

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

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In the Matter of the :
Application of Duke :
Energy Ohio, Inc., to :
Establish its Fuel and :Case No. 10-974-EL-FAC
Economy Purchased Power :
Component of its Market-:
Based Standard Service :
Offer for 2010. :

In the Matter of the :
Application of Duke :
Energy Ohio, Inc., to :
Establish its System :Case No. 10-975-EL-RDR
Reliability Tracker and :
its Market-Based :
Standard Service Offer :
for 2010. :

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PROCEEDINGS

Before Katie Stenman, Hearing Examiner, at the
Public Utilities Commission of Ohio, 180 East
Broad Street, Columbus, Ohio, Hearing Room 11C,
on Wednesday, August 3, 2011, at 10:00 a.m.

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- - -

APPEARANCES:

Michael DeWine, Ohio Attorney General
By Mr. Thomas W. McNamee
Assistant Attorney General
180 East Broad Street
Columbus, Ohio 43215

On behalf of the Staff of the Public
Utilities Commission of Ohio.

Mr. Jeffrey L. Small
Assistant Consumers' Counsel
10 West Broad Street, Suite 1800
Columbus, Ohio 43215-3485

On behalf of the Residential
Customers of Duke Energy Ohio.

Ms. Amy B. Spiller
Deputy General Counsel
Duke Energy
139 East Fourth St./1303-Main
P.O. Box 960
Cincinnati, Ohio 45201-0960

On behalf of Duke Energy Ohio.

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1 Wednesday Morning Session,
2 August 3, 2011.

3 - - -

4 HEARING EXAMINER STENMAN: The Public
5 Utilities Commission of Ohio has called for
6 hearing at this time and place Case No.
7 10-974-EL-FAC being in the matter of the
8 Application of Duke Energy Ohio, Inc. to
9 establish its fuel and economy purchased power
10 component of its market-based standard service
11 offer for 2010; and 10-975-EL-RDR being in the
12 matter of the Application of Duke Energy Ohio,
13 Inc., to establish its system reliability
14 tracker and its market-based standard service
15 offer for 2010.

16 My name is Katie Stenman, and I'm the
17 Attorney Examiner assigned by the Commission to
18 hear this case.

19 At this time let's start with the
20 appearances of the parties, starting with the
21 Company.

22 MS. SPILLER: Good morning, Your
23 Honor. Amy Spiller on behalf of Duke Energy
24 Ohio, 139 East Fourth Street, Cincinnati, Ohio
25 45202.

1 HEARING EXAMINER STENMAN: Thank you.

2 MR. SMALL: Your Honor, on behalf of
3 the residential customers of Duke Energy Ohio,
4 Jeffrey L. Small, Assistant Consumers' Counsel,
5 10 West Broad Street, Suite 1800, Columbus, Ohio
6 43215. Thank you.

7 MR. MCNAMEE: On behalf of the staff
8 of the Public Utilities Commission of Ohio, Mike
9 DeWine, Attorney General, State of Ohio. I am
10 Thomas W. McNamee, Assistant Attorney General.
11 The address is 180 East Broad Street, Columbus,
12 Ohio.

13 HEARING EXAMINER STENMAN: Thank you.
14 I understand the parties have docketed a
15 stipulation?

16 MS. SPILLER: Yes, Your Honor.

17 HEARING EXAMINER STENMAN: Do you
18 want to go forward with the stipulation at this
19 time?

20 MS. SPILLER: I would, Your Honor.
21 Thank you. And Mr. Wathen is here to testify as
22 to that. We do have two motions for protective
23 order that Duke Energy Ohio has filed as well in
24 this proceeding, neither of which I understand
25 to be opposed but certainly wanted to identify

1 the filing of those. One concerning attachments
2 to the direct testimony of Mr. Wathen as well as
3 Salil Pradhan, attachments to their testimony.
4 That motion was filed on March 1.

5 The second motion for protective
6 order filed on May 12, 2011, in this docket is
7 concerning various portions of the report
8 completed by, the audit report, completed by
9 Schumaker & Company.

10 HEARING EXAMINER STENMAN: And it's
11 my understanding that those were granted via
12 Attorney Examiner entry on June 1st, and that
13 will be confirmed in the opinion and order that
14 will be forthcoming.

15 MS. SPILLER: Thank you, Your Honor.
16 Additional documents, if I may identify for the
17 record please, Duke Energy Ohio asks that its
18 application filed on March 1, 2011 be identified
19 as Duke Energy Ohio Exhibit 1, please.

20 HEARING EXAMINER STENMAN: It will be
21 so marked.

22 MS. SPILLER: Duke Energy further
23 offers for marking the direct testimony of Salil
24 Pradhan filed on March 1, 2011. Ask that that
25 be marked as Duke Energy Exhibit No. 2.

1 HEARING EXAMINER STENMAN: So marked.

2 MS. SPILLER: Duke Energy Ohio next
3 identifies the direct testimony of Gregory H.
4 Cecil filed on March 1, 2011. Would ask that
5 that be marked as Duke Energy Ohio Exhibit 3.

6 HEARING EXAMINER STENMAN: It will be
7 so marked.

8 MS. SPILLER: The direct testimony of
9 William Don Wathen, Jr., also filed on March 1,
10 2011. Would ask that that be marked as Duke
11 Energy Ohio Exhibit 4.

12 HEARING EXAMINER STENMAN: It will be
13 so marked.

14 (EXHIBITS HEREBY MARKED.)

15 MS. SPILLER: The final Duke Energy
16 Ohio exhibit is the supplemental testimony of
17 William Don Wathen, Jr. Would ask that that be
18 marked as Duke Energy Ohio Exhibit No. 5.

19 HEARING EXAMINER STENMAN: And that
20 was filed on July 28?

21 MS. SPILLER: I'm sorry, on July 28.

22 HEARING EXAMINER STENMAN: It will be
23 so marked.

24 (EXHIBIT HEREBY MARKED.)

25 MS. SPILLER: And then I would

1 identify, if I may, as Joint Exhibit 1 the
2 stipulation and recommendation also filed with
3 the Commission on July 28, 2011.

4 HEARING EXAMINER STENMAN: It will be
5 so marked. And with respect to Duke Exhibit 2
6 and Duke Exhibit 4, we also need to mark the
7 confidential attachments to that testimony. Can
8 that be marked, the confidential attachment to
9 Salil Pradhan's testimony, as Duke Exhibit 2A,
10 and confidential attachment to William Don
11 Wathen's testimony as Duke 4A?

12 MS. SPILLER: Yes, Your Honor.

13 (EXHIBITS HEREBY MARKED.)

14 HEARING EXAMINER STENMAN: Are there
15 any other exhibits to mark before we move
16 forward with the witness?

17 MS. SPILLER: Not on behalf of Duke
18 Energy Ohio.

19 MR. SMALL: If I may, how about the
20 quarterly filings, are they part of the
21 testimony?

22 MS. SPILLER: They are part of
23 Mr. Wathen's direct testimony.

24 MR. SMALL: Thank you.

25 MR. MCNAMEE: We just need to mark

1 the audit report itself as Staff Exhibit 1.

2 HEARING EXAMINER STENMAN: And that
3 was filed on May 12?

4 MR. MCNAMEE: May 12.

5 HEARING EXAMINER STENMAN: And
6 similarly to what we did with the testimony, the
7 confidential version will be marked as Staff 1A.

8 MR. MCNAMEE: Yes.

9 (EXHIBITS HEREBY MARKED.)

10 HEARING EXAMINER STENMAN: You may
11 call your witness.

12 MS. SPILLER: Thank you. We would
13 call Mr. Wathen to the stand, please.

14 HEARING EXAMINER STENMAN: Please
15 raise your right hand.

16 - - -

17 WILLIAM DON WATHEN, JR.
18 called as a witness on behalf of the Applicant,
19 being first duly sworn, testified as follows:

20 DIRECT EXAMINATION

21 By Ms. Spiller:

22 Q. Mr. Wathen, can you identify yourself
23 for the record, please.

24 A. My name is William Don Wathen, Jr.

25 Q. And do you have before you, sir,

1 documents that have been marked respectively as
2 Duke Energy Ohio Exhibit 4 and Duke Energy Ohio
3 Exhibit 5?

4 A. I do.

5 Q. Is Duke Energy Ohio Exhibit 4 direct
6 testimony that you filed in this proceeding?

7 A. It is.

8 Q. And similarly is Duke Energy Ohio
9 Exhibit 5 supplemental testimony that you filed
10 in support of the stipulation and recommendation
11 in this proceeding?

12 A. It is.

13 Q. And Mr. Wathen, attached to Duke
14 Energy Ohio Exhibit 4 -- are attached to Duke
15 Energy Ohio Exhibit 4 the quarterly FPP filings
16 made by the company?

17 A. Yes. There are copies of filings we
18 made in these dockets on a quarterly basis, yes.

19 Q. Thank you. And, Mr. Wathen, if I
20 were to ask you the questions set forth in your
21 direct or supplemental direct testimony today,
22 would your answers be the same?

23 A. Yes.

24 Q. Is it fair to conclude then, sir,
25 that you don't have any changes or revisions to

1 your testimony?

2 A. Not at this time.

3 Q. And, Mr. Wathen, do you have before
4 you what has been marked as Joint Exhibit No. 1?

5 A. I do.

6 Q. And that is the stipulation and
7 recommendation filed in this proceeding?

8 A. It is, yes.

9 Q. And, sir, if you could turn to page 6
10 of that document, please, there is reference to
11 a credit in paragraph No. 5, a credit of
12 \$612,970 that would be returned to Duke Energy
13 Ohio's rider PTC-FPP customers, correct?

14 A. That's correct.

15 Q. And can you discuss for a moment the
16 timing related to how that refund would be
17 provided back to customers in the context of the
18 FPP filings?

19 A. Well, the idea is to file it in the
20 next FPP filing. However, this upcoming filing,
21 which would be for the fourth quarter of 2011,
22 is really the last FPP filing we would expect to
23 have anticipating a new ESP model after 2011.
24 So we would file that application on or about
25 September 1. So it would be very helpful to get

1 that in order by September 1 to get that;
 2 otherwise, we're going to have to make some
 3 other accommodation with the parties to
 4 effectuate that credit.

5 Q. And that accommodation can be made
 6 and the company agreed to work toward that
 7 accommodation, correct?

8 A. That's correct.

9 Q. But simply more streamlined, if you
 10 were able to remit it in the next filing?

11 A. That is correct.

12 MS. SPILLER: Thank you. The witness
 13 is available for cross-examination.

14 HEARING EXAMINER STENMAN: Any
 15 questions?

16 MR. MCNAMEE: The staff has no
 17 questions.

18 MR. SMALL: I have just one
 19 clarifying question.

20 - - -

21 CROSS EXAMINATION

22 By Mr. Small:

23 Q. Mr. Wathen, you mentioned your
 24 statement that the fourth quarter 2011 would be
 25 the last regular filing by the company for the

1 rider?

2 A. We have filed an ESP anticipating a
3 new ESP for 1-1-12, so absent some delay in
4 their new ESP, that would be the last FPP filing
5 we have.

6 Q. But in terms of matters that might
7 come up in the 2011 audit, we started as a
8 preliminary matter, there is an additional audit
9 that's ordered as far as the approved ESP plan;
10 is that correct?

11 A. That's correct.

12 Q. And you understand that, my
13 terminology, if I call that -- in the
14 stipulation it's referred to as the 2011 audit
15 report?

16 A. There will be another audit report,
17 right.

18 Q. Another audit report. And if there
19 are matters that come up during that audit
20 report, there would be additional, there could
21 be an additional filing to deal with the matters
22 that are brought up in that audit report,
23 correct?

24 A. There is, but we have, as I speak we
25 have no mechanism right now. We would have to

1 work with the staff and other parties to deal
2 with how we're going to flow through any credits
3 that result from that audit.

4 MR. SMALL: Thank you, Your Honor. I
5 just wanted to clarify that there might be some
6 filing in the future, even though there wouldn't
7 be a regular quarterly one. Thank you very
8 much.

9 HEARING EXAMINER STENMAN: Any
10 redirect?

11 MS. SPILLER: No, Your Honor.

12 HEARING EXAMINER STENMAN: Thank you,
13 Mr. Wathen.

14 MS. SPILLER: Your Honor, at this
15 time Duke Energy Ohio would move for the
16 admission of its exhibits identified as Duke
17 Energy Ohio Exhibit 1, 2, 2A, 3, 4, 4A, 5, as
18 well as the Joint Exhibit 1.

19 HEARING EXAMINER STENMAN: Any
20 objections?

21 MR. SMALL: No.

22 MR. MCNAMEE: No objection from the
23 staff.

24 MR. SMALL: No objection, Your Honor.

25 HEARING EXAMINER STENMAN: Duke

1 Exhibits 1, 2, 2A, 3, 4, 4A, 5, and Joint
2 Exhibit 1 will be admitted.

3 (EXHIBITS HEREBY ADMITTED.)

4 MS. SPILLER: Thank you, Your Honor.

5 MR. MCNAMEE: Likewise, staff would
6 move for the admission of Staff Exhibits 1 and
7 1A.

8 HEARING EXAMINER STENMAN: Any
9 objections?

10 MS. SPILLER: No, Your Honor.

11 MR. SMALL: None.

12 HEARING EXAMINER STENMAN: Staff
13 Exhibits 1 and 1A will be admitted.

14 (EXHIBITS HEREBY ADMITTED.)

15 HEARING EXAMINER STENMAN: Is there
16 anything else to come before us?

17 MS. SPILLER: No.

18 MR. MCNAMEE: Nothing from the staff.

19 MR. SMALL: Just a matter, I don't
20 think any of the parties, because of the
21 complete stipulation, anticipates having any
22 need to brief the matter.

23 HEARING EXAMINER STENMAN: Correct.
24 Then we're adjourned. Thank you.

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1 Thereupon, at 10:15 a.m. the hearing
2 was concluded.

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CERTIFICATE

I do hereby certify that the foregoing
is a true and correct transcript of the
proceedings taken by me in this matter before
the Public Utilities Commission of Ohio on
Wednesday, August 3, 2011.

Iris I. Dillion
Registered Professional
Reporter.

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This foregoing document was electronically filed with the Public Utilities

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in

Case No(s). 10-0974-EL-FAC, 10-0975-EL-RDR

Summary: Transcript Transcript of Duke Energy Ohio, Inc. hearing held on 08/03/11
electronically filed by Mrs. Jennifer Duffer on behalf of Armstrong & Okey, Inc. and Dillion, Iris
I. Mrs.