Companies shall directly contract with the auditor chosen by the Commission and bear the costs of the services solicited in the RFP.

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

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

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

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

{¶ 17} 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.

{¶ 18} Upon request of the auditor or Staff, the Companies shall provide any and all documents or information requested. The Companies may conspicuously mark such documents or information as “confidential” if the Companies believe the document should be deemed as such. In no event, however, shall the Companies refuse or delay in providing such documents or information.

III. ORDER

{¶ 19} It is, therefore,

{¶ 20} ORDERED, That the above-captioned cases be consolidated. It is, further,

{¶ 21} ORDERED, That Staff issue the RFP attached to this Entry and that April 3, 2024, be set as the due date for proposals in response to the RFP. It is, further,

{¶ 22} ORDERED, That, in accordance with Paragraph 13, the Companies bear the cost of the audit services of the auditor chosen by the Commission, as set forth in the RFP. It is, further,

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

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

COMMISSIONERS:

Approving:

Jenifer French, Chair
Daniel R. Conway
Lawrence K. Friedeman
Dennis P. Deters
John D. Williams

MJA/dmh

REQUEST FOR PROPOSAL NO. RA24-EEPDR-1

A MANAGEMENT/PERFORMANCE AND FINANCIAL AUDIT
OF DEMAND SIDE MANAGEMENT AND ENERGY EFFICIENCY RIDER
(RIDER DSE) OF FIRSTENERGY OHIO

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

PROPOSAL DUE: April 3, 2024



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I. INTRODUCTION

On July 31, 2008, Amended Substitute Senate Bill Number 221 (SB221) was enacted in Ohio and established energy efficiency standards for electric distribution utilities (EDUs) in the state, along with a number of other changes to the energy legislation contained in the Ohio Revised Code.

Pursuant to R.C. 4928.66, the EDUs were required to implement energy efficiency programs to achieve defined energy savings as a percentage of the total, annual average, and normalized kilowatt-hour sales of each of the EDUs during the preceding three calendar years to customers in the state. The EDUs were also required to implement peak demand reduction programs to achieve defined reductions in peak demand.

On March 25, 2009, in Case No. 08-935-EL-SSO et al., the Public Utilities Commission of Ohio (Commission) approved a Stipulation and Recommendation¹ and Supplemental Stipulation² that established the Cleveland Electric Illuminating Company's, the Ohio Edison Company's, and the Toledo Edison Company's (collectively, the Companies), Demand Side Management and Energy Efficiency cost recovery mechanism (Rider DSE) to recover costs associated with energy efficiency, peak load reduction and demand side management programs, including administration costs and lost distribution revenues. The Companies committed to conduct a market study to identify potential energy efficiency and peak demand reduction opportunities, establish a collaborative process to discuss the opportunities identified in the market study, and propose a portfolio of programs to be implemented based on the feedback. The Companies were also required to propose an independent, third-party administrator, to establish measurement and verification protocols for the programs. Separately, the Companies were authorized to establish load response programs under R.C. 4928.66 through the Economic Load Response (Rider ELR) and Optional Load Response (Rider OLR).

On October 28, 2009, the Commission approved rules to implement energy efficiency components of SB221 through the adoption of Ohio Adm.Code Chapter 4901:1-39 (Energy Efficiency and Demand Reduction Benchmarks).³

The requirements for energy efficiency and peak demand programs were modified several times over the years, culminating in the passage of Amended Substitute House Bill Number 6 (HB6) on October 22, 2019.

¹ Case Nos. 08-935-EL-SSO et al., Stipulation & Recommendation (Feb. 19, 2009) at p. 20-30.

² Case Nos. 08-935-EL-SSO et al., Supplemental Stipulation (Feb. 26, 2009) at p. 8.

³ Case No. 08-0888-EL-ORD, Entry (Oct. 28, 2009).

HB6 enacted modifications to the mandates for energy efficiency savings originally created through SB221, notably that all existing EDU portfolio plans⁴ shall terminate on December 31, 2020, if the Commission determines that full compliance with the cumulative energy savings requirements has been achieved on or before February 1, 2021. Further, R.C. 4928.66(G)(3) states that:

Upon the date that full compliance with division (A)(1)(a) of this section is deemed achieved under division (G)(2) (a) or (b) of this section, any electric distribution utility cost recovery mechanisms authorized by the commission for compliance with this section shall terminate except as may be necessary to reconcile the difference between revenue collected and the allowable cost of compliance associated with compliance efforts occurring prior to the date upon which full compliance with division (A)(1)(a) of this section is deemed achieved. No such cost recovery mechanism shall be authorized by the commission beyond the period of time required to complete this final reconciliation.

Through a since-repealed section of the Revised Code, HB6 also provided an opportunity for EDUs to implement a decoupling mechanism designed to recover 2018 annual revenues, for the 2019 calendar year and each year thereafter.⁵

On January 15, 2020, the Commission approved the Companies' Application in Case No. 19-2080-EL-ATA and 19-2081-EL-AAM to implement a decoupling mechanism using the new authority under R.C. 4928.471, which was the Conservation Support Rider (Rider CSR). During the comment period in that proceeding, the Companies stated that they filed in Case No. 19-1904-EL-RDR to remove all lost distribution revenues from Rider DSE, which were previously authorized in Case Nos. 08-935-EL-SSO, et al., to avoid double recovery.⁶

On November 18, 2020, the Commission ordered that each EDU should file revised tariffs for their respective cost recovery mechanisms for energy efficiency programs, setting the riders to zero by January 1, 2021, once the information was available for final reconciliation.⁷

⁴ R.C. 4928.6610(C): "Portfolio plan" means either of the following: (1) The comprehensive energy efficiency and peak-demand reduction program portfolio plan required under rules adopted by the public utilities commission and codified in Chapter 4901:1-39 of the Administrative Code or hereafter recodified or amended; (2) Any plan implemented pursuant to division (G) of section 4928.66 of the Revised Code.

⁵ R.C. 4928.471, repealed in 2021 Am.H.B. No. 128.

⁶ Case Nos. 19-2080-EL-ATA and 19-2081-EL-AAM, Reply Comments of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company (Dec. 12, 2019) at p. 5.

⁷ Case No. 16-743-EL-POR, Finding and Order (Nov. 18, 2020) at p. 4.

On December 1, 2020, the Companies filed an Application to modify the Companies' Rider DSE.⁸ The description of the proposal states:

Proposal to modify the Demand Side Management and Energy Efficiency Rider ("Rider DSE") of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company (collectively, "Companies"), to set Rider DSE2 to zero, and to establish a Rider DSE3 charge. Rider DSE3 will continue recovery of costs currently recovered under Rider DSE2 which are not costs of programs authorized in Case No. 16-0743-EL-POR for compliance with O.R.C. 4928.66, but rather are associated with energy efficiency commitments authorized by the Commission in Case No. 14-1297-EL-SSO, as well as recovery of applicable lost distribution revenue and shared savings authorized in Case No. 14-1297-EL-SSO. Rider DSE3 will also provide a mechanism for the Companies to share with customers revenue obtained from offering energy efficiency resources into the PJM capacity market, consistent with the methodology approved in Case No. 16-0743-EL-POR, and for recovery of administrative costs associated with Rider DSE activities conducted at the Commission's direction.

On February 24, 2021, the Commission found that the statewide collective benchmark for energy efficiency savings had been met by the cumulative energy savings of the EDUs and terminated the cost recovery mechanisms in accordance with R.C. 4928.66(G)(3).⁹

On June 30, 2021, House Bill 128 (HB128) was passed to revise electric utility service law and repeal portions of HB6. Notably, the provisions to terminate the existing EDU portfolio plans were unchanged, but R.C. 4928.471 was repealed entirely.

On July 7, 2021, the Commission directed the Companies to refund all revenues that had been collected through the previously authorized Rider CSR over a single billing cycle, which the Commission found to be consistent with HB128.¹⁰

On December 1, 2021, the Commission approved a Global Stipulation entered into by the Companies to resolve a number of matters pending in various cases before the Commission.¹¹ As part of the Global Stipulation, the Companies resolved the 2014, 2015,

⁸ Case No. 20-1673-EL-RDR et al., Application (Dec. 1, 2020).

⁹ Case No. 16-1743-EL-POR, et al., Finding and Order, Page 1. 2/24/21

¹⁰ Case No. 21-484-EL-ATA, Finding and Order. 7/7/21

¹¹ Case No. 13-2173-EL-RDR, et al., Opinion and Order. 12/1/2021

2016, 2017, and 2018 Rider DSE annual audit cases.¹² The Global Stipulation also resolved matters related to the recovery of lost distribution revenues, notably the Companies agreed to not seek recovery of lost distribution revenues over the remaining term of ESP IV. The signatory parties also agreed that the Economic Load Response Program Rider was “not an energy efficiency program that should be terminated pursuant to R.C. 4928.66(G)”.

II. PURPOSE

The Commission is seeking proposals to review the accounting accuracy, prudence, and compliance of FirstEnergy Ohio with its PUCO-approved Rider DSE with regard to actual program costs, lost distribution revenues, and shared savings included in the rider, as well as to review the prudence of management decisions in the administration of the Companies' EE/PDR program portfolio plans.

The auditor and/or retained subcontractors shall be familiar with and comply with the following:

- R.C. 4928.143, allowing Companies to recover incremental costs that they incur to comply with energy efficiency programs.
- R.C. 4928.66 requiring utilities to implement energy efficiency and peak demand reduction programs.
- Ohio Adm.Code chapter 4901:1-39, setting forth the Commission’s rules regarding energy efficiency programs.
- The regulatory environment impacting the electric industry.
- The business operations of electric distribution utility companies
- Energy efficiency and peak demand reduction programs for electric utilities.
- Single issue cost recovery mechanisms.
- Generally accepted accounting principles (GAAP).
- Federal Energy Regulatory Commission (FERC) Uniform System of Accounts.
- Various accounting and tax changes or decisions issued during or impacting the audit period.

III. SCOPE OF INVESTIGATION

A. General Project Requirements

The auditor’s investigation shall determine if the Companies have implemented Rider DSE in compliance with the Commission-approved electric security plans

¹² These audit cases were docketed as Case Nos. 13-2173-EL-RDR, 14-1947-EL-RDR, 15-1843-EL-RDR, 16-2167-EL-RDR, and 17-2277-EL-RDR, respectively.

(ESPs), review Rider DSE costs for the 2019 through 2020 annual rider periods (DSE 1¹³ and DSE 2¹⁴), review the Rider DSE costs (DSE 1 only) for the 2021 through 2023 annual rider period, along with the final reconciliation of Rider DSE and proposal to implement DSE 3 charges.

The auditor shall:

- Obtain and review all appropriate documentation relating to the Companies' compliance with the PUCO-approved Rider DSE.
- Review Rider DSE-related provisions contained within the Commission's decisions in Case Nos. 08-935-EL-SSO et al., 09-581-EL-EEC et al., 10-388-EL-SSO, 12-1230-EL-SSO and 14-1297-EL-SSO, and Case No. 21-1131-EL-RDR.
- Review the Companies' portfolio plans and the Commission's decisions in Case No. 16-743-EL-POR (2017-2019 Portfolio Plan).
- Obtain and review actual program costs for all Rider DSE charges from January 1, 2019, through December 31, 2020, in Case Nos. 18-1646-EL-RDR (2019 Costs), 19-1904-EL-RDR (2020 Costs), 20-1673-EL-RDR (Final Reconciliation).
- Obtain and review actual program costs for DSE 1 charges only from January 1, 2021, through December 31, 2022, in Case Nos. 20-1673-EL-RDR (2021 DSE 1 costs, Final Reconciliation, and DSE 3), 21-1131-EL-RDR (2022 DSE 1 costs), and 22-1044-EL-RDR (2023 DSE 1 costs).
- Review the prudence and management decisions in the administration of the Companies' ELR program, including, but not limited to, offering ELR resources into PJM capacity auctions.
- Review the prudence and management decisions in the administration of the Companies' EE/PDR program portfolio plans.
- Determine whether certain employee expenses identified by the Companies as related to energy efficiency, including meals, travel, and entertainment, are prudent.
- Confirm accuracy and consistency of customer billings with tariff rates.
- Confirm accuracy of carrying charges.
- Confirm accuracy of shared savings.
- Confirm accuracy of lost distribution revenues, given case history described above.
- Verify customer rebates and/or incentives related to the Companies' EE/PDR program portfolio plans.

¹³ The DSE 1 charges recover costs associated with customers taking service under the Economic Load Response Rider.

¹⁴ The DSE 2 charges recover costs associated with compliance with the energy efficiency and peak demand reduction requirements in R.C. 4928.66.

- Review the Companies' proposal for DSE 3 charges contained in Case No. 20-1673-EL-RDR and make recommendations based on the Application.

B. Role of the Auditor

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

C. Commission Staff Supervision

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

D. Cost of Audit and Quotation of Charges

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

E. Cost of Presenting Expert Testimony

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

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

IV. TIMELINE

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

Audit proposals due	April 3, 2024
Award audit (Commission Order)	April 17, 2024
Audit Conducted	April 17 – Dec. 4, 2024
Draft audit report presented to Staff	Dec. 5, 2024
Final audit report filed with Commission	Dec. 18, 2024

V. DEADLINES AND DELIVERABLES

A. Availability of Documents

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

Staff or the auditor selected shall not publicly disclose any document marked “confidential” by the Company, except upon three days prior notice of intent to disclose served upon the Company’s counsel. Three days after such notice, Staff or the auditor may disclose or otherwise make use of such documents or information for any purpose, unless the Company move the Commission for a protective order pertaining to such documents or information within the three-day notice period.

The three-day notice period will be computed according to Ohio Adm.Code 4901-1-07. Service shall be complete upon mailing or delivery in person.

B. Fiscal Reports

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

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

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

C. Interim Reporting

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

D. Draft Report

A draft of the final audit report shall be sent to Staff electronically at least ten days prior to the due date of the final audit report.

E. Final Report

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

F. Working Papers

A complete set of working papers is an integral part of the audit requirements. With the final audit report, the auditor selected shall deliver to Staff one complete set of working papers that contain documents used and procedures followed to develop the conclusions set forth in the audit report. Working papers should include Applicant’s name, case number, description (items in folder), and source documents.

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

G. Production of Documents

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

H. Testimony

The auditor shall be expected to present expert testimony during the course of any hearing at which the audit report is considered. The individual providing testimony will be one or more persons who conducted or directed the audit activities being considered at any hearing.

VI. MINIMUM CONTENTS OF PROPOSAL

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

- A. Name, mailing address, and telephone number of the individual to contact if further information is desired;
- B. An indication of how the bidder plans to incorporate Staff's participation in the proposed work plan; and
- C. The name(s) of all subcontractors to be used in the performance of the proposed work, identification of the specific items to be performed/provided by the subcontractor, and the cost of the proposed subcontractor's work; or if no subcontractors are to be used, the entry "Subcontractor – none" (all such subcontractors indicated in the proposal will be acknowledged as accepted by the Commission upon selection of the proposal for contract awarded unless the auditor is previously notified of the contrary. No addition, deletion, or substitution of subcontractors will be permitted during the course of the contract unless approved in advance by Staff in writing.) If subcontractors are proposed, all information required in this section shall be supplied for each subcontractor proposed. Such

information shall be supplied in a format parallel to the overall format specified for the contractor.

D. The following required Equal Employment Opportunity (EEO) data must be provided for the auditor and each subcontractor:

1. The total number of employees;
2. The percentage of the total which are women;
3. The percentage of the total which are Black, Hispanic, Asian, or American Indian (please specify);
4. The total number of employees located in Ohio offices;
5. The percentage of the Ohio total which are women;
6. The percentage of the Ohio total which are Black, Hispanic, Asian, or American Indian (please specify);
7. The number of individuals to be assigned to the project;
8. The percentage of the total assigned which are women;
9. The percentage of the total assigned which are Black, Hispanic, Asian, or American Indian (please specify);

E. A listing of contracts the auditor and each subcontractor has with the State of Ohio and:

1. Name of the state agency(s) for each contract;
2. The cost of each contract;
3. The duration of each current contract.

F. A statement that neither the auditor, nor its parent(s) or subsidiaries have a financial interest in the Company and/or shared officers or directors and that the auditor, if selected, will not acquire or be subject to such an interest during the course of the work described in this RFP.

If the auditor believes that such a financial interest may exist and that such a statement cannot be completed as part of the proposal, please provide a description of the auditor's (including parents and subsidiaries) financial interest(s) in the Company, or the Company's affiliates.

Auditors maintaining any present or ongoing contracts or agreements with the Company and affiliates may, at the discretion of the Commission, be disqualified by reason of possible conflict of interest. In the proposal, such contracts should be described in sufficient detail that the Commission can determine whether a conflict of interest exists. A response indicating that this information will be provided on request or that such contracts are too numerous to enumerate will be cause for disqualification of the auditor.

- G. A listing of all the auditor's and each subcontractor's offices, facilities, and equipment to be used in performance under this contract and their locations, including a specification of offices, facilities, and equipment located in Ohio. If none, state – none.
- H. For the auditor and each subcontractor, a description of all existing, pending, or past rulings, judgements, findings, contingent liabilities, revocation of authority, regulatory investigations, judicial actions, or other formal or informal notices of violations, fines, or any other matter related to services in Ohio or equivalent services in another jurisdiction within the past five years.
- I. A statement of financial responsibility including certification that the auditor, joint partners if the auditor is a conglomerate operation, and any subcontractors have no outstanding liens or claims against them.
- J. Contact persons that the Commission or Staff may call to receive an assessment of the auditor's, and each subcontractor's previous performance. References should be provided for the company or companies proposing and for the individuals designated as principals for the project. The information required for each reference is as follows:
 - Name of individual to contact for reference
 - Company/facility which employed the individual
 - Telephone number
 - Whether reference is for the company or a principal
 - Project or work for which reference is given
- K. A description of the proposed scope of work to be performed including a work plan, expected deliverable products and task timing. In a separately numbered section, the auditor will provide a detailed cost breakdown by phase/task of the work plan including the class of personnel performing each phase/task of the work, the hourly rate charged for each class, the number of hours charged for each class, an equivalent breakdown of all subcontracted work, any direct or indirect cost items which the auditor plans to charge, and the total cost.
- L. Identification, by name, of the lead personnel to be employed, the extent of their involvement in the project, and a description of how the proposed personnel's

experience matches project requirements. Contract terms will not permit substitution of lead personnel without prior written approval of the Commission. Identification of lead personnel in the cost proposal will not constitute satisfactory compliance with this requirement.

- M. A description of the qualifications, experience, and proven results achieved by all professional lead or significant personnel to be employed on the project, with a summary of work performed on projects similar to the one contemplated by this RFP including specific references. The Commission reserves the right to request samples of prior relevant work from any auditor prior to making its final consultant selection.
- N. Identification by name, title and the hourly rate of pay and all other related costs of the individual or individuals who will present expert testimony before the Commission during the appropriate hearing.

VII. REVIEW CRITERIA

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

- A. Compliance with Minimum Contents Requirements

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

- B. Cost

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

- C. Understanding of Project

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

- D. Experience of Personnel Assigned to Project and Related Organizational Experience

Experience of personnel assigned to the project and related organizational experience; relevant experience in field, qualified to undertake assignment. References of previous clients/projects provided.

E. Timelines

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

VIII. OTHER PROPOSAL CRITERIA

A. Relevance

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

B. Proprietary Data in Proposal

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

C. Due Date and Submittal

No later than 5:00 p.m. on April 3, 2024, an electronic copy of the proposal must be submitted to Krystina.Schaefer@puco.ohio.gov.

D. Contractor Requirements and Minority Participation

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

E. Late Proposals

A proposal is late if received at any time after the due date set for receipt of the proposals. A late proposal will be considered along with other proposals only if it is received before the evaluation of proposals has, in the sole opinion of the

Commission, substantially progressed. Any late proposal will not be considered, unless it is the only proposal received or in the sole judgment of the Commission it offers some important technical or scientific advantage that is of benefit to the Commission.

F. Modification or Withdrawal of Proposal

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

G. Modification or Withdrawal of RFP

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

H. Right to Reject Any and All Proposals

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

I. Penalty For Divulging Information

The auditor selected shall abide by all provisions of Sections 4901.16 of the Ohio Revised Code which states; "Except in his report to the public utilities commission or when called on to testify in any court or proceeding of the public utilities commission, no employee or agent referred to in section 4905.13 of the Revised Code shall divulge any information acquired by him in respect to the transaction, property, or business of any public utility, while acting or claiming to act as such employee or agent. Whoever violates this section shall be disqualified from acting as agent or acting in any other capacity under the appointment or employment of the commission."

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

J. Conflict of Interest/Ethics

The auditor represents, warrants and certifies that it and its employees engaged in the administration or performance of this audit are knowledgeable of and

understand the Ohio Ethics and Conflict of Interest laws including but not limited to Chapter 102 and Sections 2921.42 and 2921.43 of the Ohio Revised Code. Auditor further represents, warrants, and certifies that neither Auditor nor any of its employees will do any act that is inconsistent with such laws or otherwise presents a conflict of interest.

K. RFP Website

All firms wishing to remain on the Commission's bidder list must subscribe to the PUCO RFP list by clicking on the "PUCO RFP Email Notification List" link at: <https://puco.ohio.gov/documents-and-rules/request-for-proposals>

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

L. Statutory Scope of Audit

Any auditor selected by the Commission to perform an audit shall execute its duties pursuant to the Public Utilities Commission's statutory authority to investigate and acquire records, contracts, reports and other documentation under Sections 4903.02, 4903.03, 4905.06, 4905.15, and 4905.16, Revised Code.

M. Auditor Selection

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

IX. QUESTIONS

Technical questions regarding this RFP should be directed to Krystina Schaefer at Krystina.Schaefer@puco.ohio.gov. Direct administrative questions to Zee Molter at Zee.Molter@puco.ohio.gov.

**This foregoing document was electronically filed with the Public Utilities
Commission of Ohio Docketing Information System on**

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**Case No(s). 18-1646-EL-RDR, 19-1904-EL-RDR, 20-1673-EL-RDR, 21-1131-EL-
RDR, 22-1044-EL-RDR**

Summary: Entry directing Staff to issue the request for proposal for audit services to assist the Commission with its review of the demand side management and energy efficiency rider of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company. electronically filed by Ms. Mary E. Fischer on behalf of Public Utilities Commission of Ohio.