

**BEFORE**

**THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Regulation of the )  
Purchased Gas Adjustment Clauses )  
Contained within the Rate Schedules of ) Case No. 17-218-GA-GCR  
Duke Energy Ohio, Inc., and Related Matters. )

In the Matter of the Audit of the )  
Uncollectible Expense Rider of Duke ) Case No. 17-318-GA-UEx  
Energy Ohio, Inc., and Related Matters. )

In the Matter of the Application of )  
Duke Energy Ohio, Inc., for Approval of an )  
Adjustment to its Interim and Temporary ) Case No.17-418-GA-PIP  
PIPP Plan Rider Case. )

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**DIRECT TESTIMONY OF**

**JEFF L. KERN**

**ON BEHALF OF**

**DUKE ENERGY OHIO, INC.**

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January 12, 2018

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## **I. INTRODUCTION**

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

2 A. My name is Jeff L. Kern, and my business address is 139 East Fourth Street, Cincinnati,  
3 Ohio, 45202.

4 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5 A. I am employed by Duke Energy Business Services LLC, an affiliate of Duke Energy  
6 Ohio, Inc. (Duke Energy Ohio or Company), as Lead, Gas Resources.

7 **Q. PLEASE DESCRIBE YOUR EDUCATION AND PROFESSIONAL**  
8 **EXPERIENCE.**

9 A. I have a Bachelor's Degree in Quantitative Analysis from the University of Cincinnati. I  
10 began my career with the Cincinnati Gas & Electric Company (CG&E) as a rate analyst  
11 in 1988. I was employed by New York State Electric & Gas Company between 1993 and  
12 1997, returning to CG&E in 1997 as a Senior Rate Analyst. In 1998, I became an  
13 administrator in Gas Operations. Since that time I have held positions of increasing  
14 responsibility in Gas Operations. At present, my title is Lead, Gas Resources. I have  
15 responsibility for assuring adequate supply of gas for retail sales customers.

16 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PUBLIC UTILITIES**  
17 **COMMISSION OF OHIO (COMMISSION)?**

18 A. Yes.

19 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS**  
20 **PROCEEDING?**

21 A. The purpose of my direct testimony is to support the Stipulation and Recommendation  
22 (Stipulation) related to the Company's application in these proceedings; a Stipulation

1 filed by the Staff of the Public Utilities Commission of Ohio (Staff) and the Company. I  
2 will discuss the criteria employed by the Public Utilities Commission of Ohio  
3 (Commission) when reviewing stipulations. My testimony will confirm that the  
4 Stipulation filed in this proceeding: (1) is the product of serious bargaining among  
5 capable, knowledgeable parties; (2) does not violate any important regulatory principle or  
6 practice; and (3) as a package, benefits ratepayers and the public interest. I will explain  
7 that the Stipulation is a fair and reasonable resolution to the issues relevant to this  
8 proceeding.

## II. OVERVIEW OF THE STIPULATION

9 **Q. PLEASE IDENTIFY THE SIGNATORY PARTIES TO THE STIPULATION.**

10 A. There are no intervenors in any of these proceedings. Therefore, the only parties to the  
11 Stipulation are Commission Staff and the Company. These parties reflect diverse  
12 interests. Both parties have significant experience and understanding of the history of the  
13 Company with respect to providing distribution gas service and planning and  
14 procurement of gas supply.

15 **Q. PLEASE PROVIDE AN OVERVIEW OF THE TERMS OF THE SETTLEMENT  
16 AGREEMENT AS DETAILED IN THE STIPULATION.**

17 A. The Stipulation provides that Duke Energy Ohio's gas cost recovery (GCR) rates were  
18 fairly determined, and accurately computed. Further, the Stipulation accepts the  
19 outcomes detailed in the Independent Accountants' Report on Applying Agreed-Upon  
20 Procedures filed in Case No. 17-318-GA-UEx, and the Independent Accountants' Report  
21 on Applying Agreed-Upon Procedures filed in Case No. 17-418-GA-PIP, thereby  
22 concluding three pending matters and obviating the need for hearings in all of them.

**III. CRITERIA FOR APPROVAL OF A STIPULATION**

1 **Q. PLEASE IDENTIFY THE CRITERIA USED BY THE COMMISSION IN**  
2 **REVIEWING A STIPULATION.**

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

7 **Q. DOES THE STIPULATION REPRESENT THE PRODUCT OF SERIOUS**  
8 **BARGAINING AMONG CAPABLE, KNOWLEDGEABLE PARTIES?**

9 A. Yes. The capability and knowledge of the parties and their counsel is readily apparent.  
10 The signatory parties regularly participate in rate proceedings before the Commission, are  
11 very knowledgeable in regulatory matters, and were represented by experienced,  
12 competent counsel. Furthermore, the signatory parties represent a broad range of  
13 interests.

14 **Q. DOES THE STIPULATION VIOLATE ANY IMPORTANT REGULATORY**  
15 **PRINCIPLE OR PRACTICE?**

16 A. No. Based upon my experience, involvement in this proceeding, and review of the  
17 Stipulation, I believe that it complies with all relevant and important principles and  
18 practices.

19 **Q. DOES THE STIPULATION BENEFIT CONSUMERS AND THE PUBLIC**  
20 **INTEREST?**

1 A. Yes. As set forth in the Stipulation, and as agreed to by the signatory parties, the  
2 Stipulation provides benefits for all customer groups and interested stakeholders, while  
3 advancing and remaining consistent with state policy.

4 **Q. IS THE STIPULATION A JUST AND REASONABLE RESOLUTION OF THE**  
5 **ISSUES IN THE PROCEEDING?**

6 A. Yes. As described above, the Stipulation affords benefits to our customers and the public  
7 and is consistent with established regulatory policy and practice. The Stipulation  
8 represents a timely and efficient resolution of all of the issues in this proceeding, after  
9 thoughtful deliberation and discussion by the parties.

**IV. CONCLUSION**

10 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

11 A. Yes, it does.