

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE REVIEW OF THE
RECONCILIATION RIDER OF DUKE
ENERGY OHIO, INC.

CASE NO. 20-167-EL-RDR

ENTRY

Entered in the Journal on February 13, 2020

I. SUMMARY

{¶ 1} The Commission directs Staff to issue a request for proposal for audit services to assist the Commission with the prudence and performance audit of the Price Stabilization Rider of Duke Energy Ohio, Inc. for the period of January 1, 2019, through December 31, 2019.

II. DISCUSSION

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

{¶ 3} R.C. 4928.141 provides that an electric distribution utility (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 May 29, 2014, Duke filed its third ESP application (ESP III). On April 2, 2015, the Commission issued an Opinion and Order modifying and approving Duke's ESP III application for the period of June 1, 2015, through May 31, 2018. *In re the Application of Duke Energy Ohio for Authority to Establish a Std. Serv. Offer in the Form of an Electric Security Plan*, Case No. 14-841-EL-SSO, et al. (*ESP III Case*), Opinion and Order (April 2, 2015). As part of the approved ESP III, the Commission authorized the establishment of the Price

Stabilization Rider (PSR) as a non-bypassable and zero-placeholder rider for the term of ESP III. Under the PSR, Duke was authorized to provide to customers the net benefit of all revenues accruing to the Company as a result of its ownership interest and contractual entitlement in the Ohio Valley Electric Corporation (OVEC), excluding all costs associated with said entitlement. The Commission stated that implementation details for the PSR would be determined in a future proceeding.

{¶ 5} On March 31, 2017, Duke filed an application in Case No. 17-872-EL-RDR, et al. (*PSR Case*) to modify and amend the PSR and for approval to change its accounting methods.

{¶ 6} On June 1, 2017, Duke filed its fourth and current ESP application (ESP IV) that, among other things, proposed an extension of the PSR beyond May 31, 2019. On December 19, 2018, the Commission issued an Opinion and Order modifying and approving an amended stipulation establishing ESP IV that included revisions to PSR resolving issues in the then-pending *PSR Case*. *In re Duke Energy Ohio, Inc.*, Case No. 17-1263-EL-SSO, et al. (*ESP IV Case*), Opinion and Order at ¶ 136-140 (Dec. 19, 2018). As part of ESP IV, the Commission authorized Duke to recover or credit the net proceeds of selling OVEC energy and capacity into the PJM Interconnection, LLC (PJM) marketplace and OVEC costs through the PSR. *Id.*

{¶ 7} The PSR is subject to quarterly filings starting with the first billing cycle of April 2019. *Id.* at ¶ 140. Additionally, the Commission provided for an annual audit to establish the prudence of all costs and sales flowing through the PSR and to demonstrate that the Company made reasonable efforts to transfer its contractual entitlement under the Inter-Company Power Agreement.

{¶ 8} To assist the Commission with the audit of Duke's PSR for the period of January 1, 2019, through December 31, 2019, the Commission directs Staff to issue the request for proposal (RFP) for audit services attached to this Entry.

{¶ 9} All proposals submitted pursuant to the RFP are due by March 13, 2020. 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.

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

{¶ 11} 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.

{¶ 12} 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.

{¶ 13} 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.

{¶ 14} 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.

{¶ 15} 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 the Company refuse or delay in providing such documents or information.

III. ORDER

{¶ 16} It is, therefore,

{¶ 17} ORDERED, That Staff issue the RFP attached to this Entry and that March 13, 2020, be set as the due date for proposals in response to the RFP. It is, further,

{¶ 18} ORDERED, That in accordance with Paragraph 10, Duke bear the cost of the audit services of the contractor chosen by the Commission. It is, further,

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

{¶ 20} 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

LLA/hac

REQUEST FOR PROPOSAL NO. RA20-PPA-3

AN INDEPENDENT AUDIT
OF THE RECONCILIATION RIDER OF
DUKE ENERGY OHIO

Issued by:

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

PROPOSAL DUE: March 13, 2020

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I. INTRODUCTION

Ohio's electric law, Senate Bill 221, requires electric utilities to provide consumers with a standard service offer, consisting of either a market rate offer or an electric security plan (ESP), under R.C. 4928.142 and 4928.143, respectively. In December 2008, the Public Utilities Commission of Ohio (PUCO or Commission) approved Duke Energy Ohio, Inc.'s (Duke or the Company) first ESP for a period of three years ending on December 31, 2011 (Case No. 08-920-EL-SSO, et al.).

In November 2011, the PUCO approved Duke Energy Ohio's second ESP, in effect from January 1, 2012, through May 31, 2015 (Case No. 11-3549-EL-SSO, et al.). Under this ESP, Duke's standard service offer (SSO) load was ordered to be provided through competitive auctions.

In April 2015, the PUCO approved Duke's third ESP, in effect from June 1, 2015, through May 31, 2018 (Case No. 14-841-EL-SSO, et al.). Under this ESP, the Commission approved the establishment of a non-bypassable rider, the Price Stabilization Rider (PSR), through which Duke will provide to customers the net benefit of all revenues accruing to the Company as a result of its ownership interest and contractual entitlement in the Ohio Valley Electric Corporation (OVEC), excluding all costs associated with said entitlement. The Commission approved the PSR as a zero-placeholder rider for the term of ESP III and stated that implementation details would be determined in a future proceeding.

In June 2017, Duke Energy Ohio filed an application for its fourth ESP, to take effect in June 1, 2018, through May 31, 2024, with the PUCO reviewing the ESP in its fourth year (Case No. 17-1263-EL-SSO, et al.). In this application Duke proposed the extension of the PSR beyond May 31, 2018, when the term of ESP III ended.

On April 13, 2018, Duke, PUCO Staff, and ten other parties reached a joint stipulation and recommendation (stipulation) resolving the PSR rider and many other issues in the ESP IV case. The PUCO approved the stipulation on December 19, 2018, allowing Duke to recover or credit the net proceeds from selling power from its share of the OVEC into the regional marketplace through the non-bypassable PSR. Consistent with previous OVEC-related riders, the Commission found that the PSR had the potential to act as a hedge against volatile rates particularly in times of extreme weather conditions. However, the Commission conceded that the PSR may likely be a cost to customers.

As part of the approval of the stipulation and the PSR described therein the December 19, 2018 Order, the Commission directed Duke to file quarterly PSR updates beginning with the first billing cycle of April 2019. Unless otherwise suspended by the Commission, such filings will be automatically approved 30 days after filing subject to subsequent reconciliation based upon an annual audit for which the Commission may order a hearing.

The report for the first of such audits requested through this Request for Proposal (RFP) will be filed in Case No. 20-167-EL-RDR.

Effective October 22, 2019, Ohio's legislature approved HB6 which directly affects the OVEC units in part. The period for this audit precedes the effective date of HB6.

OVEC and its wholly owned subsidiary, Indiana-Kentucky Electric Corporation (IKEC), were organized on October 1, 1952. OVEC and IKEC were formed by investor-owned utilities furnishing electric service in the Ohio River Valley area and their parent holding companies for the purpose of providing the large electric power requirements projected for the uranium enrichment facilities then under construction near Portsmouth, Ohio, by the Atomic Energy Commission (AEC), predecessor of the United States Department of Energy (DOE).

OVEC, AEC, and OVEC's owners or their utility company affiliates (Sponsoring Companies) entered into agreements to meet the AEC's substantial power requirements. On October 15, 1952, OVEC and AEC executed a 25-year agreement, which was later extended through December 31, 2005 (DOE Power Agreement). On September 29, 2000, the DOE gave OVEC notice of cancellation of the DOE Power Agreement. On April 30, 2003, the DOE Power Agreement terminated in accordance with the notice of cancellation.

OVEC and the Sponsoring Companies signed an Inter-Company Power Agreement (ICPA) on July 10, 1953, to support the DOE Power Agreement and provide for excess energy sales to the Sponsoring Companies of power not utilized by the DOE or its predecessors. Since the termination of the DOE Power Agreement on April 30, 2003, OVEC's entire generating capacity has been available to the Sponsoring Companies under the terms of the ICPA. The Sponsoring Companies and OVEC entered into an Amended and Restated ICPA, effective as of August 11, 2011, which extends its term to June 30, 2040.

OVEC's Kyger Creek Plant at Cheshire, Ohio, and IKEC's Clifty Creek Plant at Madison, Indiana, have nameplate generating capacities of 1,086,300 and 1,303,560 kilowatts, respectively. These two generating stations, both of which began operation in 1955, are connected by a network of 705 circuit miles of 345,000-volt transmission lines. These lines also interconnect with the major power transmission networks of several of the utilities serving the area.

Duke's share of the OVEC power participation benefits and requirements is 9.00 percent.¹ The mechanics of the PSR rider according to the ESP IV stipulation are as follows: Duke's entitlement under the ICPA with OVEC, including energy and capacity delivered to Duke on and after January 1, 2018. The rate design will provide for an allocation based on 50 percent demand and 50 percent energy. The PSR will flow through the net credits or

¹ OVEC history retrieved from <https://www.ovec.com/OVECHistory.pdf> on January 6, 2020.

charges resulting from transactions in the wholesale market that are related to the Company's entitlement under said ICPA, incurred on or after January 1, 2018 through May 31, 2025, subject to final reconciliation. Recovery under the PSR will be subject to conditions elucidated in the stipulation.

II. PURPOSE

A. PRUDENCY AND PERFORMANCE AUDIT

In Case No. 19-447-EL-RDR, et al., Duke Energy Ohio filed its 1st Quarter 2019 PSR Update on February 28, 2019, its 2nd Quarter 2019 PSR Rider Update on May 30, 2019, its 3rd Quarter 2019 PSR Rider Update on August 29, 2019, and its 4th Quarter 2019 PSR Rider Update on December 19, 2019.

The Commission provided, in Case No. 17-1693-EL-RDR, et al., for an annual prudency audit to establish the prudency of all costs and sales flowing through the PSR and to demonstrate that the Company made reasonable efforts to transfer its contractual entitlement under the ICPA. This RFP encompasses an independent audit of the PSR for the period spanning January 1, 2019, through December 31, 2019, as contemplated by, and in compliance with, the Commission's orders.

B. ROLE OF AUDITOR

Any auditor chosen by the Commission to perform an audit expressly agrees to perform its 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 its Staff shall not be liable for any acts committed by the auditor or its agents in the preparation and presentation of the audit report.

C. PUCO STAFF SUPERVISION

The PUCO Staff will oversee the project. Staff shall be informed of all correspondence between the auditor and Duke and/or OVEC and shall be given at least three working days' notice of all meetings and interviews with Duke and/or OVEC, to allow Staff the opportunity to attend.

D. COST OF AUDIT AND QUOTATION OF CHARGES

The auditor shall include line-item cost estimates in its proposal. Such cost estimates shall be viewed as maximum costs for purposes of evaluating and selecting an auditor. The proposed cost is to 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 Section VI, paragraph J, of this RFP. The proposed costs shall be considered firm prices for performing the work described in the proposal.

E. COST OF PREPARING AND PRESENTING EXPERT TESTIMONY

The actual costs associated with preparing and presenting expert testimony before the Commission during the applicable hearing will include time and materials not to exceed \$20,000 without Commission Staff approval. Expenses include the following:

- actual hours spent preparing for, and assisting Staff with, settlement negotiations
- actual time preparing testimony
- actual transportation expenses (i.e., airfare, etc.)
- actual living expenses (hotels, meals, local transportation)
- actual hours spent in travel
- actual hours spent presenting testimony

III. SCOPE OF INVESTIGATION

A. GENERAL WORK REQUIREMENTS

1. DISPOSITION OF ENERGY AND CAPACITY

- a. The auditor shall review the prudence of unit scheduling and bidding of energy into PJM-administered wholesale markets, including day-ahead and real-time energy markets, and shall ensure that accounting procedures accurately and properly allocate revenues to ratepayers. The auditor is expected to possess a familiarity with all rules and regulations governing the rights and responsibilities of generating asset owners in PJM, including but not limited to PJM Manual 11.
- b. The auditor shall review the prudence of bidding behavior in PJM-administered capacity markets, including the annual Base Residual Auction (BRA), and ensure that accounting procedures accurately and properly allocate revenues to ratepayers. The auditor shall possess a familiarity with all rules and regulations governing the rights and responsibilities of capacity providers in PJM, including but not limited to PJM Manual 18.
- c. The auditor shall review the prudence of bidding behavior and/or participation in any other market that may provide revenue above and beyond that which is received in energy and capacity markets,

including, but not limited to, PJM-administered ancillary services markets.

2. FUEL AND VARIABLE COST EXPENSES

The auditor shall ensure that all OVEC's fuel (i.e., coal) and variable operations and maintenance (O&M) related expenses were prudently incurred and properly allocated to Duke. The auditor's investigation shall include a comparison between incurred fuel costs and market prices to evaluate the reasonableness of fuel expenses during the audit period.

3. CAPITAL EXPENSES

The auditor shall ensure that any fixed costs incurred by OVEC are properly allocated to Duke, including depreciation, debt service, and plant maintenance expenses. The auditor is to ensure that only prudently incurred costs are included for recovery, and that any and all costs that have been deemed to be ineligible for recovery by the Commission have been appropriately excluded.

4. ENVIRONMENTAL COMPLIANCE

The auditor shall include in the investigation a review of Duke's share of OVEC's environmental compliance activities, as they relate to fuel and reagent procurement and utilization. This review shall include considerations such as (1) compliance with existing environmental regulations, and (2) preparation for compliance with any proposed or newly enacted environmental regulations.

The auditor shall analyze and address at least the following:

- environmental compliance-related issues: the impact that compliance activities had on OVEC's fuel procurement strategy, as well as the type and cost of fuel that was purchased;
- overall emission allowance management strategy, including any emission allowance transactions in which OVEC participated;
- methods used to analyze compliance options and develop overall mitigation strategies.

5. POWER PLANT PERFORMANCE

The auditor shall review and report on significant plant outages or other degradations observed in the operating availability, equivalent availability, or capacity factors of OVEC's generating plants and their impact on ratepayers, and either make a recommendation to the Commission that further review is needed or undertake its own review to determine the reasonableness of OVEC and/or Duke's actions. In addition, the auditor shall conduct an on-site investigation of at least one of OVEC's generating stations and report the

resultant findings, conclusions and recommendations. Items to be covered during the station visitation include, but are not limited to, the following: fuel handling and quality control (i.e., weighing, sampling, scale calibrations, etc.), inventory surveying methodologies and results, performance monitoring (i.e., heat rate) and maintenance.

6. UTILITY INDUSTRY PERSPECTIVE

The auditor shall include in the audit report a discussion of the current dynamics of the PJM wholesale markets in which OVEC operates, and the impact that changing market dynamics have on OVEC's operations and practices.

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	March 13, 2020
Award Audit	March 27, 2020
Audit Conducted	March 27, 2020 through September 18, 2020
Draft Audit Report Presented to Staff	September 18, 2020
Final Audit Report Filed with Commission	October 7, 2020

V. DEADLINES AND DELIVERABLES

A. AVAILABILITY OF DOCUMENTS

Duke and/or OVEC shall provide any and all documents or information requested by the auditor and the Commission Staff. The Company may conspicuously mark such documents or information as being "confidential." In no event, however, shall Duke and/or OVEC refuse or delay providing such documents or information.

Staff or the auditor shall not publicly disclose any document marked "confidential" by Duke and/or OVEC, except upon three days' prior notice of intent to disclose served upon 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 Duke moves the Commission for a protective order pertaining to such documents or information within the 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 Duke and copies are to be sent to Staff.

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

Duke 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. The auditor shall submit a copy of this contract between the auditor and Duke to the Staff member assigned to the audit.

C. INTERIM REPORTING

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

D. DRAFT REPORT

Two copies of a draft of the final audit report shall be sent to the Commission Staff at least 10 days prior to the due date of the final audit report. The report may be sent electronically if agreed to, in advance, by Staff.

E. FINAL REPORT

One copy of the final audit report plus one unbound reproducible original shall be delivered to the Commission by the morning of the date specified in Section IV. The final report should include an executive summary of recommendations in addition to a detailed section supporting all conclusions provided for in the executive summary. 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 audit report is from a reliable source. Along with the docketed audit report, the auditor shall deliver to Staff one hard copy of the audit report and a flash drive containing a complete version of the final audit report. If it is necessary to prepare

a redacted report, two copies of a non-redacted report shall also be provided to both the Commission and Duke. 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 shall deliver to the Commission 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 the Company’s name, case number, description (items in folder), and source documents. Plant work papers should include a copy of the work order, location, age, and value of the property. Plant information should include an explanation of the adjustment, if applicable, and a picture of the inspected project. Voluminous documents may be included only as references in the working papers, upon Staff’s agreement. Confidential documents should be clearly marked and provided in a separate section of the working papers.

The auditor shall maintain working papers and document all supporting information, including, without limitation, meetings, interviews, or any pertinent information. The auditor shall utilize Staff’s data request procedures, utilizing a Microsoft Outlook Public Folder or similar system accessible to and approved by Staff, for issuing information requests and recording responses. All text documents shall be word-searchable. All data and formulas should be created and maintained in fully accessible Excel sheets.

G. PRODUCTION OF DOCUMENTS

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

H. TESTIMONY

The auditor shall present expert testimony during 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.

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:

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- A. Name, mailing address, and telephone number of individual to contact if further information is desired.
- B. An indication of how the bidder plans to incorporate the Staff's participation in the proposed work plan.
- 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 the contract awarded unless the auditor is previously notified of the contrary. No addition, deletion, or substitution of subcontractors will be permitted during the contract unless approved in advance by the Commission 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:

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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 listing of the auditor's and each subcontractor's clients which may have a financial interest in the Company or its affiliates. Auditors maintaining any present or ongoing contracts or agreements with the Company or its affiliates may, at the discretion of the PUCO, be disqualified by reason of possible conflict of interest. In the proposal, such contracts should be described in sufficient detail that the PUCO 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, indicate "None."
- H. A statement of financial responsibility, including certification that the auditor, joint partners if the auditor is a conglomerate, and any subcontractors have no outstanding liens or claims against them.
- I. Contact persons that the Commission or its 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
- J. 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 recover and the total cost.

- K. 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 by the Commission. Identification of lead personnel in the cost proposal will not constitute satisfactory compliance with this requirement.
- L. 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.
- M. Identification by name and 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 Contents 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 requirements, 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

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 that are available to open inspection. Proprietary data in a proposal will also assume this stature. Therefore, discretion is recommended for any proprietary data to be submitted in proposals.

C. DUE DATE AND SUBMITTAL ADDRESS

Any proposal submitted hereunder must be received at the following address no later than 5:00 P.M. on February 28, 2020. The proposal should be sent in a sealed container, clearly marked and addressed to:

Rodney Windle, Public Utilities Administrator
Response to RFP No. RA20-PPA-1
The Public Utilities Commission of Ohio
3rd Floor, 180 East Broad Street
Columbus, OH 43215

An electronic copy may also be sent to rodney.windle@puco.ohio.gov. Such electronic copy shall not fulfill the requirement for submitting paper responses.

Public Utilities Commission of Ohio
Request for Proposal No. RA20-PPA-3

Note: By responding to this request for proposal, the proposer expressly accepts and is bound by all the terms thereof, including all attachments, exhibits, and schedules.

D. COPIES

Four copies of the proposal are to be submitted to the Commission.

E. CONTRACTOR REQUIREMENTS AND MINORITY PARTICIPATION

The PUCO, 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.

F. 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, and then only if one of the three following conditions exists:

1. Mail delay -- The lateness is due solely to a delay in the mail when the response has been sent by registered or certified mail for which an official dated postmark on the original receipt has been obtained.
2. Commission error -- If it is received by a reasonable means at the Commission in sufficient time to be delivered to the office designated for the opening and would have been received at such office except for delay due to mishandling at the Commission. Only an appropriate date or time stamp showing the time of the receipt will be accepted as evidence of timely receipt of the proposal.
3. Exceptions -- Any other 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.

G. 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 at the above address by the date set for receipt of original proposals.

H. MODIFICATION OR WITHDRAWAL OF THIS RFP

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

I. 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.

J. PENALTY FOR DIVULGING INFORMATION

The auditor selected shall abide by all provisions of 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."

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 PUCO Office of Public Affairs.

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 "RFP - Requests for Proposals" link at:

<http://www.puco.ohio.gov/PUCO/Docketing>

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 Commission's statutory authority to investigate and acquire records,

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contracts, reports, and other documentation under R.C. 4903.02, 4903.03, 4905.06, 4905.15, and 4905.16.

M. AUDITOR SELECTION

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

IX. QUESTIONS REGARDING THIS RFP

Technical questions regarding this RFP should be directed to Rodney Windle at 614-644-8954. Administrative questions should be directed to Lindsey Molter at 614-466-7589.

This foregoing document was electronically filed with the Public Utilities

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in

Case No(s). 20-0167-EL-RDR

Summary: Entry that the Commission directs Staff to issue a request for proposal for audit services to assist the Commission with the prudency and performance audit of the Price Stabilization Rider of Duke Energy Ohio, Inc. for the period of January 1, 2019, through December 31, 2019. electronically filed by Docketing Staff on behalf of Docketing