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Date of Hearing: 4/26/2012

Case No. 11-2515-EL-ACP

PUCO Case Caption: In the Matter of the Application  
of Duke Energy Ohio, Inc. for the Approval of its  
2010 Advanced and Renewable Energy Baseline  
and Benchmarks Pursuant to Section 4928.44(B)  
of the Ohio Revised Code.

List of exhibits being filed:

Joint Ex 1 - Stipulation and Recommendation  
Duke Ex. 1 - Direct testimony of Andrew S. Ritch

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Reporter's Signature: Carolyn M. Burke

Date Submitted: May 9, 2012

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

- - -

In the Matter of the :  
Application of Duke Energy:  
Ohio, Inc. for Approval :  
of its 2010 Advanced and :  
Renewable Energy Baseline : Case No. 11-2515-EL-ACP  
and Benchmarks Pursuant :  
to Section 4928.64(B) of :  
the Ohio Revised Code. :

- - -

PROCEEDINGS

before Ms. Katie L. Stenman, Hearing Examiner, at the  
Public Utilities Commission of Ohio, 180 East Broad  
Street, Room 11-D, Columbus, Ohio, called at 10:00  
a.m. on Thursday, April 26, 2012.

- - -

ARMSTRONG & OKEY, INC.  
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- - -

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Duke     )  
Energy Ohio, Inc. for Approval of its     )  
2010 Advanced and Renewable Energy     ) Case No. 11-2515-EL-ACP  
Baseline and Benchmarks Pursuant to     )  
Section 4928.64(B) of the Ohio Revised     )  
Code.

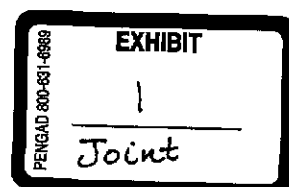
**STIPULATION AND RECOMMENDATION**

Ohio Administrative Code (OAC) Section 4901-1-30 provides that any two or more parties to a proceeding before the Public Utilities Commission of Ohio (Commission) may enter into a written stipulation covering the issues presented in that proceeding. This Stipulation and Recommendation (Stipulation) sets forth the understanding of Duke Energy Ohio, Inc. (Duke Energy Ohio or the Company), the Office of the Ohio Consumers' Counsel (OCC), the Commission Staff (Staff),<sup>1</sup> and the Ohio Environmental Council (OEC) (each of whom is a Signatory Party, and together constitute the Signatory Parties). The Signatory Parties recommend that the Commission approve and adopt, as part of its Opinion and Order, this Stipulation, which will resolve all of the issues in the above-captioned proceeding.

This Stipulation is a product of lengthy, serious, arm's-length bargaining among the Signatory Parties, who are all capable, knowledgeable parties, which negotiations were undertaken by the Signatory Parties to settle this proceeding and is not intended to reflect the views or proposals that any individual Party may have advanced acting unilaterally. This

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<sup>1</sup> The PUCO Staff will be considered a party for the purpose of entering into this Stipulation. O.A.C. Sections 4901-1-10(C) and 4901-1-30.



Stipulation was negotiated among all parties to the proceeding. The Signatory Parties agree that this Stipulation is in the best interests of the public, and urge the Commission to adopt it.

This Stipulation is supported by adequate data and information; as a package, the Stipulation benefits customers and the public interest; represents a reasonable resolution of all issues in this proceeding; violates no regulatory principle or practice; and complies with and promotes the policies and requirements of Ohio Revised Code Chapter 4928. While this Stipulation is not binding on the Commission, it is entitled to careful consideration by the Commission, where, as here, it is sponsored by parties representing a wide range of interests.

Except for purposes of enforcement of the terms of this Stipulation, this Stipulation, the information and data contained therein or attached, and any Commission rulings adopting it, shall not be cited as precedent in any future proceeding for or against any Party or the Commission itself. The Signatory Parties' agreement to this Stipulation, in its entirety, shall not be interpreted in a future proceeding before this Commission as their agreement to only an isolated provision of this Stipulation. More specifically, no specific element or item contained in or supporting this Stipulation shall be construed or applied to attribute the results set forth in this Stipulation as the results that any Party might support or seek, but for this Stipulation in these proceedings or in any other proceeding. This Stipulation is a reasonable compromise involving a balancing of competing positions and it does not necessarily reflect the position that one or more of the Signatory Parties would have taken if these issues had been fully litigated.

This Stipulation is expressly conditioned upon its adoption by the Commission in its entirety and without material modification. If the Commission rejects or materially modifies all or any part of this Stipulation,<sup>2</sup> each and every Signatory Party shall have the right, within thirty

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<sup>2</sup> Any Signatory Party has the right, at its sole discretion, to determine what constitutes a "material" change for the purposes of that Party withdrawing from the Stipulation.

days of issuance of the Commission's Order, to file an application for rehearing or to terminate and withdraw the Stipulation by filing a notice with the Commission. The Signatory Parties agree they will not oppose or argue against any other Party's notice of termination or application for rehearing that seeks to uphold the original, unmodified Stipulation. If, upon rehearing, the Commission does not adopt the Stipulation in its entirety and without material modification, any Party may terminate and withdraw from the Stipulation. Termination and withdrawal from the Stipulation shall be accomplished by filing a notice with the Commission, including service to all Signatory Parties, in this proceeding within thirty days of the Commission's Order or ruling on rehearing that does not adopt the Stipulation in its entirety and without material modification. Other Signatory Parties to this Stipulation agree to not oppose the termination and withdrawal of the Stipulation by any other Party. Upon the filing of a notice of termination and withdrawal, the Stipulation shall immediately become null and void.

Prior to the filing of such a notice, the Party wishing to terminate agrees to work in good faith with the other Signatory Parties to achieve an outcome that substantially satisfies the intent of the Stipulation and, if a new agreement is reached that includes the Party wishing to terminate, then the new agreement shall be filed for Commission review and approval. If the discussions to achieve an outcome that substantially satisfies the intent of the Stipulation are unsuccessful in reaching a new agreement that includes all Signatory Parties to the present Stipulation, the Commission will convene an evidentiary hearing such that the Signatory Parties will be afforded the opportunity to present evidence through witnesses and cross-examination, present rebuttal testimony, and brief all issues that the Commission shall decide based upon the record and briefs as if this Stipulation had never been executed.

WHEREAS, this Stipulation represents a serious compromise of complex issues and involves substantial benefits that would not otherwise have been achievable; and

WHEREAS, the Signatory Parties believe that the agreements herein represent a fair and reasonable solution to the issues raised in the case set forth above concerning Duke Energy Ohio's Application for approval of its 2010 advanced and renewable energy baseline and benchmarks pursuant to 4928.64(B) of the Ohio Revised Code, and

WHEREAS, OCC and OEC filed timely interventions in this proceeding;

THEREFORE, it is agreed that:

1. The Parties agree that the baseline for purposes of calculating Duke Energy Ohio's annual compliance obligation for 2010 will be computed based upon the Company's unadjusted baseline as set forth in its initial filing of 19,812,520 megawatt-hours (MWHs).
2. The Parties agree that the Company's 2010 compliance obligations, using the statutory benchmarks and the Company's unadjusted baseline are as follows:  
  
Ohio Solar – 991MWHs  
  
Non-Ohio Solar – 990 MWHs  
  
Ohio Renewables – 48,541 MWHs  
  
Non-Ohio Renewables - 48,540 MWHs.
3. The Parties agree that the Company's 2009 shortfall of 92 Ohio solar MWHs, when added to the Company's 2010 Ohio solar requirement of 991 MWHs, results in a total 2010 Ohio solar requirement of 1,083 and increases the Company's overall 2010 solar requirement to 2,073 MWHs.<sup>3</sup>

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<sup>3</sup> 991 MWHs + 990 MWHs + 92 MWHs = 2,073 MWHs

4. The Parties agree that Duke Energy Ohio shall transfer the following quantities of renewable energy certificates (RECs) to its GATS reserve sub-account for 2010 Ohio compliance purposes:  
97,081 RECs  
2,073 Solar RECS
5. The Parties agree that such transfer by Duke Energy Ohio shall occur within 45 days of the Commission's final order in this proceeding, with the RECs and solar RECs transferred matching the data that Duke Energy Ohio previously provided to Staff.
6. The Parties agree that for future compliance years in which Duke Energy Ohio is utilizing GATS to demonstrate its Ohio compliance efforts, Duke Energy Ohio shall initiate the transfer of the appropriate RECs and solar RECs to its GATS reserve subaccount between March 1<sup>st</sup> and April 15<sup>th</sup> so as to precede the filing of its Ohio annual compliance status report with the Commission.

This Stipulation is submitted for purposes of this proceeding only and is not deemed binding with respect to related issues that may arise in any other proceeding, except that the agreed terms set forth in this Stipulation, if the Commission approves the Stipulation without material modification, are not to be disputed or re-litigated by any Signatory Party in any subsequent proceeding. Nothing herein shall preclude a Party from actively participating in any other case involving Duke Energy Ohio before the Commission. As with such stipulations reviewed by the Commission, the willingness of Signatory Parties to sponsor this document currently is predicated on the reasonableness of the Stipulation taken as a whole.

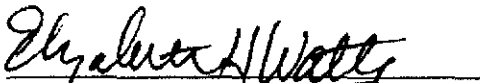
IN WITNESS THEREOF, the undersigned parties agree to this Stipulation and Recommendation as of this 17<sup>th</sup> day of April, 2012. The undersigned parties respectfully request the Commission to issue its Opinion and Order approving and adopting this Stipulation.

On Behalf of Staff of the Public Utilities Commission of Ohio

/s/ Thomas G. Lindgren w/ email permission

Thomas G. Lindgren  
Assistant Attorney General  
180 E. Broad Street  
Columbus, Ohio 43215

On Behalf of Duke Energy Ohio, Inc.

  
Amy B. Spiller  
Elizabeth H. Watts  
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139 E. Fourth Street, 1303 Main  
Cincinnati, Ohio 45202

On Behalf of Office of the Ohio Consumers' Counsel

/s/ Terry L. Etter w/email permission

Terry L. Etter  
Assistant Consumers' Counsel  
Office of the Ohio Consumers' Counsel  
10 West Broad Street, Suite 1800  
Columbus, Ohio 43215-3485

On Behalf of the Ohio Environmental Council

/s/ Cathryn N. Loucas w/ email permission

Cathryn N. Loucas  
Ohio Environmental Council  
1207 Grandview Avenue, Suite 201  
Columbus, Ohio 43212-3449



**BEFORE**

**THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Duke )  
Energy Ohio, Inc., for Approval of its 2010 )  
Advanced and Renewable Energy Baseline ) Case No. 11-2515-EL-ACP  
and Benchmarks Pursuant to Section )  
4928.64(B), of the Ohio Revised Code. )

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**DIRECT TESTIMONY OF**

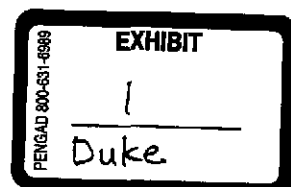
**ANDREW S. RITCH**

**ON BEHALF OF**

**DUKE ENERGY OHIO, INC.**

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April 2, 2012



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## **I. INTRODUCTION**

1   **Q.   PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2   A.   My name is Andrew S. Ritch, and my business address is 139 East Fourth Street,  
3       Cincinnati, Ohio 45202.

4   **Q.   BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5   A.   I am employed by Duke Energy Business Services LLC (DEBS) as the Director  
6       of Renewable Strategy and Compliance. DEBS provides various administrative  
7       and other services to Duke Energy Ohio, Inc., (Duke Energy Ohio or the  
8       Company) and other affiliated companies of Duke Energy Corporation (Duke  
9       Energy).

10  **Q.   PLEASE BRIEFLY DESCRIBE YOUR EDUCATION AND**  
11  **PROFESSIONAL EXPERIENCE.**

12  A.   I received a bachelor's degree in English from Colby College in Waterville,  
13       Maine, in 1993, and a master's degree in business administration from the F.W.  
14       Olin Graduate School of Business at Babson College, Wellesley, Massachusetts,  
15       in 2001. I began my career with Cinergy Corp. (Cinergy) in 2002, and have  
16       served both Cinergy, as well as the merged entity, Duke Energy, in a variety of  
17       capacities prior to my current role. These prior positions included Senior Analyst,  
18       Investor Relations; Director, Franchised Electric and Gas Strategy; and Director,  
19       Corporate Strategy.

20  **Q.   PLEASE BRIEFLY DESCRIBE YOUR DUTIES AS THE DIRECTOR OF**  
21  **RENEWABLE STRATEGY AND COMPLIANCE.**

22  A.   As the Director of Renewable Strategy and Compliance for Duke Energy's three

1 franchised Midwest jurisdictions (Duke Energy Ohio; Duke Energy Kentucky,  
2 Inc.; and Duke Energy Indiana, Inc.) my primary responsibility is to lead the  
3 development, execution, and communication of the strategies for activities  
4 involving renewable energy in these states. My responsibilities also extend to the  
5 compliance obligations for renewable activities, including but not limited to  
6 development and implementation strategies to procure or build renewable  
7 resources to meet all regulatory and legislative requirements. I am also  
8 responsible for managing the interface between Duke Energy and key external  
9 stakeholders on matters pertaining to renewable energy and for directing the  
10 messages and policies pertaining to renewable energy.

11 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PUBLIC**  
12 **UTILITIES COMMISSION OF OHIO?**

13 A. Yes. In 2011, I testified before the Public Utilities Commission of Ohio  
14 (Commission) in Case Nos. 10-2586-EL-SSO and 11-3549-EL-SSO.  
15 Additionally, I testified before the Commission in Case No. 10-511-EL-ACP.

16 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**  
17 **PROCEEDING?**

18 A. The purpose of my testimony is to discuss and support the Stipulation and  
19 Recommendation (Stipulation) filed in the above-captioned proceeding. The  
20 Stipulation is filed with the support of the Staff of the Public Utilities  
21 Commission of Ohio, the Ohio Environmental Council and the Office of the Ohio  
22 Consumers' Counsel. Along with Duke Energy Ohio, these entities are

1 collectively referred to as the Stipulating Parties for the remainder of my  
2 testimony.

3 Through my testimony, I will demonstrate that the Stipulation: (1) is the  
4 product of serious bargaining among capable, knowledgeable parties; (2) does not  
5 violate any regulatory principle or practice; (3) as a whole, will benefit  
6 consumers and is in the public interest; and (4) is a just and reasonable resolution  
7 of the issues.

## II. DISCUSSION

### 8 **Q. PLEASE GENERALLY DESCRIBE THE STIPULATION.**

9 A. The Stipulation, filed with the Public Utilities Commission of Ohio (Commission) on  
10 April 11, 2012, represents a resolution of all of the issues among the Stipulating  
11 Parties relating to Duke Energy Ohio's application regarding its compliance with the  
12 mandates for renewable and advanced energy as set forth in 4928.64 Revised Code  
13 (R.C.). Within this Stipulation, the Stipulating Parties agree that the unadjusted  
14 baseline, rather than the adjusted baseline, should be used for purposes of calculating  
15 the Company's renewable requirements. Under these conditions, the parties agree  
16 that the Company should be deemed compliant with the 2010 requirements.

17 To appreciate the significance of the commitment described in the Stipulation, it  
18 is important to recognize that the Commission is authorized, under Section 4928.64  
19 R.C. to monitor and examine each electric distribution utilities' compliance with the  
20 State's mandate to provide a portion of its electricity from alternative energy  
21 resources. In order to do so, the Company must determine a baseline with which to  
22 establish its compliance and provide adequate evidence of having met the renewable

1 mandate on an annual basis. The Company, in this proceeding, will have established  
2 its baseline and will thereafter, on an annual basis, demonstrate its compliance by  
3 obtaining sufficient renewable energy to satisfy the benchmark set forth herein.

4 **Q. PLEASE DESCRIBE THE INFORMATION PROVIDED BY DUKE ENERGY**  
5 **OHIO TO SUPPORT ITS APPLICATION IN THIS PROCEEDING.**

6 A. The Company calculated its baseline for purposes of compliance, proposed an  
7 alternative to the baseline based upon significant changes to its customer base during  
8 the relevant time period and demonstrated its efforts to obtain renewable energy  
9 credits to comply with the State's mandates.

10 **Q. DID THE PARTIES TO THIS PROCEEDING HAVE AN OPPORTUNITY TO**  
11 **EXAMINE THE INFORMATION SUBMITTED BY THE COMPANY AND**  
12 **REACH AN INDEPENDENT CONCLUSION?**

13 A. Yes. All of the Parties intervening in this proceeding had an independent opportunity  
14 to review the information provided by the Company and determine whether or not  
15 they could agree that the Company was in compliance. The Parties did agree and  
16 have submitted the Stipulation jointly to recommend to the Commission that it find  
17 that Duke Energy Ohio, Inc. is in compliance for 2010.

18 **Q. DOES THE STIPULATION REPRESENT THE PRODUCT OF SERIOUS**  
19 **BARGAINING AMONG CAPABLE, KNOWLEDGEABLE PARTIES?**

20 A. Yes. The knowledge and capability of the Parties and their attorneys is readily  
21 apparent. The Stipulating Parties regularly participate in rate proceedings before the  
22 Commission, are knowledgeable in regulatory matters, and were represented by

1 experienced, competent counsel. Furthermore, the Stipulating Parties represent a  
2 broad range of interests.

3 The issue raised by the Parties in this proceeding was addressed during  
4 negotiation, and despite the divergent interests among the Parties, all of the Parties  
5 had an opportunity to express their respective opinions. For these reasons, I believe  
6 that the agreed Stipulation resulted from thorough analysis, discussion and  
7 understanding among capable and divergent interests and therefore represents a  
8 product of the efforts of capable, knowledgeable parties.

9 **Q. DOES THE STIPULATION VIOLATE ANY IMPORTANT REGULATORY**  
10 **PRINCIPLE OR PRACTICE?**

11 A. No. Based on the advice of counsel, my understanding is that the Stipulation  
12 complies with all relevant and important principles and practices. Based upon my  
13 experience with regulatory matters, my involvement in this proceeding, and my  
14 examination of the Stipulation, I have also concluded that the Stipulation does not  
15 violate any regulatory ratemaking principle.

16 **Q. DOES THE STIPULATION BENEFIT CONSUMERS AND THE PUBLIC**  
17 **INTEREST?**

18 A. Yes. The Stipulation demonstrates that stakeholders representing different interests  
19 in the Duke Energy Ohio service territory have examined information relevant to the  
20 Company's renewable compliance and have determined that the Company is in  
21 compliance. The public interest is served when such Parties intervene and represent  
22 diverse interests in examining the record and ensuring that regulatory requirements  
23 are met.

1    **Q. IS THE STIPULATION A JUST AND REASONABLE RESOLUTION OF**  
2        **THE ISSUES?**

3    A. Yes. As described above, the Stipulation is beneficial to consumers and the public  
4        and is consistent with established regulatory principles and practices. The Stipulation  
5        also represents a timely and efficient resolution of the issues raised in this proceeding,  
6        following thoughtful deliberation and discussion by the Stipulating Parties.

**Q. DO YOU BELIEVE THE STIPULATION MEETS THE THREE-PART TEST**  
**REGARDING CONSIDERATION OF STIPULATIONS AND THEREFORE**  
**SHOULD BE ADOPTED BY THE COMMISSION?**

7    A. Yes, I do.

8    **Q. DOES THE STIPULATION RESOLVE ALL OF THE ISSUES IN THIS**  
9        **PROCEEDING?**

10   A. Yes.

### **III.    CONCLUSION**

11   **Q.    DOES THIS CONCLUDE YOUR PRE-FILED DIRECT TESTIMONY?**

12   A.    Yes.