

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application)
of Duke Energy Ohio for Approval)
of Proposed Reliability Standards)

Case No. 09-757-EL-ESS

TESTIMONY OF

LARRY E. CONRAD

ON BEHALF OF

DUKE ENERGY OHIO

May 20, 2010

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I. INTRODUCTION AND PURPOSE

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

2 A. My name is Larry E. Conrad. My business address is 139 East Fourth Street,
3 Cincinnati, Ohio 45202.

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

5 A. I am employed by Duke Energy Business Services as the Director of Distribution
6 Planning.

7 **Q. PLEASE SUMMARIZE YOUR EDUCATION AND PROFESSION**
8 **EXPERIENCE.**

9 A. In 1974, I received a Bachelor of Science degree in electrical engineering from
10 Rose Hulman Institute of Technology. I then obtained a Master of Science
11 degree, also from Rose Hulman Institute of Technology in 1993. I am a
12 registered professional engineer in both Ohio and Indiana.

13 **Q. PLEASE SUMMARIZE YOUR WORK EXPERIENCE.**

14 A. I was first employed by PSI Energy, Inc. which was merged with The Cincinnati
15 Gas & Electric Company in 2005 to form Cinergy Corp. During this time my
16 positions included Engineer, Staff Engineer, Senior Engineer, Manager of Quality
17 Engineering, Technical Services Manager, Manager of Power Quality, Operations
18 Engineering Manager. Thereafter, Cinergy Corp. merged with Duke Energy. My
19 position at the time of the merger was Director of Reliability and Integrity
20 Planning. I was promoted to my current position on December 1, 2009.

21 **Q. PLEASE DESCRIBE HOW YOUR WORK RESPONSIBILITIES RELATE**
22 **TO THE RELIABILITY STANDARDS PROPOSED IN THIS MATTER?**

1 A. As Director of Midwest Distribution Planning, I have a thorough understanding of
2 the distribution system which serves Ohio customers. I am involved in planning
3 as it relates to deployment of SmartGrid technology so that it will enhance
4 customer service and distribution reliability.

5 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
6 **PROCEEDING?**

7 A. The purpose of my Testimony is to discuss and support the reasonableness of the
8 Stipulation and Recommendation (Stipulation) filed in the above-captioned
9 proceeding. The Stipulation is filed with the support of the parties to this
10 proceeding, including the Staff of the Public Utilities Commission of Ohio
11 (Commission) and the Office of the Ohio Consumers' Council (OCC). Along with
12 Duke Energy Ohio, these entities are collectively referred to as the Stipulating
13 Parties for the remainder of this testimony.

14 Through my testimony, I will demonstrate that the Stipulation: (1) is the
15 product of serious bargaining among capable, knowledgeable parties; (2) does
16 not violate any important regulatory principle or practice; (3) as a whole, will
17 benefit consumers and is in the public interest; and (4) is a just and reasonable
18 resolution of the issues.

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22 **II. DISCUSSION**

23 **Q. PLEASE GENERALLY DESCRIBE THE STIPULATION.**

24 A. The Stipulation, filed with the Commission on May 19, 2010, represents a
25 resolution of all of the issues among the Stipulating Parties relating to Duke
Energy Ohio's application for approval of its proposed reliability standards.

1 In summary, the Stipulating Parties agree that Duke Energy Ohio shall
2 meet the specified CAIDI standards agreed upon by the parties over the time
3 period set forth in the Stipulation. As evident from the Stipulation, Duke Energy
4 Ohio remains committed to maintaining its high standard for reliability in its
5 service territory.

6 **Q. YOU TESTIFIED THAT, THROUGH THIS STIPULATION, DUKE**
7 **ENERGY OHIO HAS COMMITTED TO ACHIEVE SPECIFIED GOALS**
8 **FOR ITS CUSTOMER AVERAGE INTERRUPTION DURATION**
9 **(CAIDI)?**

10 A. Yes. Duke Energy Ohio has agreed to meet specified goals for CAIDI as it
11 continues to deploy SmartGrid technology in its service territory.

12 **Q. DOES THE STIPULATION REPRESENT THE PRODUCT OF SERIOUS**
13 **BARGAINING AMONG CAPABLE, KNOWLEDGEABLE PARTIES?**

14 A. Yes. The standing of the parties and their attorneys to the Stipulation is readily
15 apparent. The Stipulating Parties regularly participate in rate proceedings before
16 the Commission, are knowledgeable in regulatory matters, and were represented
17 by experienced, competent counsel. Furthermore, the Stipulating Parties
18 represent a broad range of interests.

19 The Commission's Staff thoroughly reviewed Duke Energy Ohio's
20 application and Duke Energy Ohio responded to data requests received from the
21 Commission's Staff and OCC. Furthermore, both Staff and the OCC presented
22 comments on the reliability standards application, after completing a
23 comprehensive review of the filing.

1 All parties were invited to attend all of the settlement discussions
2 regarding the reliability standards application. The first settlement conference
3 was held on April 13, 2010, with additional conferences conducted on April 15,
4 19 and 27. Negotiations continued via telephone and electronic mail, with all
5 Stipulating Parties having ample opportunity to review and provide comment on
6 the terms of the settlement as ultimately reflected in the Stipulation. All of the
7 issues raised by the Stipulating Parties in this proceeding were addressed during
8 these negotiations and, despite the divergent interests among them, all Parties had
9 opportunity to express their opinions in the negotiating process. For all of these
10 reasons, I believe that the Stipulation is a compromise resulting from those
11 negotiations and, therefore, represents a product of the efforts of capable,
12 knowledgeable parties.

13 **Q. DOES THE STIPULATION VIOLATE ANY IMPORTANT**
14 **REGULATORY PRINCIPLE OR PRACTICE?**

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

21 **Q. DOES THE STIPULATION BENEFIT CONSUMERS AND THE PUBLIC**
22 **INTEREST?**

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

3 1. The Stipulation provides a means by which stakeholders may
4 continue to monitor the Company's reliability and performance.

5 2. The Stipulation allows for reasonable adjustments to the CAIDI
6 target to account for ongoing deployment of SmartGrid technology.

7 3. The Stipulation provides assurance to stakeholders that the
8 Company will continue in its practice of making customer service a priority.

9 **Q. IS THE STIPULATION A JUST AND REASONABLE RESOLUTION OF**
10 **THE ISSUES?**

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

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

19 A. Yes, I do.

20 **Q. DOES THE STIPULATION RESOLVE ALL OF THE ISSUES IN THIS**
21 **PROCEEDING?**

22 A. Yes, it does.

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III. CONCLUSION

2 **Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL TESTIMONY**
3 **SUPPORTING THE STIPULATION?**

4 **A. Yes.**

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Summary: Testimony TESTIMONY OF LARRY E. CONRAD ON BEHALF OF DUKE ENERGY
OHIO
electronically filed by Carys Cochern on behalf of Watts, Elizabeth H