

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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

COMMENTS OF DUKE ENERGY OHIO, INC.

I. INTRODUCTION

The Public Utilities Commission of Ohio (Commission) directed its Staff to issue a request for proposal for audit services related to Duke Energy Ohio, Inc.'s (Duke Energy Ohio) Alternative Energy Recovery Rider (Rider AER-R). On March 27, 2019, the Commission selected Larkin and Associates PLLC (Larkin or the Auditor) to perform the audit. On July 10, 2020, Larkin submitted a report for the Phase 2 audit entitled "*Management/Performance and Financial Audit of the Alternative Energy Recovery Rider of Duke Energy Ohio, Inc. Covering the Period January 1, 2019 Through December 31, 2019,*" (Report). In an Entry on January 23, 2020, the Commission directed that interested parties file comments by July 31, 2020. Below are the comments of Duke Energy Ohio.

II. COMMENTS

The Auditor recommended that the Company continue to monitor market conditions and risks and reassess at least once a year whether shifting to a dollar cost averaging approach could help provide protection from REC price volatility.¹ For the reasons described on pages 1-12 to 1-

¹ Report, p. 1-23.

13 of the Report, the Company continues to believe that dollar cost averaging is not optimal for meeting its compliance needs. However, the Company agrees to continue to monitor market conditions and risks and reassess this judgment once per year.

The Auditor recommended that, to address the issue of over-estimating RPS compliance requirements during the year, the Company conduct a mid-year evaluation, review the quantities of RECs recorded, the remaining expected REC requirements for the year, and adjust its monthly estimated consumption/recording of RECs accordingly.² In fact, the Company revisits the load forecast twice annually and makes any necessary adjustments, with a semi-annual review currently in progress. As far as the switch/non-switch load specifically, Duke Energy considers only recent data in estimating the portion of load that is non-switched, allowing for recent trends to impact the forecast with more weight.

The Auditor recommended that the Company monitor and pursue receipt of the zero-cost solar RECs to which the Company is entitled to assure that they are recognized and accounted for in the period in which such RECs are being created.³ In support of this recommendation, the Auditor stated, in regard to zero-cost solar RECs acquired before 2019 that “having some of these zero cost solar RECs available and recognized in DEO's solar REC inventory prior to 2019 could presumably have resulted in some (but likely not large) amount of savings related to DEO's cost of solar REC compliance in years prior to 2019.”⁴ The Company does not disagree with the recommendation, but wishes to note that the number of RECs received from such facilities is small in comparison to Duke Energy Ohio's total RPS obligation, and therefore having these solar RECs in inventory would not have changed any solar REC purchasing decisions made by the Company in 2016-2018.

² Report, p. 1-23.

³ Report, p. 1-26; *see also* p. 3-20.

⁴ Report, p. 1-26.

The Auditor recommended that the Company evaluate whether inventory accounting could improve the matching of costs with GoGreen program revenues on an annual calendar year basis.⁵ Duke Energy Accounting has deemed GoGreen program expenses to be immaterial and not to require inventory accounting. However, the Company agrees to evaluate this question.

The Company has no additional comments on the Audit Report. The Company appreciates the opportunity to offer comments and recommends that the Commission approve and adopt the Report, with incorporation of the above comments.

Respectfully submitted,

/s/ Larisa M. Vaysman

Rocco O. D'Ascenzo (0077651)

Deputy General Counsel

Larisa M. Vaysman (0090290)

Associate General Counsel

139 E. Fourth Street, 1303-Main

Cincinnati, Ohio 45202

(513) 287-4010 (telephone)

(513) 287-4385 (facsimile)

Rocco.D'Ascenzo@duke-energy.com

Larisa.vaysman@duke-energy.com

Attorneys for Duke Energy Ohio, Inc.

⁵ Report, p. 1-24.

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing was served on the following party this 31st day of July 2020, by regular U.S. Mail, overnight delivery, or electronic delivery.

/s/ Larisa M. Vaysman
Larisa M. Vaysman

John H. Jones
Steven L. Beeler
Assistant Attorneys General
Public Utilities Section
30 East Broad Street, 16th Floor
Columbus, Ohio 43215
John.jones@ohioattorneygeneral.gov
steven.beeler@ohioattorneygeneral.gov

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

7/31/2020 1:25:39 PM

in

Case No(s). 19-0051-EL-RDR

Summary: Comments 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