

**FILE**

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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In the Matter of the Application of Duke Energy : Case No. 08-920-EL-SSO  
Ohio for Approval of an Electric Security Plan. :  
  
In the Matter of the Application of Duke Energy :  
Ohio for Approval to Amend Accounting : Case No. 08-921-EL-AAM  
Methods. :  
  
In the Matter of the Application of Duke Energy :  
Ohio for Approval of a Certificate of Public : Case No. 08-922-EL-UNC  
Convenience and Necessity to Establish an :  
Unavoidable Capacity Charges. :  
  
In the Matter of the Application of Duke Energy : Case No. 08-923-EL-ATA  
Ohio for Approval to Amend its Tariffs. :

**PREFILED TESTIMONY  
OF  
TAMARA S. TURKENTON**

**RATES & TARIFFS DIVISION  
UTILITIES DEPARTMENT  
PUBLIC UTILITIES COMMISSION OF OHIO**

**Staff Exhibit \_\_\_\_\_**

**October 31, 2008**

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1 1. Q. Please state your name and business address.

2 A. My name is Tamara S. Turkenton. My business address is 180 East Broad  
3 Street, Columbus, Ohio 43215.

4  
5 2. Q. By whom are you employed and in what capacity?

6 A. I am employed by the Public Utilities Commission of Ohio as a Public  
7 Utilities Administrator 2, in the Rates & Tariffs Division of the Utilities  
8 Department.

9  
10 3. Q. Please briefly summarize your educational background and work experi-  
11 ence.

12 A. I have earned a Bachelor of Business Administration in Finance and  
13 Business Pre-Law (BBA) from Ohio University. I have also earned a  
14 Master of Business Administration (MBA) degree from Capital University  
15 and a Master of Tax Laws (MT) degree from Capital Law School.

16  
17 I have been continuously employed by the Commission since July 1994  
18 involved in the Electric Fuel Component (EFC) section, the Telecommuni-  
19 cations section, the Competitive Retail Electric Service (CRES) section  
20 working on all aspects of electric deregulation and SB 3, and most recently,  
21 the Rates & tariffs section, working on electric utility rates, rules, and  
22 regulations including green energy renewable programs.

1 4. Q. Have you testified in prior proceedings before the Commission?

2 A. Yes.

3

4 5. Q. What is the purpose of your testimony in this proceeding?

5 A. I am supporting the Stipulation and Recommendation (Stipulation) filed in  
6 this proceeding on October 27, 2008.

7

8 6. Q. Were all of the parties (including Staff) to this proceeding present at  
9 negotiations that resulted in the Stipulation?

10 A. Settlement meetings were noticed to all parties and all parties were present  
11 either in person or by phone or they chose not to participate. The Staff was  
12 present at all of the negotiations.

13

14 7. Q. Do you believe the Stipulation filed in this case is the product of serious  
15 bargaining among knowledgeable parties?

16 A. Yes. This agreement is the product of an open process in which all parties  
17 were represented by able counsel and technical experts. Extensive negotia-  
18 tions and analysis on complex issues occurred, including new issues such as  
19 energy efficiency mandates provided for in Senate Bill 221 (SB 221). The  
20 Stipulation represents a comprehensive compromise of issues raised by  
21 parties with diverse interests. Most issues have been resolved by those  
22 parties who signed the Stipulation and as such have adopted the Stipulation

1 as a reasonable resolution of most issues except one issue of residential  
2 governmental aggregation. The Parties agreed in the Stipulation that OCC  
3 shall have the right to carve out for litigation the issue of bypassability  
4 (price avoidability) of SRA-SRT and to receive a shopping credit of 6% (on  
5 SRA-CD) for residential government aggregation customers.

6  
7 Overall, I believe that the Stipulation that the parties are recommending for  
8 Commission adoption presents a fair and reasonable result.

9  
10 8. Q. In your opinion, does the Settlement benefit ratepayers and promote the  
11 public interest?

12 A. Yes.

- 13 • The stipulation establishes a fair and reasonable increase in the base  
14 price of generation of approximately 1.9% in 2009, 2.0% in 2010, and  
15 1.2% in 2011. Cost-based trackers that recover costs of fuel, purchased  
16 power, and allowances (PTC-FPP), environmental compliance, home-  
17 land security, and changes in taxes (PTC-AAC), costs for market gen-  
18 eration capacity (SRA-SRT), and costs for transmission (TCR) will  
19 continue to adjust accordingly through the ESP period (2009-2011).  
20 Additionally, Rider SRA-CD (to recover capacity dedication costs) will  
21 continue to be collected (6% of Little g) through the ESP period.

1           • It establishes a distribution rider Infrastructure Modernization (DR-IM)  
2           to recover costs (subject to costs caps each year) relating to SmartGrid  
3           {SmartGrid includes Advanced Meter Infrastructure (AMI) and Distri-  
4           bution Automation (DA)}. The Stipulation provides that DE-Ohio will  
5           convene a collaborative process for the purpose of exploring opportuni-  
6           ties to maximize benefits of the SmartGrid investment. The Stipulation  
7           ensures that during the collaborative process DE-Ohio will design and  
8           implement tariffs for revenue-neutral critical peak pricing programs,  
9           enhanced power manager pricing programs, and residential time of use  
10          programs. Improving access to meter information that will assist cus-  
11          tomers in managing costs will also be explored. Additionally, a mid-  
12          deployment program summary and review will occur to address  
13          deployment lessons learned and the desirability of continuing SmartGrid  
14          beyond December 31, 2011. As part of implementing Rider DR-IM,  
15          DE-Ohio also agreed in the Stipulation to enhance its system reliability  
16          targets (SAIFI).

17         • It establishes a distribution rider for Energy Efficiency (DR-SAW)  
18         based on an avoided costs model and compensates DE-Ohio with an  
19         incentive on its program costs (subject to caps) for achieving energy  
20         efficiency above the statutory mandates in SB 221 during the ESP  
21         period. The Stipulation also provides that DE-Ohio will convene a

1 collaborative process, with the Ohio Manufacturers' Association  
2 assistance, to develop and implement programs for manufacturers in  
3 DE-Ohio's territory that benefit both collaborative participants and the  
4 state of Ohio.

- 5 • It establishes a distribution rider Economic Competitiveness Fund (DR-  
6 ECF) to recover delta revenues associated with reasonable arrange-  
7 ments. The Stipulation also provides that DE-Ohio shall not enter into  
8 reasonable arrangements for discounted rates without making an appli-  
9 cation to the Commission and obtaining approval from the Commission.  
10 Furthermore, as part of that application, the rate allocation of delta rev-  
11 enue cost recovery between DE-Ohio and the customer shall be decided  
12 by the Commission on an individual (application by application) basis.
- 13 • It provides \$1,750,000 in shareholder funding for customer assistance  
14 (including increased funding for home and energy weatherization con-  
15 tracts, fan and air conditioner distribution, and PIPP program contribu-  
16 tions) to aid low income customers in Ohio.

17  
18 9. Q. Does the Stipulation violate any important regulatory principle?

19 A. No. It furthers the policy of the state to provide reasonably priced and reli-  
20 able electric service. It gives customers effective choices that ensure diver-

1           sity of electric supply and suppliers. It additionally provides flexible regu-  
2           latory treatment.

3  
4   10.   Q.   Are you recommending its adoption by the Commission?

5           A.   Yes. I believe the Stipulation represents a fair and reasonable compromise  
6           of diverse interests and provides a fair result for all Ohio customers.

7  
8   11.   Q.   Do you have any thoughts for Commission consideration on the residential  
9           governmental aggregation issue that OCC has carved out for litigation?

10          A.   Yes. Staff suggests there is nothing in the Commission rules nor SB 221  
11          that specifically prohibits nor specifically allows the bypassability (price  
12          avoidability) of SRA-SRT and to receive a shopping credit of 6% (on SRA-  
13          CD) for residential government aggregation customers. Per the Stipulation,  
14          only non-residential aggregation governmental aggregation customers can  
15          bypass the SRA-SRT and receive a shopping credit of 6% (on SRA-CD).  
16          However, in exchange for not paying these charges to DE-Ohio non-resi-  
17          dential governmental aggregation customers must come back to DE-Ohio at  
18          115% of the ESP-SSO price. (See Stipulation paragraph 20d). The Stipu-  
19          lation states residential governmental aggregation customers shall pay  
20          SRA-SRT and will not receive a shopping credit of 6% (on SRA-CD) but  
21          by paying these charges residential governmental aggregation customers  
22          never have the risk of coming back at 115% of the ESP-SSO and have no

1 minimum stay during the ESP period. (See Stipulation paragraph 20).

2 They come back to 100% of the ESP-SSO and have no minimum stay pro-  
3 vision.

4  
5 While Staff understands OCC's position, Staff believes that non-residential  
6 government aggregation customers can better assess those risks. Non-resi-  
7 dential customers have had the past experience of waiving such charges  
8 (during the ESP) and perhaps can better assess the risks of bypassing these  
9 charges and withstand the penalty of coming back to DE-Ohio at 115% of  
10 the ESP-SSO price. Although Staff believes that 115% ESP-SSO return  
11 pricing is reasonable and not a huge penalty, Staff would not wish to sub-  
12 ject residential governmental aggregation customers to 115% ESP-SSO  
13 return pricing if that aggregation elected to bypass these charges. On its  
14 face, giving the same right to bypass these charges to residential govern-  
15 mental aggregations that non-residential aggregations have may seem rea-  
16 sonable. However, in reality "subjecting and actually imposing" upon a  
17 residential governmental aggregation customer 115% ESP-SSO return  
18 pricing may present practical problems of implementation that perhaps may  
19 not be in the best interest of customers.

20  
21 12. Q. Does this conclude your testimony?

22 A. Yes, it does.



## PROOF OF SERVICE

I hereby certify that a true copy of the foregoing Prefiled Testimony of Tamara S. Turkenton, submitted on behalf of the Staff of the Public Utilities Commission of Ohio, was served by regular U.S. mail, postage prepaid, hand-delivered, and/or delivered via electronic mail, upon the following parties of record, this 31<sup>st</sup> day of October, 2008.



Thomas W. McNamee  
Assistant Attorney General

### Parties of Record:

Jeffrey Small  
Jacqueline Lake Roberts  
Ann M. Hotz  
Michael E. Idzkowski  
Assistant Consumers' Counsel  
Office of the Ohio Consumers' Counsel  
10 West Broad Street, Suite 1800  
Columbus, OH 43215  
[small@occ.state.oh.us](mailto:small@occ.state.oh.us)  
[roberts@occ.state.oh.us](mailto:roberts@occ.state.oh.us)  
[hotz@occ.state.oh.us](mailto:hotz@occ.state.oh.us)  
[idzkowski@occ.state.oh.us](mailto:idzkowski@occ.state.oh.us)

M. Howard Petricoff  
Stephen Howard  
Vorys Sater Seymour & Pease  
52 East Gay Street  
P.O. Box 1008  
Columbus, OH 43216-1008  
[mhpetricoff@vssp.com](mailto:mhpetricoff@vssp.com)  
[showard@vssp.com](mailto:showard@vssp.com)

David F. Boehm  
Michael L. Kurtz  
Boehm, Kurtz & Lowry  
36 East Seventh Street, Suite 1510  
Cincinnati, OH 45202  
[dboehm@bkllawfirm.com](mailto:dboehm@bkllawfirm.com)  
[mkurtz@bkllawfirm.com](mailto:mkurtz@bkllawfirm.com)

John Bentine  
Mark Yurick  
Matthew S. White  
Chester, Willcox & Saxbe  
65 East State Street, Suite 1000  
Columbus, OH 43215-4213  
[jbentine@cswslaw.com](mailto:jbentine@cswslaw.com)  
[myurick@cswslaw.com](mailto:myurick@cswslaw.com)  
[mwhite@cswslaw.com](mailto:mwhite@cswslaw.com)

Amy Gomberg  
Environment Ohio  
203 East Broad Street, Suite 3  
Columbus, OH 43215

Langdon Bell  
Bell & Royer Co., LPA  
33 South Grant Avenue  
Columbus, OH 43215-3900  
[lbell33@aol.com](mailto:lbell33@aol.com)

David Rinebolt  
Colleen L. Mooney  
Ohio Partners for Affordable Energy  
P.O. Box 1793  
Findlay, OH 45839-1793  
[drinebolt@aol.com](mailto:drinebolt@aol.com)  
[cmooney2@columbus.rr.com](mailto:cmooney2@columbus.rr.com)

Samuel C. Randazzo  
Joseph M. Clark  
McNees Wallace & Nurick  
21 East State Street, 17<sup>th</sup> Floor  
Columbus, OH 43215-4228  
[srandazzo@mwncmh.com](mailto:srandazzo@mwncmh.com)  
[jclark@mwncmh.com](mailto:jclark@mwncmh.com)

Henry Eckhart  
Attorney at Law  
50 West Broad Street  
Suite 2117  
Columbus, OH 43215-3301  
[henryeckhart@aol.com](mailto:henryeckhart@aol.com)

Sally Bloomfield  
Terrence O'Donnell  
Bricker & Eckler  
100 South Third Street  
Columbus, OH 43215-4291  
[sbloomfield@bricker.com](mailto:sbloomfield@bricker.com)  
[todonnell@bricker.com](mailto:todonnell@bricker.com)

Barth E. Royer  
Bell & Royer  
33 South Grant Street  
Columbus, OH 43215  
[barthroyer@aol.com](mailto:barthroyer@aol.com)  
Paul A. Colbert

Noel M. Morgan  
215 East Ninth Street, 500  
Cincinnati, OH 45202  
[nmorgan@lascinti.org](mailto:nmorgan@lascinti.org)

Robert P. Malloy  
Wood & Lamping  
600 Vine Street  
Suite 2500  
Cincinnati, OH 45202  
[rpmalloy@woodlamping.com](mailto:rpmalloy@woodlamping.com)

Mary W. Christensen  
Christensen Christensen Donchatz  
Kettlewell & Owens  
100 East Campus View Boulevard  
Suite 360  
Columbus, OH 43235  
[mchristensen@columbuslaw.org](mailto:mchristensen@columbuslaw.org)

Craig G. Goodman  
National Energy Marketers Association  
3333 K Street, N.W.  
Suite 110  
Washington, D.C. 20007  
[cgoodman@energymarketers.com](mailto:cgoodman@energymarketers.com)

Douglas M. Mancino  
McDermott Will & Emery  
2049 Century Park East  
Suite 3800  
Los Angeles, CA 90067-3218  
[dmancino@mwe.com](mailto:dmancino@mwe.com)

Thomas J. O'Brien  
Bricker & Eckler  
100 South Third Street  
Columbus, OH 43215-4236  
[tobrien@bricker.com](mailto:tobrien@bricker.com)

Duke Energy Ohio  
155 East Broad Street, 21<sup>st</sup> Floor  
Columbus, OH 43215  
[paul.colbert@duke-energy.com](mailto:paul.colbert@duke-energy.com)

Douglas E. Hart  
Greater Cincinnati Health Council  
441 Vine Street, Suite 4192  
Cincinnati, OH 45202  
[dhart@douglashart.com](mailto:dhart@douglashart.com)