

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Review of)	
Duke Energy Ohio, Inc.'s)	Case No. 19-1287-EL-RDR
Distribution Capital Investment Rider.)	

REPLY COMMENTS OF DUKE ENERGY OHIO, INC.

I. INTRODUCTION

Pursuant to the Commission's Entry of January 23, 2020, Duke Energy Ohio, Inc., (Duke Energy Ohio of the Company) respectfully submits the below Reply Comments in response to initial comments made by the Staff of the Public Utilities Commission of Ohio (Staff) and the Office of Ohio Consumers' Counsel (OCC).

II. COMMENTS

A. Staff Comments

1. Staff stated that it concurs with the recommendations of Rehmann Consulting (Rehmann) in its audit report submitted in this docket on December 13, 2019 (Report), and then summarized those recommendations.¹ In its initial comments in this case, Duke Energy Ohio has already addressed where it concurs with Rehmann's recommendations and where it disagrees.² These same comments apply to Staff's position, insofar as Staff concurs with Rehmann.

¹ Comments Submitted on Behalf of the Staff of the Public Utilities Commission of Ohio, pp. 2, 3-6 (February 28, 2020).

² Comments of Duke Energy Ohio, Inc., pp. 1-10 (February 28, 2020) (Duke Comments).

B. OCC Comments

1. Insofar as OCC recommends that the Commission adopt all of Rehmann's recommendations,³ Duke Energy Ohio's initial comments already capture the instances where the Company disagrees with Rehmann's recommendations. OCC misstates Rehmann's recommendations in several places, but the Company does not see the need to detail those errors because OCC purports to agree with Rehmann's ultimate recommendations, on which the Company has already expressed its position. However, OCC makes some "additional recommendations" and a number of assertions with which the Company disagrees herein.
2. OCC suggests that Duke Energy Ohio's CIAC accounting is generally "lax" and "create[s] overcharges to customers."⁴ The Company's CIAC accounting practices are generally appropriate and reasonable. Furthermore, the enhanced controls the Company agreed to implement in a prior settlement were due to be implemented by January 1, 2020, while the transactions in the audit took place 6-18 months earlier, in July 1, 2018 to June 30, 2019.⁵ Rehmann reviewed the enhanced controls during the audit and concluded that they will help ensure invoices are billed on required dates and cash collections are followed-up when due dates pass.⁶

³ Comments by The Office of the Ohio Consumers' Counsel, p. 2 (February 28, 2020) (OCC Comments).

⁴ OCC Comments, p. 6

⁵ See *In the Matter of the Review of Duke Energy Ohio, Inc.'s Distribution Capital Investment Rider*, Case No. 18-1036-EL-RDR, Entry, pp. 5-6 (October 23, 2019); Report, p. 1.

⁶ Report, p. 12 ("Rehmann concludes that these enhanced controls will help ensure invoices are billed on required dates and cash collections are followed-up when due dates pass.").

3. OCC recommends that the Commission disallow “any CIAC that has not been properly recorded.”⁷ The Company has always agreed to make appropriate adjustments for CIAC that has not been properly recorded, as it has done in this very audit.⁸ Thus, OCC is not suggesting anything that the Company is not already doing.
4. OCC recommends that, in the next DCI Rider audit, any costs that exceed the original budget by more than 25% be disallowed if the Company fails to verify the “reasonableness of the cost overruns” and that the sample size of audited work orders be increased if more than 20% of the original sampled orders are over-budget by more than 25%.⁹ The Company has already implemented new processes and Rehmann concluded that, generally speaking, “these enhanced controls will help ensure work order estimates more closely resemble actual costs to be incurred....”¹⁰ There is no basis for the recommended disallowance. The Company is entitled to recover its actual incurred costs in the Rider DCI, as long as such costs are prudent, accurate, and reasonable.
5. OCC admits that the Company has “made progress” on resolving un-unitized work orders from previous years, but states that there should be “enforcement consequences” for the incomplete unitization and that the incomplete unitization has caused customers “to pay unjust and unreasonable . . . charges.”¹¹ The Company has already agreed to catch up on the unitization backlog by October 23, 2020, and the Commission has

⁷ OCC Comments, p. 6.

⁸ See Duke Comments, p. 9.

⁹ Comments, p. 8.

¹⁰ Report, p. 28.

¹¹ OCC Comments, p. 10.

approved this.¹² Rehmann concurred with that timeline¹³ and even OCC agrees that the Company is making progress. There is no evidence that the Company is out of compliance with the order, yet the OCC seeks enforcement clauses because customers are supposedly paying unjust and unreasonable charges. In making this allegation, OCC ignores that unitization can also result in adjustments that would *increase* the charge to customers, which is exactly what happened during this audit. Rehmann recommended the revenue requirement be increased by \$45,927 because the “unitization process for two of the 25 unitized work orders resulted in the discovery that a total of \$400,961 was charged to transmission plant when it should have been charged to distribution plant.”¹⁴ Therefore OCC’s claim of unjust and unreasonable rates has no merit and has been made without evidence. There is no basis for enforcement action here.

¹² See *In the Matter of the Review of Duke Energy Ohio, Inc.’s Distribution Capital Investment Rider*, Case No. 18-1036-EL-RDR, Entry, p. 6 (October 23, 2019) (“Duke agrees that the un-unitized plant backlog and the un-unitized RWIP backlog will be caught up within one year of the Commission’s order in this proceeding.”).

¹³ Report, p. 30.

¹⁴ *Id.*, p. 31.

III. CONCLUSION

Duke Energy Ohio appreciates the opportunity to reply to the comments of Staff and OCC and submits these reply comments for the Commission's consideration.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I certify that a copy of the foregoing Reply Comments of Duke Energy Ohio, Inc. was served on the following parties this 20th day of March 2020 by regular U. S. Mail, overnight delivery or electronic delivery.

/s/ Larisa M. Vaysman
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Summary: Comments Reply Comments of Duke Energy Ohio, Inc. electronically filed by Mrs. Tammy M Meyer on behalf of Duke Energy Ohio Inc. and D'Ascenzo, Rocco and Vaysman, Larisa