

# THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE REVIEW OF DUKE  
ENERGY OHIO, INC.'S DISTRIBUTION  
CAPITAL INVESTMENT RIDER.

CASE NO. 19-1287-EL-RDR

## ENTRY

Entered in the Journal on June 19, 2019

### I. SUMMARY

{¶ 1} To assist with the annual audit of Duke Energy Ohio, Inc.'s distribution capital investment rider costs, the Commission directs Staff to issue the request for proposal for audit services attached to this Entry, with proposals due by July 9, 2019.

### II. DISCUSSION

{¶ 2} Duke Energy Ohio, Inc. (Duke) is an electric distribution utility (EDU) as defined by R.C. 4928.01(A)(6) and a public utility as defined in R.C. 4905.02, and, as such, is subject to the jurisdiction of this Commission.

{¶ 3} R.C. 4928.141 provides that an EDU shall provide consumers within its certified territory a standard service offer (SSO) of all competitive retail electric services necessary to maintain essential electric services to customers, including a 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} On April 2, 2015, the Commission modified and approved an application for an ESP filed by Duke for the period June 1, 2015, through May 31, 2018. *In re Duke Energy Ohio, Inc.*, Case No. 14-841-EL-SSO, et al., Opinion and Order (Apr. 2, 2015) (*ESP 3 Case*). In the Opinion and Order, the Commission established a distribution capital investment rider (Rider DCI) to allow for the recovery of capital costs for distribution infrastructure investments. The rider is to be reviewed annually for accounting accuracy, prudence, and compliance with the Commission's Order. Further, the Commission found that a

compliance audit of the Rider DCI is to be completed annually to ensure conformance with the Opinion and Order.

{¶ 5} By Entry on May 30, 2018, in the *ESP 3 Case*, the Commission granted Duke's request to extend the ESP, including Rider DCI, until a new application for an ESP was approved. In doing so, the Commission initially extended the 2018 \$35 million revenue cap collection period for Rider DCI until August 1, 2018. In a Second Entry on Rehearing issued July 25, 2018, the Commission granted Duke's application for rehearing, in part, and set a monthly \$5 million cap for Rider DCI until a new ESP was approved. Thereafter, on December 19, 2019, the Commission approved a stipulation that, among other things established a new ESP and continued Rider DCI. *In re Duke Energy Ohio, Inc.*, 17-1263-EL-SSO, et al., Opinion and Order (Dec. 19, 2019).

{¶ 6} To assist with the annual audit of Duke's Rider DCI costs, the Commission directs Staff to issue the request for proposal (RFP) for audit services attached to this Entry.

{¶ 7} All proposals submitted pursuant to the RFP are due by July 9, 2019. In order to demonstrate the ability to perform the services required in the RFP, the proposal must show, in detail, the auditor's understanding of the project and the work required. Each proposal must address, with specificity, how the auditor will handle all of the issues in the RFP. The auditor must demonstrate that it will be able to perform the required services, showing its clear understanding of the tasks to be completed, the experience and qualifications of the personnel who will perform the work, and the anticipated breakdown of costs and timing. The selection criteria to be used by the Commission to determine the selection of the auditor shall be the technical and management capabilities of each firm, as well as the overall cost of each bid. The Commission intends to select the auditor by July 18, 2018.

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

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

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

{¶ 11} 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.

{¶ 12} 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.

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

### III. ORDER

{¶ 14} It is, therefore,

{¶ 15} ORDERED, That Staff issue the RFP attached to this Entry and that July 9, 2019, be set as the due date for proposals in response to the RFP. It is, further,

{¶ 16} ORDERED, That in accordance with Paragraph 8, Duke bear the cost of the audit services of the contractor chosen by the Commission. It is, further,

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

{¶ 18} 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

SEC/sc

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

**Commission of Ohio Docketing Information System on**

**6/19/2019 3:59:57 PM**

**in**

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

Summary: Entry to assist with the annual audit of Duke Energy Ohio, Inc.'s distribution capital investment rider costs, the Commission directs Staff to issue the request for proposal for audit services attached to this Entry, with proposals due by July 9, 2019.  
electronically filed by Docketing Staff on behalf of Docketing