

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of)
Duke Energy Ohio, Inc., for an) Case No. 14-0375-GA-RDR
Adjustment to Rider MGP Rates.)

In the Matter of the Application of)
Duke Energy Ohio, Inc., for Tariff) Case No. 14-0376-GA-ATA
Approval.)

DIRECT TESTIMONY OF

PEGGY A. LAUB

ON BEHALF OF

DUKE ENERGY OHIO, INC.

March 31, 2014

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Attachments:

PAL-1:

PAL-2:

I. INTRODUCTION AND PURPOSE

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

2 A. My name is Peggy A. Laub, 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 Director,
6 Rates and Regulatory Strategy. DEBS provides various administrative and other
7 services to Duke Energy Ohio, Inc., (Duke Energy Ohio or Company) and other
8 affiliated companies of Duke Energy Corporation (Duke Energy).

9 **Q. PLEASE BRIEFLY SUMMARIZE YOUR EDUCATIONAL**
10 **BACKGROUND AND PROFESSIONAL EXPERIENCE.**

11 A. I earned a Bachelor of Business Administration degree, with a major in
12 accounting from the University of Cincinnati.

13 I began my career with The Cincinnati Gas & Electric Company, the
14 predecessor of Duke Energy Ohio, as a co-operative education student in the
15 Accounting Department in 1981. In 1984, I was employed full-time in the Tax
16 Department. I progressed through various positions to Coordinator, State & Local
17 Taxes. In 1998, I was transferred to the Regulated Business Unit's financial
18 group. In 2000, I was transferred to Fixed Assets Accounting and I was promoted
19 to manager in 2002. In May 2006, following the merger between Cinergy Corp.
20 and Duke Energy, I transferred to the Midwest U.S. Franchised Electric & Gas
21 accounting group. In November 2008, I transferred to Midwest Wholesale
22 Accounting as Manager, Accounting. In May 2010, I transferred to the Rate

1 Department and to my current position as Director, Rates and Regulatory
2 Strategy.

3 **Q. PLEASE SUMMARIZE YOUR RESPONSIBILITIES AS DIRECTOR,**
4 **RATES AND REGULATORY STRATEGY.**

5 A. As Director, Rates and Regulatory Strategy, I am responsible for the preparation of
6 financial and accounting data used in retail rate filings and various other rate
7 recovery mechanisms for Duke Energy Ohio and Duke Energy Kentucky, Inc.

8 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PUBLIC**
9 **UTILITIES COMMISSION OF OHIO?**

10 A. Yes. I previously testified in a number of cases before the Public Utilities
11 Commission of Ohio (Commission) and other regulatory commissions.

12 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

13 A. I will explain the history of Rider MGP and describe the updated schedules filed
14 by Duke Energy Ohio in these proceedings. I will also support the reasonableness
15 of Duke Energy Ohio's request for revised Rider MGP rates.

II. HISTORY OF RIDER MGP

16 **Q. PLEASE DESCRIBE THE HISTORY OF RIDER MGP.**

17 A. In Case No. 09-712-GA-AAM, the Commission authorized the Company to defer
18 costs related to the environmental investigation and remediation of two former
19 manufactured gas plant (MGP) sites. On July 9, 2012, Duke Energy Ohio filed
20 for an increase in its base rates in Case No. 12-1685-GA-AIR, *et al.* (Natural Gas
21 Rate Case). As part of the Natural Gas Rate Case, Duke Energy Ohio requested
22 to recover amounts that had been deferred from 2008 through end of the test

1 period or December 31, 2012. Consistent with the Opinion and Order in the
2 Natural Gas Rate Case, the Company was allowed to begin recovery of these
3 costs (with certain adjustments) through Rider MGP. The initial tariff for Rider
4 MGP was filed on February 21, 2014, with rates effective in March of 2014. In
5 the Natural Gas Rate Case Opinion and Order, the Commission also ordered
6 Duke Energy Ohio to update Rider MGP on an annual basis, with the first such
7 filing to be made no later than March 31, 2014.

III. EXPLANATION OF SCHEDULES

8 **Q. PLEASE EXPLAIN ATTACHMENT PAL-1.**

9 A. Schedule PAL-1 is the detail of the MGP expense incurred in calendar year 2013 by
10 month and by activity. The total amount for calendar year 2013 is \$8,346,698.

11 **Q. DOES THE AMOUNT ON ATTACHMENT PAL-1 INCLUDE CARRYING**
12 **COSTS?**

13 A. No. Pursuant to the Opinion and Order in the Natural Gas Rate Case, there are no
14 carrying costs included in this application.

15 **Q. PLEASE EXPLAIN ATTACHMENT PAL-2.**

16 A. Schedule PAL-2 provides the Rider MGP charge by rate class using the allocation
17 percentages for the MGP included in the Stipulation and Recommendation approved
18 by the Commission in the Natural Gas Rate Case. It also provides the number of
19 customer bills for the twelve months ended December 31, 2013.

20 **Q. DOES THE CALCULATION IN ATTACHMENT PAL-2 INCLUDE**
21 **AMOUNTS INCURRED IN PRIOR YEARS?**

22 A. Yes. Pursuant to the Opinion and Order in the Natural Gas Rate Case, the costs for

1 MGP remediation are to be amortized over a five-year period. Since collection of
2 costs incurred in prior periods was not approved until 2014, the proposed rate will
3 include amortization related to the amount previously approved for recovery.

IV. REASONABLENESS OF REQUESTED INCREASE

4 **Q. HAVE YOU REVIEWED DUKE ENERGY OHIO'S APPLICATION IN**
5 **THESE PROCEEDINGS?**

6 A. Yes.

7 **Q. DO YOU HAVE AN OPINION REGARDING WHETHER DUKE**
8 **ENERGY OHIO'S REQUEST FOR NEW RIDER MGP RATES IS**
9 **REASONABLE?**

10 A. Yes.

11 **Q. PLEASE STATE YOUR OPINION.**

12 A. Duke Energy Ohio's rate request is fair and reasonable. I believe that the costs of
13 service are properly allocated to customer classes and the rate design was properly
14 performed in accordance with the terms and conditions of the Stipulation and
15 Recommendation in the Natural Gas Rate Case, as approved by the Commission.

V. CONCLUSION

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

17 A. Yes.

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Summary: Testimony DIRECT TESTIMONY OF PEGGY A. LAUB ON BEHALF OF DUKE
ENERGY OHIO, INC.
electronically filed by Carys Cochern on behalf of Watts, Elizabeth H. Ms.