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Deloitte & Touche LLP
Suite 2500
550 South Tryon Street
Charlotte, NC 28202
USA
Tel: +1 704 887 1500
www.deloitte.com

PUCO

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
Duke Energy Ohio, Inc.

We have performed the procedures enumerated below, which were agreed to by Duke Energy Ohio, Inc. (the "Company") and provided to the Public Utilities Commission of Ohio (the "PUCO"), related to the Company's and PUCO's evaluation of the Company's compliance with PUCO Case No. 19-318-GA-UEx in conjunction with recovery of uncollectible customer accounts receivable through an uncollectible expense recovery mechanism ("UEx Rider") for the period April 1, 2018 through March 31, 2019. The Company's management is responsible for the Company's compliance with the requirements of the UEx Rider regulatory mechanism. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

- 1) We obtained from Company management and assessed the mathematical accuracy of the following items from April 1, 2018 through March 31, 2019 within the schedules forming Attachment 1 in the Company's application filed with the PUCO on May 30, 2019 in case 19-318-GA-UEx.
 - a. Bad Debts Written Off – Net of customer recoveries for the period from April 1, 2018 through March 31, 2019 was presented as totaling \$3,763,057 on Attachment 1 Page 2 of the application.
 - b. Recovery – Uncollectible Rider for the period from April 1, 2018 through March 31, 2019 was presented as totaling \$4,467,933 on Attachment 1 Page 2 of the application.
 - c. Carrying Charges for the period from April 1, 2018 through March 31, 2019 was presented as totaling \$24,353 on Attachment 1 Page 2 of the application.

We found no exceptions as a result of the procedures.

- 2) We compared the monthly bad debts written off – net of customer recoveries from the schedule obtained in procedure 1a above to the Customer Management System ("CMS") reports ED263 and ED261.

We obtained the schedule of write-offs and noted that charge-offs used in the calculations related only to customers subject to the UE-G Rider from April 1, 2018 through March 31, 2019.

- a. From the bad debts written off April 1, 2018 through March 31, 2019 from the CMS query, we randomly selected 25 charge-offs and obtained the customer billing history from CMS. For the selected accounts with recoveries, we agreed the recovery from the CMS history to inclusion in the Bad Debts Written Off – Net of Customer Recoveries from procedure 1a as a credit. Additionally, we confirmed that "RSP" Residential PIPP customer balances selected were not included in the UEx for recovery.

We noted three occurrences of a charge-off past 90 days per the policy. Management has informed us that the variance in excess of 90 days to charge-off was due to the account not being sent to collections causing it to stall in the system. A report is automatically run monthly to find any final accounts that have been stalled through the Company's "sweeper program". As the report is run once a month, there could be anywhere from a 1-31 day lag in charge-off past the Company policy of 90 days (these occurrences were charged-off in 21 days, 15 days and 12 days past the 90 day policy).

We found no exceptions as a result of the procedures outside of the above mentioned occurrences.

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- 3) For the monthly recoveries through the uncollectible rider from April 1, 2018 through March 31, 2019 included in the schedule obtained in procedure 1b above, we compared the amounts to the corresponding amounts recorded as revenue in the Company's Hyperion Financial Management accounting system.

We found no exceptions as a result of the procedures.

- 4) We randomly selected the months of June 2018, September 2018 and January 2019 and compared the interest rate utilized by the Company to calculate the monthly carrying charges in procedure 1c above to the schedule showing the calculation of the weighted average monthly intercompany moneypool rate. We then compared the annual interest rate utilized in the calculation to the Company's Treasury Manager System.

We found no exceptions as a result of the procedures.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with the specified requirements. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Company and the PUCO and is not intended to be, and should not be, used by anyone other than the specified parties.

DELOITTE & TOUCHE LLP

Charlotte, North Carolina
October 11, 2019