

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Duke Energy Ohio, Inc. for an Adjustment to Rider MGP Rates.	) ) )	Case No. 14-0375-GA-RDR
In the Matter of the Application of Duke Energy Ohio, Inc. for Tariff Approval.	) )	Case No. 14-0376-GA-ATA
In the Matter of the Application of Duke Energy Ohio, Inc. for an Adjustment to Rider MGP Rates.	) ) )	Case No. 15-0452-GA-RDR
In the Matter of the Application of Duke Energy Ohio, Inc. for Tariff Approval.	) )	Case No. 15-0453-GA-ATA
In the Matter of the Application of Duke Energy Ohio, Inc. for an Adjustment to Rider MGP Rates.	) ) )	Case No. 16-0542-GA-RDR
In the Matter of the Application of Duke Energy Ohio, Inc. for Tariff Approval.	) )	Case No. 16-0543-GA-ATA
In the Matter of the Application of Duke Energy Ohio, Inc. for an Adjustment to Rider MGP Rates.	) ) )	Case No. 17-0596-GA-RDR
In the Matter of the Application of Duke Energy Ohio, Inc. for Tariff Approval.	) )	Case No. 17-0597-GA-ATA
In the Matter of the Application of Duke Energy Ohio, Inc. for an Adjustment to Rider MGP Rates.	) ) )	Case No. 18-0283-GA-RDR
In the Matter of the Application of Duke Energy Ohio, Inc. for Tariff Approval.	) )	Case No. 18-0284-GA-ATA
In the Matter of the Application of Duke Energy Ohio, Inc. for Implementation of the Tax Cuts and Jobs Act of 2017.	) ) )	Case No. 18-1830-GA-UNC
In the Matter of the Application of Duke Energy Ohio, Inc. for Approval of Tariff Amendments.	) ) )	Case No. 18-1831-GA-ATA

In the Matter of the Application of Duke Energy Ohio, Inc. for an Adjustment to Rider MGP Rates.	)	Case No. 19-0174-GA-RDR
In the Matter of the Application of Duke Energy Ohio, Inc. for Tariff Approval.	)	Case No. 19-0175-GA-ATA
In the Matter of the Application of Duke Energy Ohio, Inc. for Authority to Defer Environmental Investigation and Remediation Costs.	)	Case No. 19-1085-GA-AAM
In the Matter of the Application of Duke Energy Ohio, Inc. for Tariff Approval.	)	Case No. 19-1086-GA-UNC
In the Matter of the Application of Duke Energy Ohio, Inc. for an Adjustment to Rider MGP Rates.	)	Case No. 20-0053-GA-RDR
In the Matter of the Application of Duke Energy Ohio, Inc. for Tariff Approval.	)	Case No. 20-0054-GA-ATA

DIRECT TESTIMONY OF JAMES L. CRIST, P.E.

ON BEHALF OF

THE RETAIL ENERGY SUPPLY ASSOCIATION

AND

INTERSTATE GAS SUPPLY, INC.

1 **I. WITNESS BACKGROUND**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS, AND ON**
3 **WHOSE BEHALF, YOU ARE TESTIFYING?**

4 A. I am James L. Crist, President of Lumen Group, Inc., a consulting firm focused on
5 regulatory and market issues. My business address is 4226 Yarmouth Drive, Suite
6 101, Allison Park, Pennsylvania, 15101. I am presenting testimony on behalf of
7 the Retail Energy Supply Association (“RESA”) and Interstate Gas Supply, Inc.
8 (“IGS”).

9 **Q. WHAT IS YOUR EDUCATIONAL BACKGROUND?**

10 A. I have an MBA from the University of Pittsburgh and a B.S. in Chemical
11 Engineering from Carnegie Mellon University. Additionally, I am a Registered
12 Professional Engineer in the Commonwealth of Pennsylvania.

13 **Q. DO YOU HAVE ANY QUALIFICATIONS OR OTHER SPECIALIZED**
14 **KNOWLEDGE THAT WOULD ASSIST THIS COMMISSION IN ITS**
15 **DELIBERATIONS IN THESE CASES?**

16 A. Yes.

17 **Q. BRIEFLY DESCRIBE YOUR RELEVANT BUSINESS QUALIFICATIONS.**

18 A. I have run a consulting practice for the past 25 years focused on regulated and
19 deregulated energy company strategy, market strategy, and regulatory issues.
20 During 2004 and 2005, I undertook a consulting assignment as the Vice President
21 of Consumer Markets for ACN Energy. ACN is a gas and electric supplier that is
22 active in eight states. During 1997 and 1998, I took a consulting assignment with
23 WeatherWise USA, the developer of a fixed-bill product. Prior to my consulting

1 practice, I worked at three major energy companies for a total of 19 years. Most
2 recently, I was Vice President of Marketing for Equitable Resources, Inc. In that
3 function, I was responsible for the development of the company's deregulated
4 business strategy.

5 Prior to that, I was Vice President of Marketing for Citizens Utilities Company
6 ("Citizens"), responsible for gas, electric, water and wastewater marketing
7 activities in several service territories within the United States. The gas and electric
8 utility operations were in Vermont, Louisiana, Arizona, Colorado, and Hawaii.
9 Under my direction, Citizens initiated commercial and industrial transportation and
10 supply services at its gas operations in Arizona. As a consultant for Citizens, I
11 designed a demand response program for its electric operations in Arizona.

12 Before that, during 1988 through 1994, I was the Marketing Director at the Peoples
13 Natural Gas Company ("Peoples") where I was actively involved in many gas
14 transportation programs as the company relaxed transportation requirements so that
15 customers would have supply choices.

16 From 1977 through 1988, at Consolidated Natural Gas and the East Ohio Gas
17 Company, I held several engineering and technical management positions
18 encompassing work on energy conversion technology, coal gasification, and
19 combined heat & power ("CHP") systems. I have conducted training sessions on
20 CHP for the Gas Technology Institute ("GTI") and the Association of Energy
21 Engineers, and served as a Project Advisor on GTI's Cogeneration Advisory
22 Committee.

1 In summary, I have considerable experience in several states involving residential,
2 commercial, and industrial customer utility issues, the competitive retail electric
3 and gas markets, energy procurement and industry restructuring programs.

4 In addition to my current consulting practice, I am a Visiting Faculty Scholar at the
5 Katz Graduate School of Business at the University of Pittsburgh.

6 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION?**

7 A. Yes. I testified in 2019 in PUCO Case Nos. 18-298-GA-AIR et al. Additionally, I
8 have appeared before regulatory commissions in Pennsylvania, Arizona, Illinois,
9 New Mexico, Maryland and the U.S. Virgin Islands. I have provided testimony in
10 several gas and electric regulatory proceedings on a variety of issues relating to
11 energy procurement, industry restructuring, and customer Choice. A list of my
12 recent appearances is attached hereto as Exhibit JC-1.

13

14 **II. PURPOSE OF TESTIMONY**

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

16 A. The purpose of my testimony is to address certain issues raised in these proceedings
17 and present my recommendations on those issues. Duke Energy Ohio, Inc. (“Duke”
18 or “Company”), for many years since 2012, has filed numerous cases to address the
19 remediation of its manufactured gas plant (“MGP”) and filed cases in 2017 to
20 address the effects of the Tax Cut and Jobs Act (“TCJA”) on its distribution rates.
21 Neither RESA nor IGS was involved in those proceedings as there was nothing in
22 the scope of Duke’s filings that addressed issues that in my opinion would be
23 important to RESA or IGS, namely gas supply, gas transportation, and customer

1 Choice programs. My direct testimony will focus on several main areas.
2 Surprisingly, the Stipulation and Recommendation filed on August 31, 2021 (the
3 “Stipulation”) presents the compromise reached by Duke, the Staff of the PUCO,
4 the Ohio Consumers’ Counsel and Ohio Energy Group (collectively, the “Signatory
5 Parties”) on not only the MGP and TCJA issues but includes a significant
6 component that addresses Duke’s gas supply mechanism. I will review the issues
7 in this area and explain why the Stipulation is inappropriate and the mechanism
8 presented in the Stipulation directly violates the policy of the State of Ohio as stated
9 in section 4929.02 of the Ohio Revised Code. I will review the methods whereby
10 Duke’s customers obtain gas supply and describe how more progressive local
11 distribution companies have modified their gas supply procedures to benefit their
12 customers by supporting the development of a competitive natural gas market.
13 Having discussed the above, I will then explain how the provisions of the
14 Stipulation at Section III.B will adversely impact the competitive retail natural gas
15 market in Ohio.

16
17 **III. BACKGROUND OF THESE PROCEEDINGS AND OPINION**

18 **Q. ARE YOU FAMILIAR WITH THESE PROCEEDINGS?**

19 A. Yes. As I explained above, the Signatory Parties submitted the Stipulation, on
20 August 31, 2021, to address several issues. Most of those issues are not the subject
21 of my testimony and they are the elimination of certain charges for environmental
22 investigation and remediation costs; credits on customers’ utility bills for federal
23 income tax expense reductions; decreases in natural gas base rates that customers
24 pay; and utility bill payment assistance for qualifying customers. My absence of

1 comments on those issues should not be construed to indicate support or lack of
2 support: rather, those issues are outside the scope of my testimony. My testimony
3 will focus on Section III.B. of the Stipulation covering the commitment to transition
4 from Duke's Gas Cost Recovery ("GCR") to a Standard Service Offer ("SSO")
5 competitive auction format for natural gas supply. To be clear, it is entirely
6 inappropriate that the Signatory Parties even included a commitment to transition
7 from the GCR in the Stipulation, which is an issue wholly unrelated to the MGP
8 and TCJA, but that is not the scope of my testimony at this point. That issue will
9 be addressed by other witnesses. In my testimony, I will explain why the transition
10 commitment to move from the GCR to a SSO is a step in the wrong direction,
11 contrary to the principles of the legislation on market deregulation and will harm
12 customers, suppliers and the competitive natural gas market in Ohio.

13 **Q. HOW DO DUKE'S CUSTOMERS OBTAIN GAS SUPPLY CURRENTLY?**

14 A. Some Duke customers participate in Customer Choice and obtain their gas supply
15 from certified competitive retail natural gas marketers. Duke's website
16 ([https://www.duke-energy.com/business/products/ohio-customer-choice/certified-](https://www.duke-energy.com/business/products/ohio-customer-choice/certified-gas-suppliers)
17 [gas-suppliers](https://www.duke-energy.com/business/products/ohio-customer-choice/certified-gas-suppliers)) lists 60 natural gas suppliers servicing residential customers,
18 although not all of them have current offerings. Referencing the PUCO's Apples
19 to Apples website shows there are 44 natural gas marketers servicing residential
20 customers with active offers in Duke's service territory. Although there are a
21 number of marketers with active offers, there is a lower percentage of Duke's
22 customers who participate in Choice than in other Ohio natural gas utility Choice
23 programs.

1 (<https://puco.ohio.gov/wps/portal/gov/puco/utilities/electricity/resources/ohio->
2 [customer-choice-activity](https://puco.ohio.gov/wps/portal/gov/puco/utilities/electricity/resources/ohio-customer-choice-activity)) Data show Duke's overall Choice participation
3 percentage at 42.3%, lagging behind leader Dominion East Ohio's 77.7% and
4 Columbia Gas of Ohio's 47.7%. (see Exhibit JC-2 attached hereto) Clearly there
5 is room for improvement.

6 The balance of Duke's residential customers obtain gas purchased by the Company
7 under the GCR Rider. That shows the need to further develop the competitive
8 natural gas market and, as I discuss below, avoid transitioning to a gas supply
9 structure that is simply a replacement for the GCR.

10 **Q. HOW DOES THE GCR WORK?**

11 A. The Company procures natural gas for its non-shopping customers. The GCR is
12 calculated by considering the expected cost of gas over the next quarterly period,
13 and the reconciliation of the actual cost of gas versus the expected cost of gas for
14 the current period, along with other charges such as interstate pipeline refunds. The
15 GCR can change on a monthly basis, and can increase or decrease. There is no
16 certainty for customers, and during periods of gas supply shortages or extreme
17 weather conditions the GCR could increase substantially. The Company passes on
18 all natural gas procurement costs to customers and has no financial risk in its gas
19 procurement function.

20 **Q. IS THERE A DOWNSIDE TO THE CUSTOMER CAUSED BY THE USE**
21 **OF THE GCR MECHANISM?**

22 A. Yes. The Company is reimbursed for the costs it incurs in purchasing gas; however,
23 it has no incentive to minimize the cost of gas. The Company's purchases are

1 reviewed annually through a regulatory process to determine if any purchases made
2 were imprudent, but that is the extent of it. Also, the GCR mechanism is a variable
3 price that is adjusted monthly and is subject to market swings. I have attached
4 Duke's Summary of Gas Cost Adjustments as of November 1, 2021 as Exhibit JC-
5 3 hereto. It shows the price volatility and risk inherent in the GCR as it has more
6 than doubled since January when the price was \$3.293/Mcf to the current price of
7 \$7.899/Mcf, an increase of 140%. There is no risk management component to the
8 GCR. The GCR can be considered a "bare bones" gas supply product, and therefore
9 places all the price risk onto the customer.

10 **Q. THE STIPULATION COMMITS DUKE TO TRANSITIONING FROM**
11 **THE GCR TO A STANDARD SERVICE OFFER (SSO). HOW DOES A SSO**
12 **WORK?**

13 A. The SSO is a wholesale auction where wholesale energy suppliers participate in an
14 auction format to bid their price offer for supply for a future period, which could
15 be 12 months. It is based on the monthly market price of natural gas as determined
16 on the New York Mercantile Exchange ("NYMEX") plus an adder. Wholesale
17 suppliers bid an amount to deliver the gas to Duke's distribution system through an
18 annual bidding process. Therefore, just like the GCR, the SSO is a variable priced
19 product with no degree of risk management of the gas cost, although the delivery
20 adder of the wholesale supplier is largely fixed.

1 **Q. WHAT RELATIONSHIP DOES THE WHOLESALE SUPPLIER HAVE**
2 **WITH THE CUSTOMER?**

3 A. None. A wholesale supplier is providing gas to the Company. The gas utility
4 maintains the customer relationship and does not identify the wholesale supplier on
5 the customer's bill. There is no licensing requirement or qualification, and no
6 review process required of the wholesale supplier. In fact, the wholesale supplier
7 could be a financial entity such as a bank. There is no requirement that a wholesale
8 supplier have a business office in Ohio, or in the United States.

9 **Q. ARE YOU FAMILIAR WITH SECTION 4929.02 OF THE OHIO REVISED**
10 **CODE?**

11 A. Yes. As someone who has spent years in the energy industry, I view the overall
12 purpose of Section 4929.02 as encouraging the development of a healthy,
13 competitive Choice market to provide choices for customers.

14 **Q. DO YOU BELIEVE THAT DUKE'S COMMITMENT IN THE**
15 **STIPULATION TO TRANSITION TO AN SSO IS CONSISTENT WITH**
16 **YOUR VIEW OF THE PURPOSE OF THE SECTION 4929.02 OF THE**
17 **OHIO REVISED CODE?**

18 A. No. I have attached Section 4929.02 of the Ohio Revised Code as Exhibit JC-4
19 hereto. As I noted, the overall purpose of Section 4929.02 is to encourage the
20 development of a healthy, competitive Choice market to provide choices for
21 customers. Specifically in Section 4929.02(A)(7), it states, "Promote an
22 expeditious transition to the provision of natural gas services and goods in a manner
23 that achieves effective competition and transactions between willing buyers and

1 willing sellers....” This is consistent with the underlying policy behind Ohio’s
2 natural gas restructuring statute (R.C. 4929.04), which is intended to provide a path
3 through which a natural gas company may be exempted from application of the
4 Commission’s traditional regulatory authority to commodity sales service. Indeed,
5 the policy preference contained in Ohio law is the transition of customers to the
6 competitive market. The Company currently buys gas from wholesale suppliers
7 under the current GCR model. If the Company shift to an SSO model, it will
8 continue to buy gas from wholesale suppliers, there will be no direct link between
9 a competitive retail natural gas service supplier and the customer, and I believe the
10 development of Choice in the Duke market will continue to be stagnant. This does
11 not encourage the development of customer choice.

12 **Q. DOES HAVING DEFAULT SERVICE HINDER THE TRANSITION TO A**
13 **FULLY COMPETITIVE MARKET?**

14 A. Yes. Default service preserves the status quo of gas supply and does not encourage
15 movement to the desired end game of having customers’ needs met by competitive
16 retail market suppliers. Default service was identified as a hurdle in the Dominion
17 East Ohio (“Dominion”) market exit in Case No. 12-1842-GA-EXM. At that time
18 Dominion had evolved from having default service provided by a GCR, then by a
19 SSO, and finally by a SCO. In my experience there is a core of customers who
20 will continue to rely on default service provided by the utility that hinders the exit
21 of the merchant function and the formation of a more competitive natural gas
22 commodity market. Examination of data on the PUCO’s Ohio Customer Choice
23 Activity website shows enrollment in natural gas Energy Choice has held relatively

1 steady at between approximately 3.3 million in March, 2008, to 3.4 million in the
2 first quarter of 2021. The development and implementation of different default
3 services, first SSO, then SCO, although serving as an important step in the process,
4 may now be hindering the continuing emergence of competitive natural gas
5 markets. Dominion has moved successfully through default service offerings of
6 GCR and SSO and now enjoys a 77.7% customer participation (Exhibit JC-2) in
7 gas Choice, highest of the four large gas utilities. It is clear based on that experience
8 that Duke's exit from a GCR to an SSO creates a delay in moving to a fully
9 competitive market.

10 **Q. WHAT IS A STANDARD CHOICE OFFER ("SCO")?**

11 A. In the three other large natural gas distribution companies in Ohio (Dominion
12 Energy Ohio, Columbia Gas of Ohio and CenterPoint Energy of Ohio) the SCO is
13 the default rate most residential and small nonresidential customers who are eligible
14 for Energy Choice, but have not chosen a supplier or joined a municipal aggregation
15 program, pay for their natural gas consumption. These customers are assigned to a
16 retail natural gas supplier and pay the same monthly variable SCO rate, regardless
17 of the assigned supplier. The SCO is comprised of two components, the price of
18 the natural gas commodity, as established by the NYMEX month-end settlement
19 price, and the cost of delivering natural gas to customers, known as the retail price
20 adjustment. In order to secure natural gas for the SCO rate, local distribution
21 companies conduct competitive auctions which are overseen by the Public Utilities
22 Commission of Ohio (the "PUCO" or the "Commission") where suppliers bid on
23 the opportunity to deliver natural gas to local distribution companies. The resulting

1 price of the auctions is the retail price adjustment. This represents the winning
2 suppliers' costs to deliver the gas to the location distribution company's system.

3 **Q. IF BOTH THE SSO AND SCO ARE BASED ON THE NYMEX PLUS AN**
4 **ADDITIONAL CHARGE FROM A SUPPLIER, HOW ARE THEY**
5 **DIFFERENT?**

6 A. As discussed before, a wholesale supplier for the SSO has no relationship with a
7 customer. The SCO supplier however must be certified as such by the PUCO, and
8 as those suppliers are assigned customers, the supplier's name will also appear on
9 the customer's bill so the customer is made aware of the supplier providing gas to
10 him through the SCO. This is a step in the right direction that supports development
11 of the Choice market.

12 **Q. WHAT RELATIONSHIP DOES THE SCO SUPPLIER HAVE WITH THE**
13 **CUSTOMER?**

14 A. The SCO supplier is identified on the customer's bill, which is produced by the
15 Company. This can create brand recognition which is desirous to Choice suppliers
16 that are competing for customer patronage. Since the SCO supplier must be a
17 registered Choice supplier, the possibility exists that the SCO supplier may have
18 other products of interest to the customers.

19 **Q. HOW DOES THE STIPULATION COMPLY WITH SECTION 4929.02**
20 **REGARDING SUPPORTING THE DEVELOPMENT OF THE NATURAL**
21 **GAS INDUSTRY IN OHIO?**

22 A. It does not comply. The process noted in the Stipulation merely substitutes
23 obtaining a wholesale supply for the GCR with obtaining wholesale supply for a

1 SSO. Section 4929.02(A)(4) states “It is the policy of this state to, throughout this
2 state: Encourage innovation and market access for cost-effective supply- and
3 demand-side natural gas services and goods.” The SSO does not encourage
4 innovation, whereas Choice does encourage innovation. Reviewing the Apples to
5 Apples chart illustrates many innovative products that are offered to customers.
6 Many of the products offer a degree of risk management through a fixed price
7 product enabling the customer to lock in a gas price and be protected against
8 volatility. While one-year is a common term for a fixed price product, there are
9 several suppliers offering longer terms, such a two-year, three-year, and five-year.
10 Consumers tend to prefer risk managed products when choosing suppliers in a
11 Choice program. A review of the natural gas price volatility in just this year shows
12 why. Prices at Henry Hub were \$2.60/mmBtu on January 4, 2021. They surged to
13 a high in just the next month on February 17 of \$23.86/mmBtu. Since then, they
14 have remained volatile with the 2021 low at \$2.43/mmBtu on April 5, 2021. As of
15 November 8, 2021, the price is at \$5.53/mmBtu and trending upward. It is clear
16 that there is natural gas price volatility, and consumers benefit by having risk-
17 management products from suppliers in a Choice program.

18 **Q. HAS THE CHOICE PROGRAM IN OHIO RESULTED IN**
19 **DEVELOPMENT OF INDUSTRY IN OHIO?**

20 A. Yes, and the economic impact is significant. One RESA member, IGS,
21 headquartered in Dublin, Ohio, has been active in the Choice market. In 2010, IGS
22 had about 250 employees in Ohio. Whereas today, IGS has over 750 employees in
23 Ohio and an annual Ohio payroll above \$77 million. To put this into perspective,

1 the combined annual Administrative and General Expenses (which includes the
2 salaries) of Duke Energy Ohio's gas and electric business is around \$50 million. I
3 have attached, as Exhibit JC-5 hereto, Schedule C-2.1, page 5 of 7, from Duke
4 Energy Ohio's 2012 rate filing that shows Duke's Administrative & General
5 Salaries of \$8.1 million on an annual basis. This would be the portion of Duke's
6 salary expense allocated to its regulated gas distribution function in Ohio. Moving
7 to a more recent rate filing, I am also attaching, as Exhibit JC-6 hereto, Schedule
8 C-2.1 page 3 of 5, from Duke's rate filing in PUCO Case No. 21-887-EL-AIR
9 which shows Duke's Administrative & General Salaries are currently about \$17.0
10 million annually, and this would be the portion of Duke's salary expense allocated
11 to its regulated electric distribution function in Ohio. Collectively Duke's salary
12 expense is significantly less than the current IGS annual payroll. I do not have
13 similar payroll data for every Choice marketer in Ohio, but the growth of the Choice
14 suppliers in Ohio results in a substantial contribution to the Ohio economy.
15 Additionally, not all of Duke's annual Administrative & General Salaries amount
16 remains in Ohio, because Duke has transferred employees to North Carolina. It is
17 clear that Ohio's energy procurement changes have had a positive economic impact
18 for this state. Moreover, it is also clear that the Commission should proceed
19 cautiously when it modifies the playing field for retail natural gas services, as the
20 changes may be detrimental to the competitive market and result in job loss in Ohio.

1 **Q. DO YOU AGREE WITH THE REASONING PRESENTED BY MS.**
2 **SPILLER IN HER TESTIMONY REGARDING THE TRANSITION TO A**
3 **SSO?**

4 A. No. In her direct testimony Ms. Spiller cites it to be a “significant benefit” that the
5 Company has agreed to exit the GCR and transition to the SSO program. While
6 exiting the GCR in general is a benefit that I would endorse, the method proposed
7 by the Company to implement a SSO is not a significant benefit. Ms. Spiller states
8 in her testimony that, “the Company will immediately initiate stakeholder meetings
9 to discuss the transition and commits to filing its application to transition to the
10 auction shortly after approval of the Stipulation without material modification.”
11 (Spiller 20:15-18) Her statement is a disappointment on several levels. If the
12 Company actually valued the input of stakeholders, then it would have actually
13 initiated discussions with natural gas Choice suppliers during the development of
14 the Stipulation, which the Company failed to do. Inviting Choice suppliers to
15 stakeholder meeting now to tell them how Duke will implement its transition to a
16 SSO is not the same as involving Choice suppliers in the discussions regarding a
17 transition from the GCR when those discussions were occurring during the
18 formulation of the Stipulation. Ms. Spiller also indicated that she expects the
19 application will be filed “without material modification”, and this indicates that the
20 Company does not intend to address the deficiency that the SSO plan it presented
21 does not improve the Choice program for customers.

1 **Q. WILL THE COMPANY’S PROPOSED TRANSITION TO A SSO**
2 **ENCOURAGE NEW MARKET ENTRANTS?**

3 A. No. I reviewed the response to interrogatory request IGS-INT-01-002, which I
4 attach hereto as Exhibit JC-7, where Ms. Spiller states, “The move to a competitive
5 SSO auction is likely to encourage new market entrants and promote greater
6 competitive pricing structures as may be offered by competitive retail natural gas
7 suppliers.” Based on my experience, that is not going to happen. I have already
8 explained that the “new market entrants” are wholesale gas suppliers and not
9 required to be certified as Choice suppliers. Only Choice suppliers will develop
10 innovative new products and present them to customers.

11 **Q. HOW DOES THE STIPULATION ADDRESS TRANSITION COSTS?**

12 A. Transition costs are costs that will be incurred as the Company moves from a GCR
13 mechanism to a SSO. Those costs could include external labor and consultants
14 necessary to expedite preparation of its auction application and to administer the
15 new SSO default service. The Stipulation proposes to recover transition costs by a
16 non-bypassable rider on residential natural gas customer bills and by a bypassable
17 rider on nonresidential natural gas customer bills. This creates another hurdle to
18 the fully competitive market by burdening residential Choice customers with
19 transition costs, and is unfair. Choice suppliers manage their own procurement
20 functions and any costs they incur become a component of the price a Choice
21 supplier charges for its product, and therefore, residential Choice customers are
22 paying for their supplier’s gas procurement function. It is unfair to make the
23 residential Choice customer also pay for the Company’s procurement function, the

1 SSO transition costs, yet that is what a nonbypassable rider would do. This is
2 wrong, and any SSO transition costs incurred by the Company should be recovered
3 solely from customers that receive the SSO service. The SSO transition cost rider
4 should be bypassable.

5 **Q. SHOULD DUKE TRANSITION FROM THE GCR?**

6 A. Yes, but it must do so in a manner that supports the legislative direction and fosters
7 development of industry in Ohio, and provide the benefits envisioned from Choice
8 such as product and service innovation. It is extremely important that the
9 Commission use a measured approach in any changes to the competitive market in
10 the Duke service territory. Failure to do so may disrupt the playing field in the
11 competitive market and harm Ohio businesses that are contributing significantly
12 more to the payroll in Ohio than Duke. That is why Duke should not transition to
13 an SSO model and instead transition to the SCO model.

14 **Q. IS NOT THE SCO A DEFAULT SERVICE?**

15 A. Yes, it is a default service as is the current GCR, and the proposed SSO, but it
16 moves Duke closer to the ultimate desired end state of a fully competitive Choice
17 market. There is significant experience in Ohio and a significant number of Choice
18 suppliers that not only is it unnecessary to take baby steps in moving to a fully
19 competitive market but it is important to move to that market expeditiously.
20 Comparing the various default services, GCR, SSO, and SCO, only the SCO
21 involves competitive retail gas marketers serving customers gas supply needs, and
22 therefore sets the stage to achieve the goal of a completely competitive market.

1 Moving to an SSO hinders that development and harms customers by not moving
2 to a competitive market quickly enough.

3 **Q. WHY ARE YOU NOT RECOMMENDING MOVING TO A FULLY**
4 **COMPETITIVE MARKET RIGHT NOW?**

5 A. I have worked in several distribution utilities and understand that such a transition
6 involves changing information technology systems and such changes can take time
7 to accomplish. I do recommend that once Duke has completed the transition to a
8 SCO that the next steps are identified to transition to a fully competitive market in
9 fulfillment of the legislative intent.

10 **Q. WHAT EFFECT WOULD YOUR RECOMMENDATION OF**
11 **TRANSITIONING TO A SCO HAVE ON THE STIPULATION?**

12 A. If the parties to the Stipulation were sincere in their desire to address the serious
13 issue of cleanup of the Manufactured Gas Plant and to properly allocate the
14 financial benefits of the Tax Cut and Jobs Act to the ratepayers, changing the
15 default service transition from a SSO to a SCO should have no effect. Those two
16 important issues, MGP and TJCA, should be addressed, and that was the reason for
17 the development of the Stipulation in the first place. The addition and inclusion of
18 default service transition was not anticipated. By the parties to the Stipulation
19 including default service transition as a topic indicates that the timing is ripe to
20 move from the GCR as Duke's default service offering, but that movement should
21 be to the advantageous SCO to move closer to a fully competitive market.

1 **Q. WHAT PROCESS SHOULD DUKE UNDERTAKE TO TRANSITION**
2 **FROM THE GCR?**

3 A. Unlike the settlement discussions that resulted in the Stipulation, when Duke
4 develops its plan to transition from the GCR mechanism and revamp its gas supply
5 process, it should involve actual gas suppliers. Many suppliers have more
6 experience in gas supply transition programs than does Duke and can provide
7 valuable recommendations based on what has worked well in other gas supply
8 transition programs.

9 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

10 A. Yes, but I reserve the right to modify my testimony.

CERTIFICATE OF SERVICE

The Public Utilities Commission of Ohio's e-filing system will electronically serve notice of the filing of this document on the parties referenced on the service list of the docket card who have electronically subscribed to the case. In addition, the undersigned certifies that a courtesy copy of the foregoing document is also being sent (via electronic mail) on the 12th day of November 2021 on all persons/entities listed below:

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/s/ Michael J. Settineri
Michael J. Settineri

PARTIAL LIST OF REGULATORY EXPERIENCE OF JAMES L. CRIST

1. Columbia of PA General Base Rate Increase, Docket R-2020-3018835, Representing the Pennsylvania State University
2. Dominion Energy Ohio Motion, Case No. 18-1419-GA-EXM, Representing Retail Energy Supply Association
3. Aqua America/Peoples Natural Gas Merger, Docket R-2018-3006061, Representing Natural Gas Supplier Parties and Retail Energy Supply Association
4. Peoples Natural Gas General Base Rate Increase, Docket R-2018-3006818, Representing Peoples Industrial Intervenor
5. Duquesne Light Company General Base Rate Increase, Docket R-2018-3000124, Representing the Duquesne Industrial Intervenor
6. Columbia of PA General Base Rate Increase, Docket R-2018-2647577, Representing the Pennsylvania State University
7. West Penn Power Company, Default Service Program, Docket R-2017-2637866, Representing the Pennsylvania State University
8. Vectren Energy Delivery Ohio, Alternative Rate Plan, Case No. 18-0049-GA-ALT, Representing Retail Energy Supply Association
9. Columbia of PA Gas Cost Increase, Docket R-2017-2591326, Representing the Pennsylvania State University
10. West Penn Power Company, General Base Rate Increase, Docket R-2016-2537359, Representing the Pennsylvania State University
11. Columbia of PA General Base Rate Increase, Docket R-2016-2529660, Representing the Pennsylvania State University
12. UGI Utilities General Base Rate Increase, Docket R-2015-2518438, Representing Dominion Retail, Inc., Shipley, Choice, LLC, Interstate Gas Supply, Inc., Amerigreen Energy, and Rhoads Energy
13. Columbia of PA General Base Rate Increase, Docket R-2015-2468056, Representing the Pennsylvania State University
14. West Penn Power Company, General Base Rate Increase, Docket R-2014-2428742, Representing the Pennsylvania State University
15. Herman Oil & Gas Company, General Base Rate Increase, R-2014-2414379, Representing Herman Oil & Gas Company
16. Columbia of PA General Base Rate Increase, Docket R-2014-2406274, Representing the Pennsylvania State University
17. Ameren Gas- General Base Rate Increase, Docket No. 13-0192, Representing Dominion Retail and Interstate Gas Supply of Illinois
18. Columbia of PA General Base Rate Increase, Docket R-2012-2321748, Representing the Pennsylvania State University, Dominion Retail, Interstate Gas Supply, and Shipley Energy
19. Columbia of PA Petition for Approval of a Distribution System Improvement Charge Docket R-2012-2338282, Representing the Pennsylvania State University
20. PUC PA Generic Investigation Regarding Gas-On-Gas Competition, Docket No. P-2011-2277868, Representing the Pennsylvania State University
21. Ameren Gas- General Base Rate Increase, Docket 11-0282 (Cons.), Representing Dominion Retail and Interstate Gas Supply of Illinois
22. Water and Power Authority (USVI)- Electric Base Rate Case, Docket 575, June 2009, Representing Frenchman's Reef Marriott
23. Water and Power Authority (USVI)- Water Base Rate Case, Docket 576, June 2009, Representing Frenchman's Reef Marriott
24. Public Service of New Mexico 2010 Base Rate Case, Informal rate design workshops pursuant to the stipulation in NMPRC Case No. 08-00273-UT, Representing City of Albuquerque
25. Public Service of New Mexico, Electric base case at Case No. 08-00273-UT, Representing City of Albuquerque
26. Public Service of New Mexico 2009 Renewable Energy Procurement Plan for 2010, Case No. 09-00260-UT, Representing City of Albuquerque and Santa Fe County
27. Public Service of New Mexico, Gas sale case at Case No. 08-00078-UT, Representing City of Albuquerque
28. UGI Utilities, Central Penn Gas, Penn Natural Gas, Gas Cost Increase, Docket No. R-2011-2238953, Representing Shipley Energy, Rhodes Energy, and CenterPoint Energy
29. UGI Utilities- Gas Division, Gas Cost Increase, Docket No. R-2010-2172933, Representing Shipley Energy
30. Columbia of PA General Base Rate Increase, Docket R-2010-2215623, Representing the Pennsylvania State University, Dominion Retail, Interstate Gas Supply, and Shipley Energy
31. Columbia of PA General Base Rate Increase, Docket R-2009-2149262, Representing the Pennsylvania State University, Dominion Retail, Interstate Gas Supply, and Shipley Energy
32. Columbia of PA General Base Rate Increase, Docket R-2008-2011621, Representing Hess Energy, Dominion Retail, Interstate Gas Supply, and Shipley Energy
33. Columbia of PA Gas Cost Increase, Docket R-2008-2028039, Representing Dominion Retail, Interstate Gas Supply, and Shipley Energy

34. PPL Electric Utilities Voluntary Purchase of Accounts Receivables Program and Merchant Function Charge, Docket No. P-2009-2129502
35. Nicor Gas Company, Provision of facilities and services and the transfer of assets between Nicor Gas Company and Nicor Inc., Docket No. 09-0301, Representing Dominion Retail
36. North Shore Gas and Peoples Gas Light and Coke Company, General Base Rate Increase, Dockets 09-0166 and 09-0167, Representing Dominion Retail, Interstate Gas Supply and Nicor Advanced Energy
37. Nicor Gas Company, Base Rate Increase, Docket No. 08-0363, Representing Interstate Gas Supply and Dominion Retail
38. North Shore Gas and Peoples Gas Light and Coke Company, General Base Rate Increase, Dockets 07-0241 and 07-0242, Representing Dominion Retail, Interstate Gas Supply and U.S. Energy Savings
39. WPS Resources, Peoples Energy, Peoples Gas Light and Coke Company, North Shore Gas Company, Application pursuant to Section 7-204 of the Public Utilities Act for authority to engage in a Reorganization, Docket 06-0540, Representing Dominion Retail, Interstate Gas Supply, US Energy Savings, MxEnergy, and Direct Energy Services.
40. Allegheny Energy, Approval of Retail Electric Default Service Program and Competitive Procurement Plan, Docket No. P-2008-2021608, Representing the Pennsylvania State University
41. Allegheny Energy, Generation Rate Cap, Docket No. P-2007-2001828, Representing the Pennsylvania State University
42. Equitable Gas Company, Rate Increase, Docket R-2008-2029325, Representing Independent Oil & Gas Association and Hess Corp.
43. Equitable Gas Company and Peoples Gas, Merger Case, Docket A-122250F5000, Representing National Energy Marketers, Hess Corporation, and Constellation New Energy.

Natural Gas Choice Activity

Select Year

Use the arrows to scroll left or right

2021 2020 2019 2018 2017 >

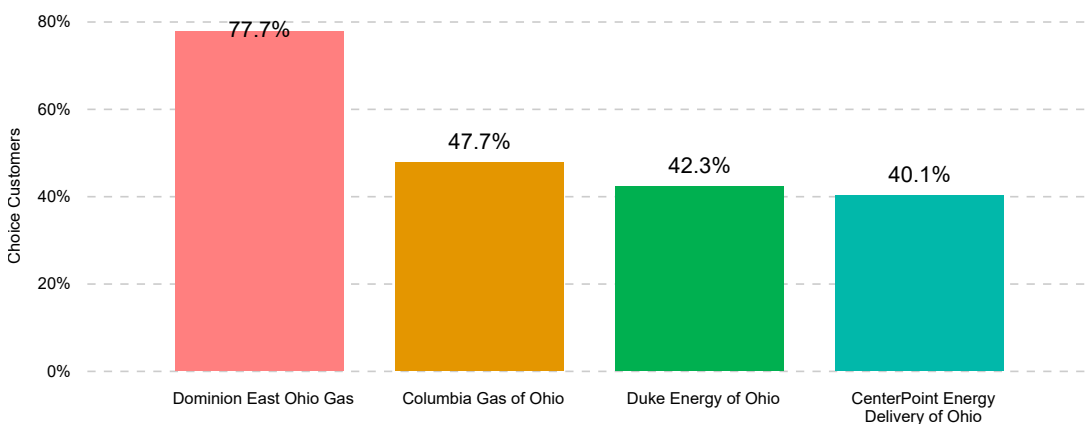
Select Quarter

1 2

Statewide Total % in Choice 2021 Quarter 2

56.8%

% of Total Customers in Choice



1. The Natural Gas Choice Activity dashboard is based on data submitted by Ohio's electric distribution utilities pursuant to [ORC 4935.01](#) and [OAC 4901.5](#) (SG-1 or forecasting data).

2. Data shown are for the last month of each quarter.

Questions: MarketMonitoring@puco.ohio.gov

Last refreshed on 11/3/21

Residential Customers

Company	Choice	Non-Choice	Total	% in Choice
CenterPoint Energy Delivery of Ohio	118,937	182,979	301,916	39.4%
Columbia Gas of Ohio	634,688	722,148	1,356,836	46.8%
Dominion East Ohio Gas	868,642	254,400	1,123,042	77.3%
Duke Energy of Ohio	171,219	233,220	404,439	42.3%
Total	1,793,486	1,392,747	3,186,233	56.3%

Commercial/Industrial Customers

Company	Choice	Non-Choice	Total	% in Choice
CenterPoint Energy Delivery of Ohio	11,766	12,399	24,165	48.7%
Columbia Gas of Ohio	64,307	44,850	109,157	58.9%
Dominion East Ohio Gas	70,862	14,774	85,636	82.7%
Duke Energy of Ohio	14,847	20,825	35,672	41.6%
Total	161,782	92,848	254,630	63.5%

Total All Classes

Company	Choice	Non-Choice	Total	% in Choice
CenterPoint Energy Delivery of Ohio	130,703	195,378	326,081	40.1%
Columbia Gas of Ohio	698,995	766,998	1,465,993	47.7%
Dominion East Ohio Gas	939,504	269,174	1,208,678	77.7%
Duke Energy of Ohio	186,066	254,045	440,111	42.3%
Total	1,955,268	1,485,595	3,440,863	56.8%

DUKE ENERGY COMPANY OHIO
DUKE ENERGY COMPANY KENTUCKY
SUMMARY OF GAS COST ADJUSTMENTS
YEAR 2021
11/1/2021

Exhibit JC-3

DUKE ENERGY COMPANY OHIO															
SALES					FIRM TRANSPORTATION					PIPP CUSTOMER CHOICE TRANSPORTATION					
(e)															
REVENUE MONTH	CODE	GCR \$/MCF	ETR \$/MCF(a)	NET \$/MCF(b)	CODE	CCCR \$/MCF	GSR \$/MCF (d)	ETR \$/MCF(a)	NET \$/MCF(b)	Supplier Price \$/MCF	CCCR \$/MCF	GSR \$/MCF (d)	ETR \$/MCF(a)	NET \$/MCF(b)	
January	1	3.293000	0.161028	3.454028	2	(0.029000)	(0.012479)	(0.002028)	(0.043507)	3	3.830000	(0.029000)	(0.012479)	0.185259	3.973780
February	6	3.294000	0.161077	3.455077	2	(0.029000)	(0.012479)	(0.002028)	(0.043507)	7	3.367000	(0.029000)	(0.012479)	0.162618	3.488139
March	9	3.895000	0.190466	4.085466	10	(0.026000)	(0.012479)	(0.001882)	(0.040361)	11	3.689000	(0.026000)	(0.012479)	0.178510	3.829031
April	14	3.944000	0.192862	4.136862	10	(0.026000)	(0.012479)	(0.001882)	(0.040361)	15	3.793000	(0.026000)	(0.012479)	0.183596	3.938117
May	17	3.748000	0.183277	3.931277	10	(0.026000)	(0.012479)	(0.001882)	(0.040361)	18	3.500000	(0.026000)	(0.012479)	0.169268	3.630789
June	20	5.565000	0.272129	5.837129	21	(0.023000)	(0.012479)	(0.001735)	(0.037214)	22	3.869000	(0.023000)	(0.012479)	0.187459	4.020980
July	25	5.786000	0.282935	6.068935	21	(0.023000)	(0.012479)	(0.001735)	(0.037214)	26	3.932000	(0.023000)	(0.012479)	0.190540	4.087061
August	28	6.433000	0.314574	6.747574	21	(0.023000)	(0.012479)	(0.001735)	(0.037214)	29	4.621000	(0.023000)	(0.012479)	0.224232	4.809753
September	31	6.644000	0.324892	6.968892	32	(0.022000)	(0.012479)	(0.001686)	(0.036165)	33	5.086000	(0.022000)	(0.012479)	0.247019	5.298540
October	36	7.130000	0.348657	7.478657	32	(0.022000)	(0.012479)	(0.001686)	(0.036165)	37	5.441000	(0.022000)	(0.012479)	0.264379	5.670900
November	39	7.899000	0.386261	8.285261	32	(0.022000)	(0.012479)	(0.001686)	(0.036165)	40	7.042000	(0.022000)	(0.012479)	0.342668	7.350189
December															

DUKE ENERGY COMPANY KENTUCKY				
REVENUE MONTH	CODE	(f) SALES GCA \$/MCF	(c) GCAT \$/MCF	
January	1	3.868000	2 (0.304000)	
February	1	3.868000	2 (0.304000)	
March	3	3.551000	4 (0.280000)	
April	3	3.551000	4 (0.280000)	
May	3	3.551000	4 (0.280000)	
June	5	4.283000	6 0.058000	
July	5	4.283000	6 0.058000	
August	5	4.283000	6 0.058000	
September	7	5.181000	8 (0.032000)	
October	7	5.181000	8 (0.032000)	
November	7	5.181000	8 (0.032000)	
December				

DUKE ENERGY COMPANY OHIO (Federal Customers Tax Exempt Rates only)									
SALES					FIRM TRANSPORTATION				
REVENUE MONTH	CODE	(e) GCR \$/MCF	CCCR \$/MCF	NET \$/MCF	CODE	CCCR \$/MCF	GSR \$/MCF (d)	NET \$/MCF	
January	4	3.293000	-	3.293000	5	(0.029000)	(0.012479)	(0.041479)	
February	8	3.294000	-	3.294000	5	(0.029000)	(0.012479)	(0.041479)	
March	12	3.895000	-	3.895000	13	(0.026000)	(0.012479)	(0.038479)	
April	16	3.944000	-	3.944000	13	(0.026000)	(0.012479)	(0.038479)	
May	19	3.748000	-	3.748000	13	(0.026000)	(0.012479)	(0.038479)	
June	23	5.565000	-	5.565000	24	(0.023000)	(0.012479)	(0.035479)	
July	27	5.786000	-	5.786000	24	(0.023000)	(0.012479)	(0.035479)	
August	30	6.433000	-	6.433000	24	(0.023000)	(0.012479)	(0.035479)	
September	34	6.644000	-	6.644000	35	(0.022000)	(0.012479)	(0.034479)	
October	38	7.130000	-	7.130000	35	(0.022000)	(0.012479)	(0.034479)	
November	41	7.899000	-	7.899000	35	(0.022000)	(0.012479)	(0.034479)	
December			-						

- (a) Excise Tax Rate is 4.890%.
- (b) Includes Excise Tax of 4.890%, Rider ETR effective December 26, 1996.
- (c) Effective March 1, 2002, the GCAT is a rate to be charged to Duke Energy Kentucky's large jurisdictional customers who opt to become transportation customers. These customers will be subject to this rate for a whole year after they become transportation customers.
- (d) The GSR rate is \$(0.012479) per Mcf per PUCO Order 07-589-GA-AIR effective 06/04/2008.
- (e) Effective September 2003, the PUCO approved the updating of the GCR rate on a monthly basis instead of a quarterly basis.
- (f) Effective December 2003, the PSCKy approved the updating of the GCA rate on a monthly basis instead of a quarterly basis.

Note: MCF means 000's of cubic feet and DTH means dekatherms.

Prepared By: 10/26/2021
Dana Patten 3:00 PM

Referenced By: _____
Rate Department
No. 2021-11

Published: 10/26/2021



Ohio Revised Code

Section 4929.02 Policy of state as to natural gas services and goods.

Effective: June 11, 2012

Legislation: House Bill 487 - 129th General Assembly

(A) It is the policy of this state to, throughout this state:

(1) Promote the availability to consumers of adequate, reliable, and reasonably priced natural gas services and goods;

(2) Promote the availability of unbundled and comparable natural gas services and goods that provide wholesale and retail consumers with the supplier, price, terms, conditions, and quality options they elect to meet their respective needs;

(3) Promote diversity of natural gas supplies and suppliers, by giving consumers effective choices over the selection of those supplies and suppliers;

(4) Encourage innovation and market access for cost-effective supply- and demand-side natural gas services and goods;

(5) Encourage cost-effective and efficient access to information regarding the operation of the distribution systems of natural gas companies in order to promote effective customer choice of natural gas services and goods;

(6) Recognize the continuing emergence of competitive natural gas markets through the development and implementation of flexible regulatory treatment;

(7) Promote an expeditious transition to the provision of natural gas services and goods in a manner that achieves effective competition and transactions between willing buyers and willing sellers to reduce or eliminate the need for regulation of natural gas services and goods under Chapters 4905. and 4909. of the Revised Code;

(8) Promote effective competition in the provision of natural gas services and goods by avoiding



subsidies flowing to or from regulated natural gas services and goods;

(9) Ensure that the risks and rewards of a natural gas company's offering of nonjurisdictional and exempt services and goods do not affect the rates, prices, terms, or conditions of nonexempt, regulated services and goods of a natural gas company and do not affect the financial capability of a natural gas company to comply with the policy of this state specified in this section;

(10) Facilitate the state's competitiveness in the global economy;

(11) Facilitate additional choices for the supply of natural gas for residential consumers, including aggregation;

(12) Promote an alignment of natural gas company interests with consumer interest in energy efficiency and energy conservation.

(B) The public utilities commission and the office of the consumers' counsel shall follow the policy specified in this section in exercising their respective authorities relative to sections 4929.03 to 4929.30 of the Revised Code.

(C) Nothing in Chapter 4929. of the Revised Code shall be construed to alter the public utilities commission's construction or application of division (E) of section 4905.03 of the Revised Code.

DUKE ENERGY OHIO, INC.
CASE NO. 12-1685-GA-AIR
OPERATING REVENUE AND EXPENSES BY ACCOUNTS - JURISDICTIONAL ALLOCATION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

DATA: 3 MONTHS ACTUAL & 9 MONTHS ESTIMATED
TYPE OF FILING: "X" ORIGINAL UPDATED REVISED
WORK PAPER REFERENCE NO(S): Supplemental Information (C)(8)

SCHEDULE C-2.1
PAGE 5 OF 7
WITNESS RESPONSIBLE:
P. A. LAUB

LINE NO.	ACCT. NO.	ACCOUNT TITLE	UNADJUSTED JURISDICTION
			(A)
1		Customer Service and Information Expense	(\$)
2		Operation	
3	908	Customer Assistance	684,119
4	909650	Information and Instructional Advertising	6,954
5	910	Miscellaneous Customer Service and Information Expense	7,362,559
6		Total Customer Service and Information Expense	8,053,632
7		Sales Expense	
8		Operation	
9	912000	Demonstrating and Selling Expense	31
10	913001	Advertising Expense	178,452
11		Total Sales Expense	178,483
12		Administrative and General Expenses	
13		Operation	
14	426891	Sale of Accounts Receivable Fees	159,274
15	920000	Administrative & General Salaries	8,097,127
16	921	Office Supplies & Expenses	5,269,868
17	922000	Administrative Expenses Transferred - Credit	42
18	923	Outside Services Employed	3,412,840
19	924	Property Insurance	1,172,844
20	925	Injuries & Damages	577,432
21	926	Employee Pension & Benefits	9,512,268
22	928	State Reg. Commission Expense	1,029,678
23	929	Duplicate Charges-Credit	63,769
24	930.1	General Advertising Expenses	13,566
25	930.2	Miscellaneous General Expenses	2,879,480
26	931	Rents	4,342,824
27		Total Operation	36,531,012
28		Maintenance	
29	932	Maintenance of General Equipment	87,365
30	935	Maintenance of Equipment	455,869
31		Total Maintenance	543,234
32			
33		Total Administrative and General Expense	37,074,246
34		Other Expense	
35	407110	Amort Exp Post in Service Carrying Costs	171,603
36	407260	Deferred Depreciation Expense	35,934
37	407312	Regulatory Debits	2,791,755
38	407409	Smart Grid Deferral Gas	2,055,444
39	407907	Regulatory Asset - Deferral Act	(1,918,247)
40		Total Other Expense	3,136,489
41			
42		Total Operating Expense	248,924,724

(A) Total Utility is 100% Jurisdictional.

DUKE ENERGY OHIO, INC.
CASE NO. 21-887-EL-AIR
OPERATING REVENUE AND EXPENSES BY ACCOUNT - JURISDICTIONAL ALLOCATION
FOR THE TWELVE MONTHS ENDED MARCH 31, 2022

DATA: 3 MONTHS ACTUAL & 9 MONTHS ESTIMATED
TYPE OF FILING: "X" ORIGINAL UPDATED REVISED
WORK PAPER REFERENCE NO(S): SUPPLEMENTAL (C)(6)

SCHEDULE C-2.1
PAGE 3 OF 5
WITNESS RESPONSIBLE:
L. D. STEINKUHL

LINE NO.	ACCT. NO.	ACCOUNT TITLE	UNADJUSTED TOTAL (\$)	ALLOCATION %	UNADJUSTED DISTRIBUTION (\$)	ALLOCATION CODE
1		Customer Service and Information Expense				
2		Operation				
3	908	Customer Assistance Expenses	0	100.000%	0	DALL
4	909	Information and Instructional Advertising	7,919	100.000%	7,919	DALL
5	910	Misc. Customer Service and Information Expense	2,358,514	100.000%	2,358,514	DALL
6		Total Customer Service and Information Expense	2,366,433		2,366,433	
7		Sales Expense				
8		Operation				
9	912	Demonstrating & Selling	4,538,852	100.000%	4,538,852	DALL
10	913	Advertising	75,914	100.000%	75,914	DALL
11		Total Sales Expense	4,614,766		4,614,766	
12		Administrative and General Expenses				
13		Operation				
14	920	Administrative & General Salaries	16,994,392	82.585%	14,034,819	DLAB
15	921	Office Supplies & Expenses	9,596,209	82.585%	7,925,029	DLAB
16	922	Administrative Expenses Transferred - Credit	(9)	82.585%	(7)	DLAB
17	923	Outside Services Employed	6,612,069	82.585%	5,460,577	DLAB
18	924	Property Insurance	865,326	73.407%	635,210	DPTX
19	925	Injuries & Damages	2,034,651	82.585%	1,680,317	DLAB
20	926	Employee Pension & Benefits	10,363,331	82.585%	8,558,557	DLAB
21	928	Regulatory Commission Expenses	0	82.585%	0	DLAB
22	928006	State Regulatory Commission Expense	1,950,249	100.000%	1,950,249	DALL
23	929	Duplicate Charges-Credit	(1,588,643)	82.585%	(1,311,981)	DLAB
24	930.1	General Advertising Expenses	351,918	82.585%	290,631	DLAB
25	930.2	Miscellaneous General Expenses	1,667,924	82.585%	1,377,455	DLAB
26	931	Rents	4,542,966	82.585%	3,751,808	DLAB
27		Total Operation	53,390,383		44,352,664	
28		Maintenance				
29	935	Maintenance of Equipment	32,213	82.585%	26,603	DLAB
30		Total Administrative and General Expense	53,422,596		44,379,267	
31		Other Expense				
32		Operation				
33	407110	Amort Exp Post In Svc Carry Chg	1,918,944	100.000%	1,918,944	DALL
34	407260	Deferred Depreciation Expense	0	100.000%	0	DALL
35	407312	Smart Grid Amortization Expens	0	100.000%	0	DALL
36	407408	Smart Grid Deferral Electric	0	100.000%	0	DALL
37	407907	Regulatory Asset - Deferral Act	1,706,590	100.000%	1,706,590	DALL
38	403010	Depr - deferral offset	0	100.000%	0	DALL
39		Total Other Expense	3,625,534		3,625,534	
40						
41		Total Operating Expense	164,808,949		155,765,620	

Duke Energy Ohio
Case No. 20-53-GA-RDR
IGS First Set of Interrogatories
Date Received: October 19, 2021
IGS-INT-01-002

REQUEST:

On page 14 of her Direct Testimony, Witness Spiller states: “The Stipulation also supports the expansion of the competitive natural gas market as [Duke] will seek authority to transition from the current gas-cost recovery (GCR) process to a standard service offer (SSO) through which natural gas supply would be competitively procured.” Regarding this statement:

- a. Please describe how Duke’s transition from a GCR to an SSO supports the expansion of the competitive natural gas market.
- b. Please indicate whether the SSO as proposed under Paragraph 22 of the Stipulation would be procured through a wholesale auction.
- c. If your answer to 1-2(b) is “Yes”, please indicate whether Duke envisions auction winners to have the ability to also provide competitive retail natural gas service to customers.

RESPONSE:

- a. Objection. This interrogatory seeks to elicit a narrative response and is thus better suited for deposition. See generally, *Penn Central Transportation Co. v. Armco Steel Corp.*, 27 Ohio Misc. 76 (Montgomery Cty. 1971). Without waiving said objection and not intending to provide a comprehensive narrative response, a competitive procurement process in which qualifying prospective suppliers may participate necessarily enlarges the competitive market for commodity supply and creates another avenue for competition. As a consequence, new market entrants and increased price transparency, among other things, will enable beneficial outcomes for customers. The move to a competitive SSO auction is likely to encourage new market entrants and promote greater competitive pricing structures as may be offered by competitive retail natural gas suppliers (CRNGS); outcomes that benefit customers. The proposed SSO structure, therefore, is consistent with state policy.
- b. Objection. This interrogatory seeks to invade the province of the Commission with respect to an application that has not yet been filed and for which no decision has been rendered. Answering further, this interrogatory must be seen as intending to harass as the information sought is in publicly filed documents already in the possession of IGS. Without waiving said objection, and to the extent discoverable, please see

Stipulation and Recommendation filed in these proceedings on August 31, 2021.

- c. See response to (b) above. The Company's SSO application will be subject to Commission approval. Duke Energy Ohio does not intend to propose disqualifying auction participants because they may also be registered competitive retail natural gas suppliers.

PERSON RESPONSIBLE: As to Objection - Legal
As to response - Amy Spiller

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**Case No(s). 14-0375-GA-RDR, 14-0376-GA-ATA, 15-0452-GA-RDR, 15-0453-
GA-ATA, 16-0542-GA-RDR, 16-0543-GA-ATA, 17-0596-GA-RDR, 17-0597-GA-
ATA, 18-0283-GA-RDR, 18-0284-GA-ATA, 18-1830-GA-UNC, 18-1831-GA-ATA,
19-0174-GA-RDR, 19-0175-GA-ATA, 19-1085-GA-AAM, 19-1086-GA-UNC, 20-
0053-GA-RDR, 20-0054-GA-ATA**

Summary: Testimony Direct Testimony of James L. Crist, P.E. electronically filed by
Mr. Michael J. Settineri on behalf of Retail Energy Supply Association and
Interstate Gas Supply, Inc.