

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

On July 10, 2020, 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 or the Auditor) for the 2019 calendar year, was filed in Case No. 19-0051-EL-RDR. On July 31, 2020, consistent with the procedural schedule created by Attorney Examiner Entry,<sup>1</sup> the Staff of the Public Utilities Commission of Ohio (Staff) filed a correspondence in this proceeding in which the Staff indicated it had no initial comments but that it reserved the right to file reply comments in this case. DEO filed its initial comments on July 31, 2020. In its Initial Comments, DEO offered additional details on four of the Auditor's recommendations but did not appear to contest these specific recommendations. The recommendations addressed by DEO were Management Audit Recommendations 3, 4, 5, and 6.<sup>2</sup>

<sup>1</sup> *In the Matter of the Review of Duke Energy Ohio, Inc. 's Alternative Energy Recovery Rider*, Case No. 19-51-EL-RDR, (Entry) (January 23, 2020).

<sup>2</sup> Report, p. 1-23 and 1-24.

## II. REPLY COMMENTS

With respect to Management Audit Recommendation 3,<sup>3</sup> DEO agreed to the recommendation while reiterating that it did not believe dollar-cost averaging was a preferred alternative for its needs.<sup>4</sup>

When addressing Management Audit Recommendation 4,<sup>5</sup> DEO indicated that it had already incorporated many of the facets of this recommendation with a semi-annual review currently in progress.<sup>6</sup> In fact, the Auditor's recommendation specifically acknowledges that DEO has taken steps beginning in 2020 to address this issue.<sup>7</sup> As this particular audit covered the 2019 calendar year, retaining this recommendation would permit the next auditor to confirm the related actions were implemented during 2020.

The Company indicated that it did not disagree with Management Audit Recommendation 5.<sup>8</sup> However, DEO did emphasize that the small quantity of solar renewable energy credits (solar RECs) covered by this recommendation was minimal compared to the Company's overall REC inventory.<sup>9</sup> Staff does not contest this observation.

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<sup>3</sup> *Id.* at 1-23.

<sup>4</sup> Duke Comments at 1-2.

<sup>5</sup> Report at 1-23.

<sup>6</sup> Duke Comments at 2.

<sup>7</sup> Report at 1-23.

<sup>8</sup> Duke Comments at 2.

<sup>9</sup> *Id.*

With respect to Management Audit Recommendation 6,<sup>10</sup> DEO asserts that inventory accounting is not appropriate for its GoGreen REC inventory.<sup>11</sup> However, the Company agreed to evaluate this question as called for by the audit recommendation.<sup>12</sup>

### III. CONCLUSION

In its Initial Comments, DEO addressed four auditor recommendations. The Company provided additional background related to these four recommendations, background which helps to provide useful context for these issues. While remaining confident in its current approaches on these topics, the Company agreed to complete the steps contained within these specific recommendations. As such, Staff recommends that the Commission approve the audit report as filed, as no changes are necessary.

Respectfully submitted,  
**Dave Yost**  
Ohio Attorney General

**John Jones**  
Section Chief

*/s/ Steven L. Beeler*

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<sup>10</sup> Report at 1-23 to 1-24.

<sup>11</sup> Duke Comments at 3.

<sup>12</sup> *Id.*

## **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 14<sup>th</sup> day of August 2020.

*/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