

FILE

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke :
Energy Ohio to Adjust and Set its Gas and : Case No. 09-543-GE-UNC
Electric Recovery Rate for SmartGrid :
Deployment Under Riders AU and DR-IM. :
:
In the Matter of the Application of Duke :
Energy Ohio for Tariff approval. : Case No. 09-544-GA-ATA
:
In the Matter of the Application of Duke :
Energy Ohio to Change its Accounting : Case No. 09-545-GE-AAM
Methods. :
:
:

TESTIMONY
of
Steve Puican

ON BEHALF OF THE STAFF OF
THE PUBLIC UTILITIES COMMISSION OF OHIO

Date submitted: November 2, 2009

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1 1. Q. Would you please state your name and business address?

2 A. My name is Stephen E. Puican. My business address is 180 East Broad Street,
3 Columbus, Ohio.

4
5 2. Q. What is your present employment?

6 A. I am currently employed as Co-Chief of the Rates & Tariffs / Energy & Water
7 Division in the Utilities Department of the Public Utilities Commission of Ohio
8 ("PUCO"). In that position I am responsible for oversight of the Utilities
9 Department's positions related to natural gas utility regulation, including all Gas Cost
10 Recovery procedures, tariff and contract applications and customer choice program
11 oversight.

12
13 3. Q. Would you outline your academic and professional qualifications?

14 A. I received a B.A. degree in Economics from Kent State University in 1980 and an
15 M.A. degree in Economics from Ohio State University in 1983. I was employed by
16 the Ohio Department of Development, Division of Energy, from May 1983 until
17 October 1985 at which time the functions of the Division were incorporated into the
18 Public Utilities Commission of Ohio. I have been employed in several positions at
19 the PUCO since that time and have been Co-Chief of the Rates & Tariffs / Energy
20 & Water Division since May 2005. Prior to that, I had been Chief of the Gas and
21 Water Division since 1999. In both my current and previous positions I have been
22 responsible for oversight of the Utilities Department's natural gas staff which
23 includes responsibility for all GCR cases, as well as other areas relating to natural gas

1 such as contracts, certain tariff provisions, and certain rate case issues. I have also
2 been involved in the development and evolution of Ohio's customer choice programs
3 and participated in writing the rules that implemented House Bill 9, which formalized
4 the structure of Ohio's customer choice programs. Prior to my current position I was
5 responsible for directing Staff investigations into electric utilities' Demand-Side
6 Management ("DSM") programs and have submitted testimony in numerous
7 proceedings relating to evaluation of DSM programs.

8
9
10 4. Q. What is the purpose of your testimony in this proceeding?

11 I will address the issue of allocation of smart grid costs between Duke Energy Ohio's
12 (Duke) electric and natural gas customers.

13
14 5. Q. Please summarize your position on the allocation of these costs.

15 A. I have no objection to Duke's proposed allocation of costs between customers that
16 take both gas and electric service from Duke. My only objection is the costs allocated
17 to the approximately 1,354 gas customers that do not receive their electric service
18 from Duke. As is more fully discussed in the Staff's October 8, 2009 comments, these
19 customers receive no benefits from implementation of the electric smart grid
20 program. As a result, I recommended that no smart grid common costs be allocated to
21 these customers. That would result in these 1,354 customers paying a lower rider rate
22 than Duke's other gas customers. This could be accomplished either by setting
23 different rider rates in the tariffs or by charging the same rate but having a separate
24 rider that would credit back to these customers the difference between the fully
25 allocated Rider AU rate and the rate exclusive of common costs as described in the

1 Staff's October 8, 2009 comments.

2
3 6. Q. In its reply comments, Duke objected to this recommendation pointing out that
4 having disparate rates for similarly situated customers violates traditional rate making
5 principles. How do you respond to this objection?

6
7 A. This is an unusual situation that occurs only because Duke is a combination gas and
8 electric utility. In no other situation would there even be a question of how to allocate
9 common gas and electric costs. This is not a matter of averaging costs within a rate
10 class as Duke's objection implies. This is a situation where these 1,354 customers are
11 being asked to pay certain costs incurred to serve customers of a different electric
12 utility altogether. I am not aware of any traditional ratemaking principle that would
13 govern this situation so I am resorting to a simple issue of fairness that these
14 customers in question should not be required to pay costs that benefit only another
15 utility's customers.

16
17 7. Q. Does this conclude your direct testimony?

18 A. Yes, it does.

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing **Testimony of Steve Puican**, submitted on behalf of the Staff of the Public Utilities Commission of Ohio, was served by regular U.S. mail, postage prepaid, or hand-delivered, upon the following parties of record, this 2nd day of November, 2009.



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