

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

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| In The Matter Of The Review Of Duke |) | |
| Energy Ohio, Inc.'s Distribution Capital |) | Case No. 21-573-EL-RDR |
| Investment Rider. |) | |

COMMENTS OF DUKE ENERGY OHIO, INC.

Pursuant to the Entry on December 22, 2021, Duke Energy Ohio, Inc. (Duke Energy Ohio or Company) submits the following comments related to an audit report prepared at the direction of the Public Utilities Commission of Ohio Staff (Staff) by Rehmann Consulting, Inc., (Rehmann Consulting) and submitted to the docket in this proceeding on December 3, 2021 (Report).

I. COMMENTS

The audit performed by Rehmann resulted in a number of recommendations. Duke Energy Ohio responds below to each of these in the order in which they appear in the Report.

1. Rehmann recommends that the revenue requirement be reduced a total of (\$12,391) for one quarterly Rider DCI filing.¹ Duke Energy Ohio has no objection to this recommendation.
2. Rehmann recommends that the revenue requirement be decreased for one quarter by a net \$2,114,880 for the property tax expense corrections. In addition, Rehmann recommends more timely and accurate filings through using estimates that can be trued up after actual property tax bills are received.² Duke Energy Ohio has no

¹ Report, p. 6.

² Report, p. 7.

objection to this recommendation.

3. Rehmann recommends that Duke Energy Ohio ensure the CIAC estimate is timely recorded in the Rider DCI filing.³ Duke Energy Ohio has no objection to this recommendation.
4. Rehmann recommends that the revenue requirement be reduced a total of (\$39,132) for one quarterly Rider DCI filing.⁴ Duke Energy Ohio has no objection to this recommendation.
5. Rehmann recommends that the revenue requirement be reduced a total of (\$187,432) for the four quarterly Rider DCI filings.⁵ Duke Energy Ohio has no objection to this recommendation.
6. Rehmann recommends that Duke Energy Ohio implement a process improvement by December 31, 2022, such as more timely estimates of retirements at work order setup.⁶ Duke Energy Ohio has no objection to this recommendation.
7. Rehmann recommends that the revenue requirement be reduced a total of (\$151,224) for the four quarterly Rider DCI filings.⁷ Duke Energy Ohio has no objection to this recommendation.
8. Rehmann recommends that Duke Energy Ohio implement a process improvement, by December 31, 2022, to enhance the timeliness and accuracy of estimating cost of removal, such as timely recognition of when contractor labor replaces Duke Energy Ohio labor.⁸ Duke Energy Ohio has no objection to this recommendation.

³ *Id.*

⁴ *Id.*

⁵ Report, p. 8.

⁶ *Id.*

⁷ Report, p. 9.

⁸ *Id.*

9. Rehmann recommends that Duke Energy Ohio exclude CWIP differences upon filing a rate case that excludes the CWIP differences from the base rates.⁹ The Company has no objection to the recommendation, and indeed has excluded CWIP differences from base rates in its pending electric distribution base rate case, Case No. 21-887-EL-AIR. However, Table 12 of the Report includes a \$465,179 increase to the revenue requirement stemming from this recommendation, which the Company believes should be deleted. This deletion will also impact the total adjustment to the revenue requirement as described *infra* in Paragraph 16. The Company believes this deletion is consistent with the auditor's original recommendation and only seeks to ensure the final revenue recommendation is explicitly and correctly stated.
10. Rehmann recommends that the next Rider DCI audit confirm that the revenue requirement has been reduced by a CIAC adjustment of \$4,639 in the September 30, 2021 Rider DCI filing.¹⁰ Duke Energy Ohio has no objection to this recommendation.
11. Rehmann recommends that work orders over one year in RWIP and with balances over \$500,000 receive top priority for unitization and that the status of these work orders be reviewed in the next Rider DCI audit.¹¹ Duke Energy Ohio has no objection to this recommendation. The Company's process to identify and unitize work orders inadvertently filtered out RWIP only projects. The report has been fixed and the Company will ensure that these projects are unitized timely moving forward.

⁹ Report, p. 10.

¹⁰ Report, p. 13.

¹¹ Report, p. 15.

12. Rehman recommends all work orders receive approved revisions in Maximo when actual costs exceed the original estimate.¹² Duke Energy Ohio will continue to improve its estimating process, but does not believe it is efficient to re-estimate every project that actual costs exceed the original estimate. Duke Energy Ohio submits that a reasonable threshold on size and percentage variance be established for estimate revisions so that the Company is not unreasonably forced to revise small projects for inconsequential variances. This will ensure that valuable resources are employed efficiently and cost effectively. There should also be a reasonable amount of time afforded to the Company to complete these tasks after the overage. A reasonable threshold would be twenty-five percent over on specific (non-blanket) projects over one million dollars within three months of the overage. The Company also submits that documentation of the causes of such overruns outside Maximo can also serve as an adequate substitute where approved revisions are not present in Maximo.
13. Rehmann recommends that the requirement, to send tree trimming invoices back to the tree trimming contractor when the invoice has incorrectly recorded capital versus O&M charges, be communicated to all Duke Energy Ohio departments that use tree trimming contractors.¹³ Duke Energy Ohio has no objection to this recommendation.
14. Rehmann recommends that the revenue requirement be reduced a total of (\$5,151) for one quarterly Rider DCI filing and that \$41,858 be reduced from plant-in-service.¹⁴ Duke Energy Ohio has no objection to this recommendation.

¹² *Id.*

¹³ *Id.*

¹⁴ Report, p. 16.

15. Rehmann recommends that the revenue requirement be reduced a total of (\$1,371) for the four quarterly Rider DCI filings and that the removal of earnings-related incentives totaling \$5,039 be reviewed in the next Rider DCI audit.¹⁵ Duke Energy Ohio has no objection to this recommendation.
16. Table 12 on page 41 of the Report contains a list of the recommended adjustments, with a total of (\$2,051,041) reduction to the revenue requirement recommended. As detailed in paragraph 9 *supra*, Duke Energy Ohio submits that the recommended revenue requirement increase of \$465,179 for CWIP differences should be deleted and therefore that the total adjustment be (\$2,516,220).

II. CONCLUSION

The Company respectfully requests that the Commission's order in this case be in accordance with the above comments.

Respectfully submitted,

/s/ Larisa M. Vaysman

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¹⁵ *Id.*

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing Comments of Duke Energy Ohio, Inc. was served on the following parties 21st day of January 2022 by regular U. S. Mail, overnight delivery or electronic delivery.

/s/ Larisa M. Vaysman

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