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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
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- )
- 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  
Syeda A. Choudhury  
Accounting and Electricity Division  
Utilities Department

Staff Exhibit \_\_

PUCO

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March 30, 2009

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1                   PREPARED TESTIMONY OF SYEDA A. CHOUDHURY

2   1.    Q.    Please state your name and business address.

3           A.    My name is Syeda A. Choudhury. My business address is 180  
4           East Broad Street, Columbus, Ohio 43215.

5   2.    Q.    By whom are you employed?

6           A.    I am employed by the Public Utilities Commission of Ohio  
7           (PUCO).

8   3.    Q.    What is your current position with the PUCO and what are  
9           your duties?

10          A.    My current position is Utility Regulatory Accounting Specialist  
11          1 in the Accounting and Electricity Division of the Utilities  
12          Department.

13  4.    Q.    Would you briefly state your educational background?

14          A.    I earned a Bachelor of Arts Degree with a Major in Government and a  
15          Minor in English from Franklin and Marshall College in Lancaster, PA in  
16          May 1994. I also have an associate degree in Accounting from Columbus  
17          State Community College that I earned in September 1998. In addition, I  
18          have attended various seminars and rate case training programs sponsored  
19          by this Commission.

20  5.    Q.    What are your responsibilities in this proceeding?

1 A. I am responsible for Schedule B-6, Commercial Activities Tax, and  
2 Schedule C-4.

3 6. Q. What's the purpose of your testimony?  
4

5 A. The purpose of my testimony is to respond to the Schedule B-6 and the  
6 Commercial Activities Tax issues raised by Duke Energy Ohio and by Ohio  
7 Consumers Council.

8 SCHEDULE B-6 "OTHER RATE BASE ITEMS":

9 7. Q. The Applicant objects in portions of objection number 4 of Staff's transfer  
10 of customer deposits from "Miscellaneous Working Capital", Schedule B-  
11 5.1, to "Other Rate Base Items" Schedule B-6. Please explain this  
12 adjustment made to customer deposits in Schedule B-6.

13 A. Staff transferred customer deposits from Miscellaneous Working Capital  
14 (Schedule B-5.1) to Other Rate Base Items (Schedule B-6) as these deposits  
15 are not investor related, and hence should be netted against the rate base  
16 valuation. And as such, customer deposits accurately belong to Schedule  
17 B-6.

18 8. Q. Ohio Consumer Council states in their objection 1 that the Postretirement  
19 Benefits Transition Obligation (Account 253) should not be included in  
20 Schedule B-6. Please explain why this has been included.

21 A. Staff's inclusion of Account 253 in the Other Rate Base Items is consistent  
22 with Staff's position in previous rate cases including Case Nos. 92-1464

1 and 05-59-El-AIR. OCC witness Mr. David Effron, in his direct testimony  
2 states that he is not aware of “any accurate way to determine the post  
3 retirement benefit expense included in rates “. Based on consistency, the  
4 Staff believes that this account is rightly included in the Schedule B-6,  
5 Other rate Base Items.

6 9. Q. Ohio Consumer Council states in their objection 2 that certain items in the  
7 Deferred Tax Debit Balances (Account 190) should be excluded from  
8 Schedule B-6. Please explain the reason for the inclusion of these items.

9 A. Staff’s inclusion of the disputed Account 190 items in the Schedule B-6 is  
10 consistent with Staff’s handling of this account in most rate cases. The  
11 objections stated by OCC are beyond the scope of the Staff’s investigation  
12 and the Staff recommends that the Applicant provide information  
13 pertaining to these objections.

14 SCHEDULE C-18 COMMERCIAL ACTIVITY TAX (CAT):

15 10. Q. Duke Energy-Ohio in its objection 11 states that “The Staff improperly  
16 applied the reduced first quarter 2008 CAT rate in its calculation of test  
17 year expense while disregarding the fact that the full CAT rate will be  
18 effective when the revised Electric Distribution rates are put into effect”  
19 Can you explain the Staff’s position regarding this objection?

20 A. Staff adjusted Schedule C-3.18 to reflect annualized Commercial Activity  
21 Tax expenses using the 2009 Commercial Activity Tax rate under H.B. 66

1 for computation. Staff used the 2009 CAT rate since the Distribution rates  
2 will be in effect in 2009.

3 11. Q. The Ohio Consumers Council in their objections (IEU-OE Objection  
4 Number 5) objects to “Staff’s calculation of the adjusted Commercial  
5 Activity Tax erroneously reflects the effective tax rates for 2009 instead of  
6 for the 2008 test year.” Would you explain Staff’s position?


7 A. As in the aforementioned response, the Staff used the 2009 CAT rate  
8 because the 2009 rate is more reflective as the Distribution rates will go  
9 into effect during 2009.

10 12. Q. Does this conclude your testimony?

11 A. Yes.

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing Testimony of Syeda A. Choudhury was served via electronic mail and/or regular U.S. mail, postage prepaid upon the following parties of record this 30<sup>th</sup> day of March, 2009.



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