

**BEFORE**

**THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Duke        )  
Energy Ohio, Inc., for Approval of        )    Case No. 19-2223-EL-UNC  
McMann Battery Storage Project.        )

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**DIRECT TESTIMONY OF**

**LINDA MILLER**

**ON BEHALF OF**

**DUKE ENERGY OHIO, INC.**

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December 20, 2019

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**I. INTRODUCTION**

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

2 A. My name is Linda Miller, and my business address is 550 South Tryon Street,  
3 Charlotte, North Carolina, 28202.

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

5 A. I am employed by Duke Energy Business Services LLC (DEBS), as Manager  
6 Accounting II. DEBS provides various administrative and other services to Duke  
7 Energy Ohio, Inc., (Duke Energy Ohio or Company) and other affiliated  
8 companies of Duke Energy Corporation (Duke Energy).

9 **Q. PLEASE BRIEFLY DESCRIBE YOUR EDUCATION AND**  
10 **PROFESSIONAL EXPERIENCE.**

11 A. I earned a Bachelor's degree in Accounting from Nyack College in Nyack, NY,  
12 and am a Certified Public Accountant (CPA), licensed in the state of New York. I  
13 began my career with Deloitte as an auditor of financial statements in 2001.  
14 Subsequently, I worked as a Financial Analyst at UBS beginning in 2003, and  
15 then as an Assistant Controller at Lennar Homes (Sarasota, FL, division)  
16 beginning in 2005. I began my utility career in 2008 when I was hired by Duke  
17 Energy Florida (DEF) to prepare minimum filing requirements for its 2009 rate  
18 case. I then moved to DEF Asset Accounting, where I served in various roles  
19 related to project life cycle, capitalization, AFUDC, depreciation, and regulatory  
20 filings. After the Progress-Duke merger, I relocated to Charlotte, North Carolina,  
21 where I continued working in Asset Accounting, focusing on life cycle and

1 capitalization for all regulated jurisdictions. I assumed my current role as  
2 Manager Accounting II in December of 2016.

3 **Q. PLEASE DESCRIBE YOUR DUTIES AS MANAGER ACCOUNTING II.**

4 A. I am responsible for the capital project lifecycle and capitalization governance for  
5 all the Company's regulated electric and gas jurisdictions. In this role, I oversee  
6 the initiation, completion, and unitization activities of capital projects regarding  
7 the financial statement impacts. The main financial impacts of the capital project  
8 are timely in-servicing, functional account classification, and retirement of assets.  
9 I also oversee the capitalization policy and its application by the Company to  
10 ensure compliance with Federal Energy Regulatory Commission (FERC) Code of  
11 Federal Regulations (CFR) and Generally Accepted Accounting Principles  
12 (GAAP).

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

15 A. No.

16 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THESE  
17 PROCEEDINGS?**

18 A. The purpose of my testimony is to provide an explanation of how the battery  
19 assets discussed in these proceedings will be treated, from an accounting  
20 standpoint.

**II. DISCUSSION**

1 **Q. WHAT CLASSIFICATION SHOULD THE BATTERY ASSETS**  
2 **RECEIVE?**

3 A. The McMann Battery Storage Project should be classified as a solely Distribution  
4 asset based on the fact that the intended services provide peak  
5 shaving/management to regulated customers of the Company. As stated in the  
6 testimony of Company witness Matthew Schultz, the primary application of the  
7 McMann Battery Storage Project will be to reduce the load on the McMann  
8 distribution circuit during peak load hours. This will ensure that the circuit load  
9 stays below the maximum rating for the existing substation transformer and will  
10 thereby defer the need to install an additional transformer and additional  
11 distribution upgrades at this location. This benefit to the distribution grid  
12 supports the classification as a distribution asset.

13 **Q. WHAT IS THE FERC GUIDANCE ON THE CLASSIFICATION OF**  
14 **ENERGY STORAGE?**

15 A. Per the Code of Federal Regulations Title 18, Chapter I, Subchapter C, Part 101,  
16 both the services the battery performs and regulatory approval should be factored  
17 into the decision regarding its functional classification:

18 363 - Energy Storage Equipment – Distribution: This account  
19 shall include the cost installed of energy storage equipment used to  
20 store energy for load managing purposes. Where energy storage  
21 equipment can perform more than one function or purpose, the cost  
22 of the equipment shall be allocated among production,  
23 transmission, and distribution plant based on the services provided  
24 by the asset and the allocation of the asset's cost through rates  
25 approved by a relevant regulatory agency. Reallocation of the cost  
26 of equipment recorded in this account shall be in accordance with  
27 Electric Plant Instruction No. 12, Transfers of Property.

1 **Q. IF THE MCMANN BATTERY IS UTILIZED TO PARTICIPATE IN THE**  
2 **PJM MARKET, WHAT IMPACT DOES THAT HAVE TO THE**  
3 **FUNCTIONAL CLASSIFICATION BASED UPON FERC GUIDELINES?**

4 A. For the McMann Battery Storage Project, the facts and circumstances support the  
5 classification of the battery as a distribution function because participation in the  
6 PJM market will not interfere with the distribution purpose of the battery. Also,  
7 FERC provides the ability to classify the function of the battery based upon “the  
8 allocation of the asset's cost through rates approved by a relevant regulatory  
9 agency” in their CFR for account 363. The Public Utilities Commission of Ohio  
10 (Commission) qualifies as a relevant regulatory agency for this asset and,  
11 therefore, the Commission has the authority to confirm that the entire McMann  
12 battery asset should be classified as 100 percent distribution.

13 **Q. WHAT DEPRECIATION RATE IS THE COMPANY PROPOSING IN**  
14 **THIS FILING?**

15 The battery storage project has two major components: cells and monitoring  
16 equipment and other battery related equipment (balance of plant). The overall  
17 expected useful life of these components is 15 years. There are no battery storage  
18 assets in the Company’s most recently approved depreciation study; therefore, the  
19 Company is requesting the Commission’s specific approval of the new  
20 depreciation rate based on the assets’ expected useful life of 15 years.

### **III. CONCLUSION**

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

22 A. Yes.