

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Review of Duke )  
Energy Ohio, Inc.'s Alternative Energy ) Case No. 19-0051-EL-RDR  
Recovery Rider. )

**REPLY COMMENTS**  
SUBMITTED ON BEHALF OF THE STAFF OF  
THE PUBLIC UTILITIES COMMISSION OF OHIO

## I. INTRODUCTION

On August 28, 2019, the audit report of the Alternative Energy Recovery Rider (AER-R) of Duke Energy Ohio, Inc. (DEO or Company), prepared by Larkin & Associates PLLC (Larkin) for the 2017 and 2018 calendar years, was filed in Case No. 19-0051-EL-RDR. On October 1, 2019, an Attorney Examiner Entry established a procedural schedule for this proceeding, with initial comments and reply comments due on November 1, 2019, and November 15, 2019, respectively.<sup>1</sup> On November 1, 2019, the Staff of the Public Utilities Commission of Ohio (Staff) filed its initial comments in which it generally agreed with the findings and recommendations presented in the audit report, and recommended that the Public Utilities Commission of Ohio (Commission) adopt Larkin's recommendations and require the next auditor to review their implementation. Also, on November 1, 2019, DEO filed its initial comments in this

<sup>1</sup> The Entry also established a deadline of November 1, 2019, for filing Motions to Intervene. No parties sought to intervene by the deadline.

proceeding. DEO addressed two of Larkin's recommendations in its comments: Management Audit Recommendation #4, and Management Audit Recommendation #5/Financial Audit Recommendation #1.

## II. COMMENTS

For Management Audit Recommendation #4,<sup>2</sup> DEO characterized the recommendation as proposing two options designed to rectify over-estimating renewable portfolio standard compliance requirements.<sup>3</sup> DEO indicated a preference for the first option, indicating that it is easily achievable.<sup>4</sup> With respect to the second option proposed in this recommendation, DEO concluded that it was "...not easily accomplished and would prefer not to use this alternative methodology."<sup>5</sup> Staff notes that Larkin's conclusion on this second option was similar to that of the Company, where Larkin indicated in its audit report:

"An alternative method – one that is much more difficult and subject to greater uncertainty – would be to employ modeling to attempt to forecast the continued decline of this share over time."<sup>6</sup>

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<sup>2</sup> *In the Matter of the Review of Duke Energy Ohio, Inc.'s Alternative Energy Recovery Rider*, Case No. 19-51-EL-RDR, (Audit Report) (August 28, 2019) at 1-18.

<sup>3</sup> DEO Comments at 2.

<sup>4</sup> *Id.*

<sup>5</sup> *Id.* at 3.

<sup>6</sup> Audit Report at 1-19

As there was agreement that the first option could be implemented easily and the Company did not appear to contest the rationale for the auditor recommendation, Staff concludes there is no disagreement pertaining to this recommendation.

When addressing Management Audit Recommendation #5<sup>7</sup> and Financial Audit Recommendation #1,<sup>8</sup> the Company argues that the recommendation is inappropriate. Further, the Company asserts that the dollar amounts involved are immaterial, and thus do not warrant the suggested treatment.<sup>9</sup> Staff notes that Larkin's recommendation does not require a specific change in treatment but rather that the Company *consider* the suggested treatment. As such, Staff recommends that the Company present the results of its consideration for Larkin's review in the next audit.

Staff recommends that the Commission approve the audit report as filed, as no changes are necessary.

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<sup>7</sup> Audit Report at 1-19 to 1-20.

<sup>8</sup> *Id.* at 1-24.

<sup>9</sup> DEO Comments at 2.

Respectfully submitted,

**Dave Yost**  
Ohio Attorney General

**John Jones**  
Section Chief

*/s/ Steven L. Beeler*

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## PROOF OF SERVICE

I hereby certify that a true copy of the foregoing **Reply Comments** submitted on behalf of the Staff of the Public Utilities Commission of Ohio, was served via electronic mail upon the following Parties of Record, this 15<sup>th</sup> day of November, 2019.

*/s/ Steven L. Beeler*

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**Steven L. Beeler**  
Assistant Attorney General

### **Parties of Record:**

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Summary: Reply Comments Submitted on Behalf of the Staff of the Public Utilities  
Commission of Ohio electronically filed by Mrs. Kimberly M Naeder on behalf of PUCO