

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Regulation of the)	
Purchased Gas Adjustment Clauses)	
Contained within the Rate Schedules of)	Case No. 19-218- GA-GCR
Duke Energy Ohio, Inc. and Related Matters.)	
In the Matter of the Audit of the)	
Uncollectible Expense Rider of Duke)	Case No. 19-318- GA-UEX
Energy Ohio, Inc., and Related Matters.)	
In the Matter of the Application of)	
Duke Energy Ohio, Inc. for Approval of an)	
Adjustment to its Interim and Temporary)	Case No. 19-418- GA-PIP
PIPP Plan Rider Case.)	

STIPULATION AND RECOMMENDATION

Rule 4901-1-30, Ohio Administrative Code provides that any two or more parties to a proceeding may enter into a written stipulation covering the issues presented in such a proceeding. The purpose of this document is to set forth the understanding and agreement of the parties that have signed below (Parties) and to recommend that the Public Utilities Commission of Ohio (Commission) approve and adopt this Stipulation and Recommendation (Stipulation), which resolves all of the issues raised by Parties in these cases relative to the rate schedules of Duke Energy Ohio, Inc., (Duke Energy Ohio or Company) and related matters. This Stipulation is supported by adequate data and information.

The Stipulation represents a just and reasonable resolution of the issues raised in these proceedings, violates no regulatory principle or precedent, and is the product of bargaining among knowledgeable and capable Parties in a cooperative process, encouraged by this

Commission and undertaken by the Parties representing a wide range of interests, to resolve the aforementioned issues. Although this Stipulation is not binding on the Commission, it is entitled to careful consideration by the Commission. For purposes of resolving all issues raised by this proceeding, the Parties stipulate, agree and recommend as set forth below.

Except for purposes of enforcement of the terms of this Stipulation, neither this Stipulation, nor the information and data contained therein or attached, shall be cited as precedent in any future proceeding for or against any Party or the Commission itself. This Stipulation is a reasonable compromise involving a balancing of competing positions and it does not necessarily reflect the position that one or more of the Parties would have taken if these issues had been fully litigated.

This Stipulation is expressly conditioned upon its adoption by the Commission in its entirety and without material modification. Should the Commission reject or materially modify all or any part of this Stipulation, the Parties shall have the right, within thirty days of issuance of the Commission's Order, to file an application for rehearing. Should the Commission, in issuing an entry on rehearing, not adopt the Stipulation in its entirety and without material modification, any Party may withdraw from the Stipulation. Such withdrawal shall be accomplished by filing a notice with the Commission, including service to all Parties, in the docket within thirty days of the Commission's entry on rehearing. Other Parties to this Stipulation agree to not oppose the withdrawal from the Stipulation by any other Party.

Prior to the filing of such a notice, the Party wishing to withdraw agrees to work in good faith with the other Parties to achieve an outcome that substantially satisfies the intent of the Stipulation and, if a new agreement is reached that includes the Party wishing to withdraw, then the new agreement shall be filed for Commission review and approval. If the discussions to

achieve an outcome that substantially satisfies the intent of the Stipulation are unsuccessful in reaching a new agreement that includes all signatory Parties to the present Stipulation, and a Party files a notice to withdraw from the Stipulation, then the Commission will convene an evidentiary hearing such that the withdrawing Party will be afforded the opportunity to contest the Stipulation by presenting evidence through witnesses and cross-examination, presenting rebuttal testimony, and briefing all issues that the Commission shall decide based upon the record and briefs as if the withdrawing Party had never executed the Stipulation. Some or all of the Parties may submit a new agreement to the Commission for approval if the discussions achieve an outcome they believe substantially satisfies the intent of the present Stipulation.

The Signatory Parties fully support this Stipulation in its entirety and urge the Commission to accept and approve the terms herein.

This Stipulation is the product of an open process in which all Parties were represented by able counsel and technical experts. The Stipulation represents a comprehensive compromise of issues raised by Parties with diverse interests. The only parties to the proceeding, Duke Energy Ohio, and the Commission Staff¹, have signed the Stipulation and adopted it as a reasonable resolution of all issues. The Signatory Parties believe that the Stipulation that they are recommending for Commission adoption presents a fair and reasonable result.

The Signatory Parties agree that the settlement, as a package, benefits ratepayers and is in the public interest. The Signatory Parties agree that the settlement does not violate any important regulatory principle or practice.

WHEREAS, all of the related issues and concerns raised by the Parties have been addressed in the substantive provisions of this Stipulation, and reflect, as a result of such discussions and compromises by the Parties, an overall reasonable resolution of all such issues;

¹ The Commission Staff is a party for the purpose of entering into this Stipulation pursuant to O.A.C. 4901-1-10(C).

WHEREAS, this Stipulation is the product of the discussions and negotiations of the Parties and is not intended to reflect the views or proposals that any individual Party may have advanced acting unilaterally;

WHEREAS, this Stipulation represents an accommodation of the diverse interests represented by the Parties and is entitled to careful consideration by the Commission;

WHEREAS, this Stipulation represents a serious compromise of complex issues and involves substantial benefits that would not otherwise have been achievable; and

WHEREAS, the Parties believe that the agreements herein represent a fair and reasonable solution to the issues raised in this matter;

NOW, THEREFORE, the Parties stipulate, agree and recommend that the Commission make the following findings and issue its Opinion and Order in these proceedings approving this Stipulation in accordance with the following:

1. Duke Energy Ohio's Gas Cost Recovery (GCR) rates for the twelve-month period ending August 28, 2019, were fairly determined by the Company in accordance with the provisions of O.A.C. Chapter 4901:1-14 and related appendices of the Ohio Administrative Code.
2. A financial audit was conducted by Deloitte & Touche LLP in accordance with the objectives outlined in O.A.C. 4901:1-14-07.
3. The Independent Accountants' Report on the Uniform Purchased Gas Adjustment for the 12-Month Period Ended August 28, 2019, prepared by Deloitte & Touche LLP, (GCR Report) was filed with the Commission in Case No. 19-0218-GA-GCR, on October 11, 2019, and shall be admitted into the record in this proceeding and identified as Commission-Ordered Exhibit 1.

4. The GCR rates were accurately computed and the costs reflected in the GCR rates were properly incurred. The only exception was the error described in the GCR Report as

Finding No. 1:

The Company included gas banked by Enhanced Firm Balancing Service (EFBS) suppliers within the Storage Inventory Carrying Charge (SICC) calculation from September 2015 to February 2019. The inclusion of gas banked by EFBS suppliers within the SICC calculation for the above years was identified through the 2019 [should read “2018”] Management Performance Audit and resulted in an overcollection of \$2,692,241 during the period from September 2015 to February 2015 [should read “2019”].²

5. Finding No. 1 further stated that the Company has adjusted its calculation of gas storage carrying costs, and would refund the amount over-collected back to customers upon receiving the relevant order from the Commission:

The Company has agreed to refund the amounts back to customers and to adjust the calculation of gas storage carrying costs as stated within the Stipulation and Recommendation filed on 7/26/2019 by Duke Energy Ohio and the Staff of the PUCO. As such, Management has adjusted the calculation of gas in storage carrying charges as of March 2019 (the period included in the September - November 2019 quarterly filing) to ensure the error does not increase; however, the actual refund is contingent upon a PUCO order and thus is not yet being returned to customers. Given the calculation of carrying costs on gas in storage was not in accordance with the financial procedural aspects of the Uniform Purchased Gas Adjustment Clause as set forth in Chapter 4901:1-14 and related appendices of the Ohio Administrative Code during our period of examination, we have reported this finding. Note that the Company plans to include the refund amount in the future filings upon receiving an order from the Public Utilities Commission of Ohio.³

² GCR Report, pg.3 (strikeout added to correct two clerical errors where the incorrect year was written mistakenly in the report, and correct years provided in square brackets).

³ *Id.* The full citation for the “Stipulation and Recommendation filed on 7/26/2019” referenced by the auditors is: *In the Matter of the Regulation of the Purchased Gas Adjustment Clauses Contained within the Rate Schedules of Duke Energy Ohio, Inc. and Related Matters*, Case Nos. 18-218-GA-GCR, 18-318-GA-UEx, 18-418-GA-PIP, Stipulation and Recommendation (July 26, 2019).

6. Duke Energy Ohio's GCR rates were accurately applied to customer bills during the audit period. The only exception was the error described in the previous paragraph.
7. On December 18, 2019, the Commission issued its final Opinion and Order in Case Nos. 18-218-GA-GCR, 18-318-GA-UEx, and 18-418-GA-PIP, approving and adopting the Stipulation and Recommendation filed on July 26, 2019 by Duke Energy Ohio and the Staff of the Commission.⁴ Accordingly, Duke Energy Ohio issued the refund described in Finding No.1, as reflected in its March 2020 Rider GCR Report.⁵
8. The Independent Accountants' Report on Applying Agreed-Upon Procedures detailing a review by Deloitte & Touche LLP, (UEx Report) was filed with the Commission in Case No.19-318-GA-UEx, on October 11, 2019, in relation to the uncollectible expense recovery mechanism for the 12-month period ended March 31, 2019. The UEx Report shall be admitted into the record in this proceeding and identified as Commission-Ordered Exhibit 2.
9. The Independent Accountants' Report on Applying Agreed-Upon Procedures detailing a review by Deloitte & Touche LLP, (PIP Report) was filed with the Commission in Case No.19-418-GA-PIP, on October 11, 2019, in relation to the percentage of income plan recovery mechanism for the 12-month period ended March 31, 2019. The PIP Report shall be admitted into the record in this proceeding and identified as Commission-Ordered Exhibit 3.

⁴ *In the Matter of the Regulation of the Purchased Gas Adjustment Clauses Contained within the Rate Schedules of Duke Energy Ohio, Inc. and Related Matters*, Case Nos. 18-218-GA-GCR, 18-318-GA-UEx, 18-418-GA-PIP, Opinion and Order (December 18, 2019).

⁵ *See In the Matter of the Regulation of the Purchased Gas Adjustment Clauses Contained within the Rate Schedules of Duke Energy Ohio, Inc. and Related Matters*, Case No. 20-218-GA-GCR, Duke Energy Ohio March 2020 GCR Report (February 10, 2020).

10. The specific findings presented in the “Summary of Findings” in the GCR Report, as well as any findings in the UEX Report and the PIP Report, are reasonable and should be adopted by the Commission, with the minor clerical corrections above. The next audit or review will verify that the Company implemented any recommendations made in the present audit or review.

11. This Stipulation shall be identified as Joint Exhibit 1, and shall be admitted into evidence in this proceeding.

The undersigned hereby stipulate and agree and each represents that he or she is authorized to enter into this Stipulation and Recommendation this 4th day of June, 2020.

DUKE ENERGY OHIO, INC.

By: /s/ Larisa M. Vaysman
Larisa M. Vaysman, Senior Counsel

STAFF OF THE PUBLIC UTILITIES
COMMISSION OF OHIO

By: /s/ Robert A. Eubanks, signed per authority by LMV, June 4, 2020.
Robert A. Eubanks, Assistant Attorney General

CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the foregoing was delivered via U.S. mail (postage prepaid), personal, or electronic mail delivery on this the 4th day of June, 2020, to the following:

/s/ *Larisa M. Vaysman*

Larisa M. Vaysman

Robert A. Eubanks
Assistant Attorney General
Office of the Ohio Attorney General
30 East Broad Street, 16th Floor
Columbus, Ohio 43215

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Case No(s). 19-0218-GA-GCR, 19-0318-GA-UEX, 19-0418-GA-PIP

Summary: Stipulation Stipulation and Recommendation electronically filed by Dianne Kuhnell on behalf of Duke Energy Ohio, Inc. and Rocco D'Ascenzo and Vaysman, Larisa M.