

# THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE ANNUAL  
APPLICATION OF DUKE ENERGY OHIO,  
INC. FOR AN ADJUSTMENT TO THE  
CAPITAL EXPENDITURE PROGRAM RIDER  
RATE.

CASE NO. 21-618-GA-RDR

## ENTRY

Entered in the Journal on June 2, 2021

### I. SUMMARY

{¶ 1} The Commission selects Blue Ridge Consulting Services, Inc. to conduct the audit services necessary to assist the Commission with the review of the necessity, prudence, and reasonableness of capital expenditures and deferrals related to Duke Energy Ohio, Inc.'s capital expenditure program rider.

### II. DISCUSSION

{¶ 2} Duke Energy Ohio, Inc. (Duke or the Company) is a natural gas company and a public utility as defined in R.C. 4905.03 and R.C. 4905.02, respectively. As such, Duke is subject to the jurisdiction of the Commission.

{¶ 3} R.C. 4929.111 provides that a natural gas company may file an application to implement a capital expenditure program (CEP) for any infrastructure expansion, improvement, or replacement program; any program to install, upgrade, or replace information technology systems; or any program reasonably necessary to comply with any rules, regulations, or orders of the Commission or other governmental entity having jurisdiction. If the Commission finds that the CEP is consistent with the applicant's statutory obligation to furnish necessary and adequate facilities, which are also found to be just and reasonable, the Commission is tasked with approving the application and authorizing the deferral or recovery of both a regulatory asset for post in-service carrying costs (PISCC) on that portion of assets of the CEP placed in service but not reflected in rates as plant in service and a regulatory asset for the incremental depreciation directly

attributable to the CEP and the property tax expense directly attributable to the CEP but not reflected in rates.

{¶ 4} In Case No. 13-2417-GA-UNC, et al., the Commission modified and approved Duke's application to implement a CEP in 2013 and succeeding years, pursuant to R.C. 4909.18 and 4929.111. The Commission also approved Duke's request for accounting authority to capitalize PISCC on program investments for assets placed in service but not yet reflected in rates; defer depreciation expense and property tax expense directly attributable to the CEP; and establish a regulatory asset to which PISCC, depreciation expense, and property tax expense are deferred for future recovery in a subsequent proceeding. Duke was authorized to accrue deferrals under the CEP until the accrued deferrals, if included in the Company's residential service rates, would cause the rates charged to residential customers to increase by more than \$1.50 per month. Additionally, the Commission noted that the prudence and reasonableness of Duke's CEP-related regulatory assets and associated capital spending would be considered in any future proceedings seeking cost recovery, at which time the Company would be expected to provide detailed information regarding the expenditures for the Commission's review. *In re Duke Energy Ohio, Inc.*, Case No. 13-2417-GA-UNC, et al., Finding and Order (Oct. 1, 2014).

{¶ 5} On April 21, 2021, the Commission modified and approved a stipulation and recommendation (Stipulation) that resolved all of the issues related to Duke's application for an alternative rate plan to establish Rider CEP for recovery of its CEP deferrals and investments from January 1, 2013, through December 31, 2018. *In re Duke Energy Ohio, Inc.*, Case No. 19-791-GA-ALT, Opinion and Order (Apr. 21, 2021). The Stipulation also provides that Duke will file annual applications to update the Rider CEP rates no later than March 31 of each year and that the first such application to be filed in 2021 will cover the CEP assets placed in service and the related CEP regulatory asset as of December 31, 2020. Further, the Stipulation requires that Staff or its designee conduct a review of Duke's annual application to update the Rider CEP rates to determine the lawfulness, used and usefulness, prudence,

and reasonableness of the CEP assets placed in service and the related calculation of the CEP regulatory asset included in the proposed Rider CEP revenue requirement.

{¶ 6} On May 5, 2021, the Commission issued an Entry directing Staff to issue a request for proposal (RFP) for the audit services necessary to assist the Commission with the audit of Duke's CEP for the period of January 1, 2019, through December 31, 2020. Prospective bidders were directed to submit proposals to Staff by May 17, 2021. Interested bidders were also directed to demonstrate their understanding of the project and the work required by showing a 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.

{¶ 7} The proposals received in response to the RFP have been evaluated and, after consideration of those proposals, the Commission selects Blue Ridge Consulting Services, Inc. (Blue Ridge). The Commission finds that Blue Ridge has the necessary experience to complete the required work.

{¶ 8} Duke shall enter into a contract with Blue Ridge by June 16, 2021, for the purpose of providing payment for its auditing services. The contract shall incorporate the terms and conditions of the RFP, the auditor's proposal, and relevant Commission entries in this case.

{¶ 9} The Commission shall solely direct the work of the auditor. Staff will review and approve payment invoices submitted by the auditor.

{¶ 10} Blue Ridge 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. Blue Ridge 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.

{¶ 11} Upon request of Blue Ridge or 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 Duke refuse or delay in providing such documents or information.

{¶ 12} 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.

{¶ 13} Blue Ridge shall perform its audit and investigation as an independent contractor. Any conclusions, results, or recommendations formulated by Blue Ridge 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 Blue Ridge or its agents in the preparation and presentation of the report.

### III. ORDER

{¶ 14} It is, therefore,

{¶ 15} ORDERED, That Blue Ridge be selected to perform the consulting activities set forth above and in the RFP. It is, further,

{¶ 16} ORDERED, That Duke and Blue Ridge shall observe the requirements set forth herein. It is, further,

{¶ 17} ORDERED, That a copy of this Entry be served upon all parties of record.

COMMISSIONERS:

*Approving:*

Jenifer French, Chair

M. Beth Trombold

Lawrence K. Friedeman

Daniel R. Conway

Dennis P. Deters

SJP/kck

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**Case No(s). 21-0618-GA-RDR**

Summary: Entry selecting Blue Ridge Consulting Services, Inc. to conduct the audit services necessary to assist the Commission with the review of the necessity, prudence, and reasonableness of capital expenditures and deferrals related to Duke Energy Ohio, Inc.'s capital expenditure program rider electronically filed by Heather A Chilcote on behalf of Public Utilities Commission of Ohio