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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. 08-709-EL-AIR
- In the Matter of the Application of Duke Energy Ohio, Inc. for Tariff Approval) Case No. 08-710-EL-ATA
- In the Matter of the Application of Duke Energy Ohio, Inc. for Approval to Change Accounting Methods) Case No. 08-710-EL-AAM
- In the Matter of the Application of Duke Energy Ohio, Inc. for Approval of its Rider BDP, Backup Delivery Point Rider) Case No. 06-718-EL-ATA

Prepared Testimony
of
Trisha J. Smith
Accounting and Electricity Division
Utilities Department

Staff Exhibit ___

March 30, 2009

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1 Applicant's Operating Income Objection 7 (b) and OCC's Operating Income
2 Objections 2 and 3. Regarding the regulatory asset amortization, I will be
3 addressing the Applicant's OCC's Operating Income Objection 5.

4 7. Q. Do you agree with the Applicant's Operating Income Objection 7(b), and the
5 OCC's Operating Income Objection 3 (relative to severance pay), in part, that
6 the Staff erred in including incentive, bonus and severance compensation in its
7 labor expense calculation?

8 A. No I do not. Incentive, bonus and severance compensation are the same as any
9 other benefit included in labor expense. Similar to an hourly wage or a salary,
10 incentive, bonus and severance pays are based on an employee's labor services
11 and should be considered when determining total compensation.

12 9. Q. Do you agree with the Applicant's Objection 5, in part, that the Staff erred in
13 that it did not use updated information in its recommended adjustment to
14 regulatory asset amortization?

15 A. Yes I do.

16 10. Q. Do you agree with the OCC's Operating Income Objection 2, in part, that the
17 Staff erred in including incentive and bonus pay related to the obtainment of
18 financial goals in the labor expense?


19 A. Yes I do. Bonus pay and incentive pay related to the obtainment of
20 financial goals should not be included in test year labor expense.

21 11. Q. Does this conclude your testimony?

22 A. Yes it does..

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing Testimony of Trisha J. Smith was served via electronic mail and/or regular U.S. mail, postage prepaid upon the following parties of record this 30th day of March, 2009.



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