

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Duke Energy Ohio, Inc., for an Increase in Electric Distribution Rates.)	Case No. 17-32-EL-AIR
)	
In the Matter of the Application of Duke Energy Ohio, Inc., for Tariff Approval.)	Case No. 17-33-EL-ATA
)	
In the Matter of the Application of Duke Energy Ohio, Inc., for Approval to Change Accounting Methods.)	Case No. 17-34-EL-AAM
)	
In the Matter of the Application of Duke Energy Ohio, Inc., for Approval to Modify Rider PSR.)	Case No. 17-872-EL-RDR
)	
In the Matter of the Application of Duke Energy Ohio, Inc., for Approval to Amend Rider PSR.)	Case No. 17-873-EL-ATA
)	
In the Matter of the Application of Duke Energy Ohio, Inc., for Approval to Change Accounting Methods.)	Case No. 17-874-EL-AAM
)	
In the Matter of the Application of Duke Energy Ohio, Inc., for Authority to Establish a Standard Service Offer Pursuant to Section 4928.143, Revised Code, in the Form of an Electric Security Plan, Accounting Modifications and Tariffs for Generation Service.)	Case No. 17-1263-EL-SSO
)	
In the Matter of the Application of Duke Energy Ohio, Inc., for Authority to Amend its Certified Supplier Tariff, P.U.C.O. No. 20.)	Case No. 17-1264-EL-ATA
)	
In the Matter of the Application of Duke Energy Ohio, Inc., for Authority to Defer Vegetation Management Costs.)	Case No. 17-1265-EL-AAM
)	

)
) Case No. 16-1602-EL-ESS
)
)

OF

DAVID M. LIPTHRATT
RATES AND ANALYSIS DEPARTMENT
RESEARCH AND POLICY DIVISION
PUBLIC UTILITIES COMMISSION OF OHIO

STAFF EXHIBIT____

June 25, 2018

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

A. My name is David M. Liphtratt. My business address is 180 East Broad Street, Columbus, Ohio 43215-3793

2. Q. By whom are you employed and in what capacity?

A. I am employed by the Public Utilities Commission of Ohio (the Commission or PUCO) as the Chief of the Research and Policy Division of the Rates and Analysis Department.

3. Q. Please briefly describe your educational and professional background.

A. I earned a Bachelor of Arts Degree that included a Major in Political Science and a Minor in History from the University of Georgia. Subsequently, I earned a Masters in Public Administration Degree with a focus on public budgeting and finance and policy analysis from the University of Georgia. In addition, I earned a post-baccalaureate Certificate of Accounting Concentration at Columbus State Community College. I am a Certified Public Accountant (Ohio License # CPA.48876). Moreover, I have attended various seminars and rate case training programs sponsored by this Commission, professional trade organizations, and the utility industry community.

1 4. Q. Please describe your work experience.

2 A. I have previously served as a Budget/Management Analyst for the Ohio
3 Office of Budget and Management and a Fiscal Officer for the Ohio
4 Department of Commerce. I have served as a Public Utilities Administrator
5 with the PUCO before being promoted to my current position. In each of
6 these roles I have been responsible for various accounting and financial-
7 related tasks and responsibilities.

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9 5. Q. Have you testified in previous cases at the PUCO?

10 A. Yes.

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12 6. Q. Will you also be filing testimony responding to objections to the Staff
13 Report in this proceeding?

14 A. Yes.

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16 7. Q. What is the purpose of your testimony in this proceeding?

17 A. I was the Staff project lead and managed the Staff investigation and
18 preparation of the Staff Report in Case Nos. 17-32-EL-AIR, 17-33-EL-
19 ATA, and 17-34-EL-AAM (distribution rate case). I will also be
20 addressing the following:

- 21 • Supporting the establishment of the Electric Service Reliability
22 Rider (Rider ESRR); and

- Addressing how the Tax Cuts and Jobs Act of 2017 was addressed within the distribution rate case.

8. Q. Why is there a need to create a new rider for vegetation management?

A. Vegetation management is an important activity of the Company in order to avoid outages. Upon review of recent contractor (or third party) invoices, Staff recognizes that the cost of tree trimming by third-party has spiked recently. Rider ESRR will enable the Company to maintain its vegetation management requirements, while also ensuring that the funding is entirely directed to vegetation management as the annual audit of the ESRR will verify that all vegetation management dollars embedded in base rates are prudently expensed prior to recovery within the rider for incremental expenses up to a cost cap of \$10 million annually.

9. Q. Please describe how the Tax Cuts and Jobs Act of 2017 was accounted for in the Stipulation and Recommendation?

A. The reduced revenue requirement associated with the reduction to the federal income tax rate was captured in the Distribution Capital Investment rider (DCI). Based on Staff's calculations, accounting for the tax reduction in the DCI captures 75% of the value of what the reduction to the revenue requirement would have been had it instead been captured in base rates.

1 Staff believes the extent to which any effects of the tax reduction not be
2 approved by the Commission in this case, should be addressed in Case No.
3 18-0047-AU-COI (Tax COI case). This would include, but not be limited to
4 the value of the tax reduction not captured in the DCI and any excess
5 Accumulated Deferred Income Taxes (ADIT).

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7 10. Q. Does this conclude your testimony?

8 A. Yes it does. However, I reserve the right to incorporate new information
9 that may subsequently become available through outstanding discovery or
10 otherwise.

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the Pre-filed Testimony of David M. Lipthratt in Support of the Stipulation has been served upon the below-named counsel via electronic mail, this 25th day of June, 2018.

/s/ Steven L. Beeler

Steven L. Beeler

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Case No(s). 17-0032-EL-AIR, 17-0033-EL-ATA, 17-0034-EL-AAM, 17-0873-EL-ATA, 17-0874-EL-AAM,

Summary: Testimony in Support of the Stipulation of David M. Lipthrott electronically filed by Ms. Tonnetta Scott on behalf of PUC