

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke)	
Energy Ohio, Inc. for Authority to Adjust its)	Case No. 19-1750-EL-UNC
Power Forward Rider.)	
In the Matter of the Application of Duke)	
Energy Ohio, Inc. for Approval to Change)	Case No. 19-1751-GE-AAM
Accounting Methods.)	

DIRECT TESTIMONY

IN SUPPORT OF THE STIPULATION

OF

JEFFERSON “JAY” P. BROWN

ON BEHALF OF

DUKE ENERGY OHIO, INC.

September 13, 2023

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I. INTRODUCTION AND PURPOSE

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

2 A. My name is Jefferson “Jay” P. Brown, and my business address is 139 East Fourth
3 Street, 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 of
6 Rates and Regulatory Planning. 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 DESCRIBE YOUR EDUCATION AND**
10 **PROFESSIONAL EXPERIENCE.**

11 A. I earned a Bachelor of Science degree in Business Administration with a major in
12 Business: Finance, Investment and Banking from the University of Wisconsin -
13 Madison. I began my career with The Alexander Companies, a real estate
14 development company, as an Assistant Project Manager in January 2002 managing
15 and developing real estate. Subsequently, in December 2003 I began working for
16 Dell Inc., mainly as a Financial Analyst in Worldwide Procurement Finance,
17 accounting for and reporting on supplier rebates. In January 2008, I began working
18 for Bigfoot Networks, a technology start-up. I was in charge of developing
19 distribution, online and retail channels for a new networking product. Beginning
20 in April 2009, I also served as a Financial Advisor for Edward Jones. In June 2011,
21 I began working as a contractor for Progress Energy and since February 2012, I
22 have been employed by, and worked for, companies under what is now Duke

1 Energy. The roles I've held include Sr. Business Finance Analyst and in December
2 2012, I took the position of Manager Nuclear Station Finance. In August of 2018,
3 I transitioned to the Rates and Regulatory group as a Lead Rates & Regulatory
4 Strategy Analyst. I earned a Master of Business Administration from the University
5 of North Carolina Wilmington in July of 2020 and was promoted to my current role
6 as Director of Rates & Regulatory Planning, effective October of 2020.

7 **Q. PLEASE DESCRIBE YOUR DUTIES AS DIRECTOR OF RATES AND**
8 **REGULATORY PLANNING.**

9 A. I am responsible for the preparation of financial and accounting data used in retail
10 rate filings and various other rate recovery mechanisms for Duke Energy Ohio and
11 Duke Energy Kentucky, Inc.

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

14 A. Yes. I have provided written testimony in several proceedings before the
15 Commission regarding Duke Energy Ohio's various rates and mechanisms. Most
16 recently, I provided written testimony in Case No. 22-507-GA-RDR, as well as
17 Case No. 22-0163-EL-RDR, among others, and testified in the Company's
18 application for approval of an alternative form of regulation, Case No. 19-0791-
19 GA-ALT. I have also provided written direct and supplemental testimony in Case
20 No. 22-618-GA-RDR and written testimony in Case No. 23-618-GA-RDR.

1 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THESE**
2 **PROCEEDINGS?**

3 A. The purpose of my testimony is to support the Stipulation and Recommendation
4 filed on August 2, 2023, in these proceedings (Stipulation). I summarize the terms
5 of the Stipulation and provide testimony regarding the primary components of the
6 Stipulation and how the Stipulation (1) is the product of serious bargaining among
7 capable, knowledgeable parties; (2) as a package, benefits ratepayers, and the
8 public interest; and (3) does not violate any important regulatory principle or
9 practice. I will explain that the Stipulation is a fair and reasonable resolution to the
10 issues relevant to this proceeding.

II. DISCUSSION OF THE STIPULATION

11 **Q. PLEASE DESCRIBE THE STIPULATION.**

12 A. On August 2, 2023, Duke Energy Ohio, Staff of the Public Utilities Commission of
13 Ohio (Staff), The Ohio Energy Group (OEG), and the Ohio Energy Leadership
14 Council (OELC), (collectively, Signatory Parties) reached an agreement, set forth
15 in the Stipulation, as to the resolution of all the issues in this proceeding, relating
16 to the Company's application to update its Power Future Initiatives Rider (Rider
17 PF).¹ Additionally, the following parties signed as Non-Opposing Parties,
18 committing to "not to challenge this Stipulation and Recommendation, so long as
19 it is adopted by the Commission without any material modification": Ohio Hospital
20 Association (OHA), The Kroger Co. (Kroger), Ohio Manufacturers' Association
21 Energy Group LLC (OMAEG), and Ohio Environmental Council (OEC).² Finally,

¹ Stipulation, pp. 1, 9-10 (August 2, 2023).

² *Id.*, p. 11.

1 the Ohio Consumers' Counsel (OCC) filed a letter on August 23, 2023 (OCC
2 Letter), stating that it "takes no position for or against the Settlement."³

3 **Q. DOES THE STIPULATION RESOLVE THE ISSUES RAISED IN THE**
4 **COMPANY'S APPLICATION?**

5 A. Yes. However, a single motion remains pending that is unaddressed by the
6 Stipulation—a motion that was jointly filed by Interstate Gas Supply, Inc. (IGS)
7 and the Company on February 13, 2023,⁴ pursuant to the Opinion and Order in Case
8 No. 21-887-EL-RDR.⁵ No party has filed anything opposing this motion in the
9 seven months since its filing.

10 With regard to the issues raised in the Company's Application, the
11 Stipulation provides:

- 12 • The Company agrees to withdraw its requests for inclusion of the Land
13 Mobile Radio (LMR) program, Smart Cities, and an Electric Vehicle Pilot
14 Program, in its infrastructure modernization plan and thus recovery of any
15 costs associated with these three programs in Rider PF, while reserving the
16 rights to propose such programs in other proceedings and forums;⁶
- 17 • The Company will be eligible to recover through Rider PF, subject to audit
18 and review as detailed in the Stipulation: (1) the revenue requirement
19 associated with the return on the electric Customer Connect capital assets

³ Correspondence, p. 1 (August 23, 2023).

⁴ Joint Motion of Duke Energy Ohio, Inc. and Interstate Gas Supply, LLC to Bifurcate Supplier Consolidated Billing Issues and Memorandum in Support (February 13, 2023).

⁵ *In the Matter of the Application of Duke Energy Ohio, Inc. for an Increase in Electric Distribution Rates*, Case Nos. 21-887-EL-AIR, *et al.*, Opinion and Order, p. 28 (December 14, 2022) ("The Signatory Parties agree that within 60 days of approval of the Stipulation, Duke and IGS will file a joint motion for an order bifurcating the supplier consolidated billing issues in Case Nos. 19-1750-EL-RDR and 19-1751-GE-AAM for consideration in a separate proceeding.").

⁶ Stipulation, pp. 7-8.

1 placed in-service and the associated depreciation and property tax expenses;
2 and (2) the electric O&M costs associated with the implementation of the
3 Customer Connect Program.⁷

- 4 • The total amount of electric O&M costs included in Rider PF for Customer
5 Connect shall not exceed \$31 million.⁸
- 6 • The total electric plant-in-service assets included in Rider PF for the
7 implementation of the Customer Connect program shall not exceed \$38
8 million.⁹
- 9 • No additional capital costs associated with electric service assets for the
10 implementation of the Customer Connect program will be added into the
11 annual Rider PF filings after the March 31, 2024, Rider PF filing.¹⁰
- 12 • No additional electric O&M costs associated with the implementation of the
13 Customer Connect program will be included in Rider PF after the March
14 31, 2024, Rider PF filing.¹¹
- 15 • The Company will have authority to defer all electric and natural gas O&M
16 costs associated with the implementation of the Customer Connect
17 Program.¹²
- 18 • Cost recovery filings will be subject to annual audit and Commission
19 review, as detailed further in the Stipulation.¹³

⁷ *Id.*, pp. 5-6.

⁸ *Id.*, p. 6.

⁹ *Id.*, p. 7.

¹⁰ *Id.*, pp. 6-7.

¹¹ *Id.*, p. 6.

¹² *Id.*

¹³ *Id.*, p. 8.

- 1 • The revenue requirement shall be allocated based on the percentage of base
2 distribution revenues approved in the Company's most recent electric
3 distribution base rate case, and then billed to residential and non-residential
4 consumers using a fixed monthly distribution charge.¹⁴
- 5 • In the Company's next electric distribution base rate case, the Company will
6 include in its application a proposal to roll plant-in-service assets,
7 depreciation, and property taxes included in its Rider PF filings into base
8 rates.¹⁵

9 **Q. PLEASE IDENTIFY THE CRITERIA USED BY THE COMMISSION IN**
10 **REVIEWING A STIPULATION.**

11 A. As I understand it, the Commission will approve a stipulation when it (1) is the
12 product of serious bargaining among capable, knowledgeable parties; (2) does not
13 violate any important regulatory principle or practice, and (3) as a package benefits
14 ratepayers and the public interest.

15 **Q. IS THE STIPULATION THE PRODUCT OF SERIOUS BARGAINING**
16 **AMONG CAPABLE, KNOWLEDGEABLE PARTIES?**

17 A. Yes, it is. The Signatory Parties and Non-Opposing Parties were all represented by
18 experienced, competent counsel and subject matter experts. All parties to the
19 proceeding had ample opportunity to review drafts of the Stipulation and to
20 comment. As far as the Company is aware, no party has expressed intent to oppose
21 the Stipulation, though numerous drafts were circulated to all parties. Over the
22 course of negotiations, the Company has substantially modified its original

¹⁴ *Id.*, pp. 8-9.

¹⁵ *Id.*, p. 9.

1 Application, withdrawing three of the four requested components of the rider
2 update, and incorporated cost caps and time limitations for the remaining
3 component – the Customer Information System.¹⁶ For these reasons, I believe that
4 the Stipulation resulted from thorough analysis, discussion, and understanding
5 among capable parties with divergent interests and, therefore, represents the
6 product of the efforts of capable, knowledgeable parties.

7 **Q. DOES THE STIPULATION VIOLATE ANY IMPORTANT**
8 **REGULATORY PRINCIPLE OR PRACTICE?**

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

14 **Q. DOES THE STIPULATION BENEFIT RATEPAYERS AND THE PUBLIC**
15 **INTEREST?**

16 A. Yes. The Stipulation and OCC Letter demonstrate that stakeholders have examined
17 information relevant to the Application. The public interest is served when such
18 parties represent diverse interests in examining the record and ensuring that
19 regulatory requirements are met. The public interest has been served for the
20 following reasons, among others:

- 21 • The Stipulation includes cost caps and time limitations for the Company's
22 recovery of costs associated with the Customer Information System.¹⁷

¹⁶ *Id.*, pp. 5-7.

¹⁷ *Id.*

- 1 • The Stipulation provides for annual audit and Commission review of cost
2 recovery filings.

3 With the above provisions, among others, the Stipulation therefore provides a
4 certain amount of cost predictability to ratepayers and ensures that the Commission
5 will have the opportunity to review costs submitted.

6 **Q. IS THE STIPULATION A JUST AND REASONABLE RESOLUTION OF**
7 **THE ISSUES?**

8 A. Yes. The Stipulation is consistent with (1) established regulatory principles and
9 practices and (2) commitments made in prior Commission decisions involving
10 Rider PF. It also represents a timely and efficient resolution of the issues raised in
11 these proceedings, following thoughtful deliberation by the Signatory Parties.

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

15 A. Yes, I do.

16 **Q. DOES THE STIPULATION RESOLVE ALL OF THE ISSUES IN THESE**
17 **PROCEEDINGS?**

18 A. Yes, except for the pending Joint Motion, to which there has been no opposition.

III. CONCLUSION

19 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY IN SUPPORT OF**
20 **THE STIPULATION?**

21 A. Yes.

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Case No(s). 19-1750-EL-UNC, 19-1751-GE-AAM

Summary: Testimony Direct Testimony in Support of the Stipulation of Jefferson
"Jay" P. Brown electronically filed by Mrs. Minna Sunderman on behalf of
D'Ascenzo, Rocco and Vaysman, Larisa and Duke Energy Ohio, Inc..