

FILE

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

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In the Matter of the Application of Duke Energy Ohio, Inc. for an Increase in Electric Distribution Rates)	Case No. 08-709-EL-AIR
)	
In the Matter of the Application of Duke Energy Ohio, Inc. for Tariff Approval)	Case No. 08-710-EL-ATA
)	
In the Matter of the Application of Duke Energy Ohio, Inc. for Approval to Change Accounting Methods)	Case No. 08-710-EL-AAM
)	
In the Matter of the Application of Duke Energy Ohio, Inc. for Approval of its Rider BDP, Backup Delivery Point Rider)	Case No. 06-718-EL-ATA
)	

Prepared Testimony
of
Trisha J. Smith
Accounting and Electricity Division
Utilities Department

Staff Exhibit ____

March 30, 2009

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Technician Am Date Processed 3/31/09

1 PREPARED TESTIMONY OF TRISHA J. SMITH

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

3 A. My name is Trisha J. Smith. My business address is 180 East Broad Street,
4 Columbus, Ohio 43215-3793.

5 2. Q. By who are you employed?

6 A. I am employed by the Public Utilities Commission of Ohio.

7 3. Q. What is your current position with the Public Utilities Commission of Ohio?

8 A. My current position is a Utility Specialist 2 in the Accounting and Electricity
9 Division of the Utilities Department.

10 4. Q. Would you briefly state your educational background?

11 A. I received a Bachelor of Science in Business Administration degree from the
12 Ohio State University in June 1992, with a major in Accounting. I began my
13 current employment with the Public Utilities Commission of Ohio in April
14 1993.

15 5. Q. What are your responsibilities in this proceeding?

16 A. I am responsible for the Staff's calculation of payroll expense and related
17 taxes, pension and OPEB expenses, and regulatory asset amortization expense.

18 6. Q. What's the purpose of your testimony in this proceeding?

19 A. The purpose of my testimony is to respond to the following objections to the
20 Staff Report of Investigation filed on February 26, 2009. Regarding incentive,
21 bonus, and severance compensation expense, I will be addressing the

1 Applicant's Operating Income Objection 7 (b) and OCC's Operating Income
2 Objections 2 and 3. Regarding the regulatory asset amortization, I will be
3 addressing the Applicant's OCC's Operating Income Objection 5.

4 7. Q. Do you agree with the Applicant's Operating Income Objection 7(b), and the
5 OCC's Operating Income Objection 3 (relative to severance pay), in part, that
6 the Staff erred in including incentive, bonus and severance compensation in its
7 labor expense calculation?

8 A. No I do not. Incentive, bonus and severance compensation are the same as any
9 other benefit included in labor expense. Similar to an hourly wage or a salary,
10 incentive, bonus and severance pays are based on an employee's labor services
11 and should be considered when determining total compensation.

12 9. Q. Do you agree with the Applicant's Objection 5, in part, that the Staff erred in
13 that it did not use updated information in its recommended adjustment to
14 regulatory asset amortization?

15 A. Yes I do.

16 10. Q. Do you agree with the OCC's Operating Income Objection 2, in part, that the
17 Staff erred in including incentive and bonus pay related to the obtainment of
18 financial goals in the labor expense?

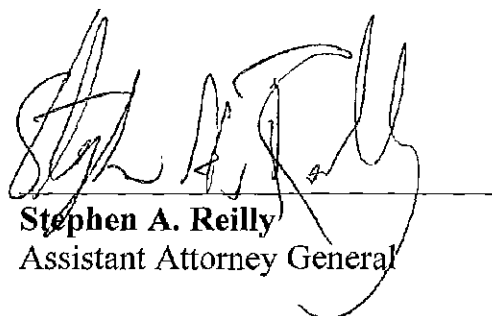
19 A. Yes I do. Bonus pay and incentive pay related to the obtainment of
20 financial goals should not be included in test year labor expense.

21 11. Q. Does this conclude your testimony?

22 A. Yes it does..

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing Testimony of Trisha J. Smith was served via electronic mail and/or regular U.S. mail, postage prepaid upon the following parties of record this 30th day of March, 2009.


Stephen A. Reilly
Assistant Attorney General

Duke Energy Ohio, Inc.
Elizabeth H. Watts
2500 Atrium II, 139 East Fourth Street
P.O. Box 960
Cincinnati, Ohio 45201-0960
Elizabeth.watts@duke.energy.com

Ohio Consumers' Counsel
Ann M. Hotz, Counsel of Record
10 W. Broad Street
Suite 1800
Columbus, OH 43215-3420
hotz@occ.state.oh.us

Boehm, Kurtz & Lowry
David Boehm/Michael Kurtz
36 East 7th Street
URS Building
Suite 1510
Cincinnati, OH 45202-4454
dboehm@BKLawfirm.com

Chester, Willcox & Saxbe LLP
John W. Bentine/Mark Yurick
65 E. State Street
Suite 1000
Columbus, OH 43215-4216
myurick@cwsllaw.com

TW Telecom of Ohio LLC
Pamela Sherwood
4625 W. 8th Street, Suite 500
Indianapolis, IN 46268
Pamela.sherwood@telecom.com

Greater Cincinnati Health Council
Douglas E. Hart
441 Vine Street
Suite 4192
Cincinnati, OH 45202-2852
dhart@douglasshart.com

Vorys, Sater, Seymour & Pease
Steven M. Howard
52 E. Gay Street
P.O. Box 1008
Columbus, OH 43215-3108
smhoward@vorys.com

People Working Cooperatively, Inc.
Mary W. Christensen, Esq.
100 E. Campus View Blvd.
Columbus, OH 43235-4679
mchristensen@columbuslaw.org

Bricker & Eckler, LLP
Sally Bloomfield/Thomas O'Brien
100 S. Third Street
Columbus, OH 43215-4236
tobrien@bricker.com

Albert Lane
7200 Fair Oaks Dr.
Cincinnati, OH 45237
AELMICTEN@aol.com

Ohio Partners for Affordable Energy
David Rinebolt/Colleen Mooney
231 West Lima Street
Findaly, OH 45840-3033
drinebolt@aol.com
cmooney2@columbus.rr.com