

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke       )  
Energy Ohio, Inc., for an Increase in       ) Case No. 12-1682-EL-AIR  
Electric Distribution Rates.                )

In the Matter of the Application of       )  
Duke Energy Ohio, Inc., for Tariff       ) Case No. 12-1683-EL-ATA  
Approval.                                       )

In the Matter of the Application of       )  
Duke Energy Ohio, Inc., for Approval to    ) Case No. 12-1684-EL-AAM  
Change Accounting Methods.                )

Pre-filed Testimony  
of  
David M. Liphtratt  
Accounting and Electricity Division  
Utilities Department

Staff Exhibit \_\_

March 20, 2013

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

2 A. My name is David M. Lipthratt. My address is 180 East Broad Street,  
3 Columbus, Ohio 43215-3793.

4

5 2. Q. By whom are you employed?

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

7

8 3. Q. What is your current position with the PUCO and what are your duties?

9 A. I am an Administrator in the Accounting and Electricity Division within  
10 the Utilities Department. My duties include organizing and directing cost  
11 recovery proceedings, alternative regulation or other Commission  
12 investigations or audits of utility companies' compliance with minimum  
13 service standards, codes of conduct, and accounting procedures and  
14 practices.

15

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

17 A. I earned a Bachelor of Arts Degree that included a Major in Political  
18 Science and a Minor in History from the University of Georgia in 2003. In  
19 2006 I earned a Masters in Public Administration Degree with a focus on  
20 public budgeting and finance and policy analysis from the University of  
21 Georgia. In addition, I earned a post-baccalaureate Certificate of  
22 Accounting Concentration at Columbus State Community College in 2009.

1 I am a Certified Public Accountant (Ohio License # CPA.48876). I have  
2 also attended various seminars and rate-case training programs sponsored  
3 by this Commission, professional trade organizations, and the utility  
4 industry community.

5  
6 5. Q. Please outline your work experience.

7 A. After earning my Master's Degree from the University of Georgia, I joined  
8 the Ohio Office of Budget and Management where I served from June of  
9 2006 to June of 2008 as a Budget/Management Analyst 2 assigned to  
10 various health and human services related agencies.

11 In June of 2008, I accepted a position with the Ohio Department of  
12 Commerce where I served as Fiscal Officer 2 until July 2011. During my  
13 tenure at the Department of Commerce, I served as the financial officer for  
14 the Division of State Fire Marshal where I was responsible for accounting  
15 and budgetary functions, financial reporting, financial systems and  
16 records ensuring compliance with applicable laws, policies and  
17 regulations.

18 In July 2011, I accepted my current position as a Public Utilities  
19 Administrator 1 with the Public Utilities Commission of Ohio ("PUCO" or  
20 the "Commission").  
21

1 6. Q. Have you previously provided testimony before the PUCO?

2 A. Yes. I have provided testimony in Case No. 12-426-EL-SSO.

3

4 7. Q. What is the purpose of your testimony?

5 A. The purpose of my testimony is to address issues relating to the Facilities  
6 Relocation - Mass Transportation Rider ("Rider FRT").

7

8 8. Q. Please describe your understanding of the Rider FRT as proposed by  
9 Duke Energy Ohio ("DEO" or "Company").

10 A. My understanding of the Company's proposal is that as part of this  
11 proceeding, the Company is requesting a new tariff for relocating its  
12 facilities, Rider FRT, which focuses on recovery of the costs of relocations  
13 due to mass transportation projects initiated by governmental  
14 subdivisions.

15 The Company proposes the design of Rider FRT as such "to give the  
16 governmental subdivision the option of paying the Company directly for  
17 the cost of relocation or, alternatively, to charge only those customers  
18 residing within its governmental boundaries for the cost of the project."<sup>1</sup>  
19 Furthermore, "the charge under either option would be sufficient to pay

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<sup>1</sup> Direct testimony of William don Wathen Jr. at 12, lines 3-5.

1 for the cost of relocating the facilities, plus a carrying charge at the  
2 weighted-average cost of capital established in these proceedings.’<sup>2</sup>  
3

4 9. Q. Does Staff support the establishment of Rider FRT?

5 A. No. The Staff does not support the Company’s proposal to create Rider  
6 FRT. It is Staff’s position that Rider FRT, as designed, is not well defined  
7 and too open-ended.  
8

9 10. Q. Are there other reasons the Staff does not support the proposal to create  
10 Rider FRT?

11 A. Yes. Staff does not support Rider FRT for a number of reasons.

12 First, public mass transportation includes various transport services  
13 available to the general public including vanpools, buses, trolleybuses,  
14 trains and trams, rapid transit, ferries, and their variations. Staff believes  
15 that the Company’s proposal fails to identify what type of public mass  
16 transportation project would be eligible under Rider FRT.

17 Secondly, the Company’s proposal does not distinguish between projects  
18 that should be funded solely by the governmental subdivision and  
19 projects funded solely by the utility in accordance with home rule charter  
20 of the Ohio Constitution.  
21

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<sup>2</sup> *Id.* at lines 12-14.

1 Thirdly, the Company's proposal does not address the fact that many  
2 transportation projects provide various economic, social, and  
3 environmental benefits that are realized directly and indirectly.  
4 Additionally many mass transportation projects are built in phases and  
5 eventually over time connect one geographic area or city to another city or  
6 cities. It is unclear if the design of Rider FRT would ensure that the  
7 appropriate customers are being charged for the project in accordance  
8 with the principles of cost causation and recovery.

9 Additionally, the Company's proposal to have two options for funding  
10 mass transportation projects presents confusion. It is not clear as to what  
11 point in time, in conjunction with the governmental subdivision's  
12 planning and construction stages, the utility will seek Commission  
13 approval to utilize the tariff. Additionally, it is not clear how potential  
14 cost overruns would be reviewed and/or approved by the Commission.

15 Finally, it is not clear if granting mass transportation projects to be funded  
16 through the option 2 of Company's proposal, or in other words, through a  
17 charge on customer's bills, would result in unintended liability and/or  
18 legal issues. For instance, under the Company's proposal it is unclear  
19 who would bear the assessment of future remediation liability.  
20

1    11.    Q.    Does this conclude your testimony?

2            A.    Yes.    However, I reserve the right to submit supplemental testimony as  
3                    described herein, as new information subsequently becomes available or  
4                    in response to positions taken by other parties.

5

## **PROOF OF SERVICE**

I hereby certify that a true copy of the foregoing Testimony of David M. Lipthratt, submitted on behalf of the Staff of the Public Utilities Commission of Ohio, was served via electronic mail, upon the parties listed below, this 20<sup>th</sup> day of March, 2013.

/s/Thomas G. Lindgren  
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Summary: Testimony electronically filed by Mrs. Tonnetta Y Scott on behalf of PUCO