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Duke Energy Ohio Exhibit \_\_\_\_\_

PUCO  
BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application )  
of Duke Energy Ohio, Inc. )  
to Adjust and Set the Annually )  
Adjusted Component of its )  
Standard Service Offer )

Case No. 09-770-EL-UNC

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SUPPLEMENTAL DIRECT TESTIMONY OF

ROBERT M. PARSONS

ON BEHALF OF

DUKE ENERGY OHIO, INC.

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**I. INTRODUCTION AND PURPOSE**

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

2   A.   My name is Robert M. Parsons. My business address is 139 East Fourth Street,  
3       Cincinnati, Ohio 45202.

4   **Q.   ARE YOU THE SAME ROBERT M. PARSONS WHO FILED DIRECT**  
5       **TESTIMONY IN THIS PROCEEDING ON BEHALF OF DUKE ENERGY**  
6       **OHIO, INC. (DUKE ENERGY OHIO)?**

7   A.   Yes.

8   **Q.   WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL TESTIMONY IN**  
9       **THIS PROCEEDING?**

10  A.   The purpose of my Supplemental Testimony is to discuss and support the  
11       reasonableness of the Stipulation and Recommendation (Stipulation) filed in the  
12       above-captioned proceeding. The Stipulation is filed with the support of all of the  
13       parties to this proceeding, including the Staff of the Public Utilities Commission  
14       of Ohio (Commission), the Office of the Ohio Consumers' Council (OCC), and  
15       Ohio Partners for Affordable Energy, collectively, the Stipulating Parties. This  
16       testimony will demonstrate that: (1) the Stipulation is the product of serious  
17       bargaining among capable, knowledgeable parties; (2) the Stipulation does not  
18       violate any important regulatory principle or practice; (3) the Stipulation, as a  
19       whole, will benefit consumers and is in the public interest; and (4) the Stipulation  
20       is a just and reasonable resolution of the issues.

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1 by experienced, competent counsel. Furthermore, the Stipulating Parties  
2 represent a broad range of interests.

3 The Commission's Staff thoroughly reviewed Duke Energy Ohio's  
4 application and Duke Energy Ohio responded to numerous data requests received  
5 from the Commission's Staff and OCC.

6 All parties were invited to attend all of the settlement discussions  
7 regarding the Rider PTC-AAC application. The first settlement conference was  
8 held at the office of the Commission on October 27, 2009. Follow up  
9 negotiations occurred via e-mail. All of the issues raised by the parties in this  
10 proceeding were addressed during these negotiations and, despite the divergent  
11 interests among the parties, all had opportunity to express their opinions in the  
12 negotiating process. For all of these reasons, I believe that the Stipulation is a  
13 compromise resulting from those negotiations and, therefore, represents a product  
14 of capable, knowledgeable parties.

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

17 **A.** No. Based on the advice of counsel, my understanding is that the Stipulation  
18 complies with all relevant and important principles and practices. Based upon my  
19 examination of the Stipulation as Rates Manager for Duke Energy Ohio, I have  
20 also concluded that the Stipulation does not violate any regulatory ratemaking  
21 principle. The Stipulation is fully supported by all of the evidence presented to  
22 the Commission and other parties in this case.

1   **Q.    DOES THE STIPULATION BENEFIT CONSUMERS AND THE PUBLIC**  
2   **INTEREST?**

3   A.    Yes. The Stipulation provides several significant benefits across all customer  
4   groups and other interested stakeholders, including:

5       1.    The Stipulation provides for the timely implementation of the updated  
6   Rider PTC-AAC, to be effective January 4, 2010.

7       2.    The Stipulation provides for recovery of environmental reagent costs  
8   through Duke Energy Ohio's Rider PTC-FPP rather than Rider PTC-AAC,  
9   thereby associating those costs directly with the process in which they are used  
10   and recovering those costs on a more timely basis.

11       3.    The Stipulation allows Duke Energy Ohio to recover costs that improve  
12   fuel flexibility, thereby allowing for future reduction in net fuel costs resulting in  
13   fuel savings to consumers.

14   **Q.    IS THE STIPULATION A JUST AND REASONABLE RESOLUTION OF**  
15   **THE ISSUES?**

16   A.    Yes. As described above, the Stipulation affords benefits to consumers and the  
17   public and is consistent with established regulatory principles and practices. The  
18   Stipulation also represents a timely and efficient resolution of the issues raised in  
19   this proceeding, after thoughtful deliberation and discussion by the Stipulating  
20   Parties.

21   **Q.    DO YOU BELIEVE THE STIPULATION MEETS THE THREE-PART**  
22   **TEST REGARDING CONSIDERATION OF STIPULATIONS AND**  
23   **THEREFORE SHOULD BE ADOPTED BY THE COMMISSION?**

1 A. Yes, I do.

2 Q. DOES THE STIPULATION RESOLVE ALL OF THE ISSUES IN THIS  
3 PROCEEDING?

4 A. Yes, it does.

5 III. CONCLUSION

6 Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL TESTIMONY  
7 SUPPORTING THE STIPULATION?

8 A. Yes.