

## BEFORE

## THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke )  
Energy Ohio for Approval of a Market )  
Rate Offer to Conduct a Competitive )  
Bidding Process for Standard Service ) Case No. 10-2586-EL-SSO  
Offer Electric Generation Supply, )  
Accounting Modifications, and Tariffs for )  
Generation Service. )

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**DIRECT TESTIMONY OF**

**JAMES E. ROGERS**

**ON BEHALF OF**

**DUKE ENERGY OHIO, INC.**

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November 15, 2010

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## **I. INTRODUCTION**

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

2   A.   My name is James E. Rogers, and my business address is 526 South Church  
3       Street, Charlotte, North Carolina 28202.

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

5   A.   I am employed by Duke Energy Business Services LLC (DEBS), as Chairman,  
6       President and Chief Executive Officer of Duke Energy Corporation (Duke  
7       Energy). DEBS provides various administrative and other services to Duke  
8       Energy Ohio, Inc. (Duke Energy Ohio) and other affiliated companies of Duke  
9       Energy. I am also a Director and Chief Executive Officer of Duke Energy Ohio.

10  **Q.   PLEASE BRIEFLY DESCRIBE YOUR EDUCATION AND**  
11  **PROFESSIONAL EXPERIENCE.**

12  A.   I received a bachelor's degree in Business Administration (1970) and a law  
13       degree (1974) from the University of Kentucky. I became President and Chief  
14       Executive Officer of Duke Energy in April 2006, after the merger of Duke Energy  
15       and Cinergy Corp. (Cinergy). Prior to the Duke Energy/Cinergy merger, I served  
16       as Chairman and CEO of Cinergy. I became Vice Chairman, President and Chief  
17       Operating Officer of Cinergy in October 1994, and I became Chief Executive  
18       Officer in 1995. Prior to the formation of Cinergy, I was Chairman and Chief  
19       Executive Officer of PSI Energy, Inc. and PSI Resources, Inc., the parent  
20       company of PSI Energy, Inc. Before coming to PSI Energy, Inc. in October of  
21       1988 as Chief Executive Officer, I was Executive Vice President of the gas  
22       pipeline group of Enron Corp. (Enron), and President of Enron's interstate gas

1 pipeline companies from 1985 to 1988. From 1979 to 1981 and from 1983 to  
2 1985, I was in private law practice in Washington, D.C., with the law firm of  
3 Akin, Gump, Strauss, Hauer & Feld. During that time, I represented natural gas  
4 pipelines, gas producers and electric utilities before the Federal Energy  
5 Regulatory Commission (FERC) and various federal courts. From 1981 to 1983,  
6 I was Deputy General Counsel for litigation and enforcement at the FERC. In  
7 that position, I directed FERC's litigation efforts in cases involving electric rates,  
8 hydroelectric licensing, gas producer and gas pipeline rates. I began my career  
9 with the Kentucky Attorney General's Office representing consumer interests in  
10 utility cases.

11 **Q. PLEASE DESCRIBE YOUR PROFESSIONAL AFFILIATIONS.**

12 A. I am a past Chairman for and served on the Executive Committee of the Edison  
13 Electric Institute. I also serve on the boards of the U.S. Chamber of Commerce,  
14 Business Roundtable, and the National Coal Council. I was previously on the  
15 board of the American Gas Association. I am a former Co-Chair of the Energy  
16 Efficiency Action Plan Leadership Group (the Leadership Group), formed by the  
17 U.S. Department of Energy and the U.S. Environmental Protection Agency (EPA)  
18 and approximately fifty leading electric and gas utilities, state utility  
19 commissioners, state air and energy agencies, energy service providers, energy  
20 consumers, and energy efficiency and consumer advocates. The Leadership  
21 Group was formed to drive an aggressive new national commitment to energy  
22 efficiency. I am also a former Co-Chair of the Alliance to Save Energy. I am a  
23 Director for Applied Materials, Inc. and Cigna Corporation. I also am a member

1 of the boards of directors of the Nuclear Energy Institute, the Institute of Nuclear  
2 Power Operations, the Alliance to Save Energy, and the Nicholas Institute for  
3 Environmental Policy Solutions at Duke University.

4 **Q. HAVE YOU EVER TESTIFIED BEFORE THE PUBLIC UTILITIES**  
5 **COMMISSION OF OHIO?**

6 A. Yes. I have testified before the Public Utilities Commission of Ohio  
7 (Commission), most recently in Case No. 03-93-EL-UNC, on May 20, 2004.

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

10 A. My testimony addresses the need to balance the long-term interests of Duke  
11 Energy Ohio and its customers, investors, and other stakeholders in a manner that  
12 ensures that our customers and communities continue to have access to reliable  
13 and affordable electricity, while also giving Duke Energy's investors a  
14 meaningful opportunity to earn a reasonable return on the capital invested in the  
15 company. I will explain why the market rate option, or MRO, although not a  
16 perfect tool for achieving the balance I have just described is preferable to the  
17 electric security plan (ESP) over the long term. In addition, I will discuss the  
18 advantages of reregulation with regard to achieving the state's goals and meeting  
19 its policies. Finally, I will introduce the various witnesses and identify the subject  
20 matters on which they will testify in this proceeding.

**II. BALANCING THE INTERESTS OF DUKE ENERGY OHIO,**  
**OUR CUSTOMERS AND OUR INVESTORS**

21 **Q. WHAT ARE THE LONG-TERM INTERESTS OF DUKE ENERGY**  
22 **OHIO?**

1     A.     The interests of Duke Energy Ohio are to provide safe, reliable, affordable electric  
2           service to our customers under a rate structure that properly compensates the  
3           utility company for the costs associated with providing that service. Those costs  
4           include the need to earn a reasonable rate of return on capital for our investors so  
5           that we can continue to attract the capital necessary to make long-term  
6           investments (such as environmental expenditures) for the benefit of our customers  
7           in Ohio. These goals are not unlike the tenets of regulation routinely observed by  
8           the Commission, which acts to strike the appropriate balance between customers'  
9           right to reliable electric supply at stable prices and the ongoing, financial vitality  
10          of the utility company.

11    **Q.     HAS DUKE ENERGY OHIO BEEN ABLE TO ACHIEVE THESE GOALS**  
12          **HISTORICALLY?**

13    A.     Prior to 2001, Duke Energy Ohio's electric business was fully regulated. The  
14           three services that it provided – distribution, transmission, and generation – were  
15           all subject to regulation by the Commission. But in 2001, customers were given  
16           the statutory right to choose their electricity supplier. In the initial years of  
17           deregulation, the Company performed well, both in terms of affording our  
18           customers with safe, reliable, and economically priced electric service and in  
19           maintaining its financial viability.

20                 This trend did not immediately change following the deregulation of  
21           electric generation in 2001 as the competitive market was very slow to develop.  
22           Thus, in the years since electric generation was first deregulated, the Company  
23           has operated under various rate structures that encouraged customer choice while

1 simultaneously providing the Company with some measure of financial stability  
2 through Commission-approved pricing structures. Accordingly, these prior rate  
3 plans were characteristic of full regulation. Indeed, I have often referred to Duke  
4 Energy Ohio's rate stabilization plan that was in place between 2005 and 2008 as  
5 "regulatory lite," or a plan that had many of the characteristics of full regulation.

6 In 2008, the Company filed an ESP for the three-year period ending  
7 December 31, 2011. The Commission approved the ESP in December 2008.  
8 Customer switching remained relatively low during the first part of 2009 and thus  
9 the ESP initially functioned to meet both the interests of our customers and our  
10 investors.

11 **Q. HAS THERE BEEN A CHANGE WITH REGARD TO THE COMPANY'S**  
12 **EXISTING ESP?**

13 **A.** There has not been a change to the terms of the ESP as approved by the  
14 Commission. But, the external environment has changed such that the ESP is  
15 neither providing the best possible rates to our customers, nor is it providing Duke  
16 Energy Ohio with the financial stability necessary to meet the long-term interests  
17 of our investors. Thus, the Company must reposition itself to meet those interests.

18 **Q. TO WHAT DO YOU ATTRIBUTE THIS CHANGE?**

19 **A.** I believe one of the underlying causes is the development of a robust, competitive  
20 market over the last twenty-two months while the ESP has been in place. In the  
21 spring of 2009, the financial climate of this nation changed dramatically. With the  
22 deep recession and lower natural gas prices, demand for electricity fell drastically.  
23 And, as a result, market prices for electricity plummeted and have remained low.

1           Furthermore, commercial and industrial customers – faced with their own  
2           economic concerns – had to reform their daily operations, causing usage by these  
3           customers to decline. Residential customers were no different in that they had to  
4           look for opportunities to weather the dismal economy as well. Many of our  
5           customers reacted, in part, by exercising their right to choose their generation  
6           supplier. Indeed, at the time of this filing, more than 60% of the load once served  
7           by Duke Energy Ohio is now serviced by alternative suppliers.

8           With market prices below the Company's ESP price, competitive retail  
9           electric service providers were able to make significant inroads into serving Duke  
10          Energy Ohio's customers. And given that its pricing structure under the ESP was  
11          approved for the three-year period, the Company could not react by flexing that  
12          pricing structure.

13   **Q.   WHAT DO THE INCREASED SWITCHING LEVELS MEAN FOR DUKE**  
14   **ENERGY OHIO?**

15   **A.**   The level of switching clearly shows that the competitive market has developed in  
16          Duke Energy Ohio's service territory. Customers have realized that they have a  
17          choice as to the entity that provides their electric generation service and they have  
18          affirmatively chosen to exercise that choice. Customers have explored alternatives  
19          in the market and have migrated away from Duke Energy Ohio's standard service  
20          offer (SSO). As a result, fewer customers are paying for Duke Energy Ohio's  
21          costs to provide service to all customers, both those who remain generation  
22          customers and those who leave but have a need to return. And the Company thus  
23          is not able to produce stable and reasonable returns. The ESP has become

1           ineffective in meeting the needs of either our customers or our investors – it has  
2           proven to be cumbersome and inflexible.

3   **Q.   ARE THERE OTHER CIRCUMSTANCES THAT HAVE AFFECTED**  
4   **THE COMPANY'S ABILITY TO MEET THE LONG-TERM INTERESTS**  
5   **OF ITS CUSTOMERS OR ITS INVESTORS?**

6   A.   I believe that the other relevant factor is the new law under which Duke Energy  
7   Ohio operates. Two years ago, the General Assembly enacted Amended  
8   Substitute Senate Bill 221 (S.B. 221), which directed electric distribution utility  
9   companies to provide an SSO for generation service either through an ESP or a  
10   MRO. As I explain, the ESP framework has not enabled Duke Energy Ohio to  
11   respond effectively to meet the long-term interests of our customers or our  
12   investors.

13   **Q.   DO YOU BELIEVE THAT S.B. 221 WAS AN ATTEMPT AT**  
14   **REREGULATING THE ELETRIC GENERATION BUSINESS IN OHIO?**

15   A.   No. Electric generation service remains deregulated in Ohio. In this regard, it is  
16   important to remember that the General Assembly did not negate the policies of  
17   this state that were implemented more than a decade ago when electric generation  
18   was first deregulated. Indeed, S.B. 221 reinforced, as state policies, the  
19   recognition of emerging competitive electricity markets and the continued  
20   assurance of effective competition. To further encourage compliance with these  
21   state policies, the General Assembly expressly included in S.B. 221 a provision  
22   for an SSO that is based upon the competitive market and, more particularly,  
23   securing reliable generation through a competitive bidding process. Although no

1 electric distribution utility company in Ohio currently operates under an MRO, it  
2 must be viewed as a viable framework for an SSO or the General Assembly  
3 certainly would not have incorporated it into S.B. 221.

4 **Q. YOU HAVE MENTIONED THAT DUKE ENERGY OHIO'S CURRENT**  
5 **ESP EXPIRES ON DECEMBER 31, 2011. THUS, DOESN'T DUKE**  
6 **ENERGY OHIO HAVE THE OPTION OF SEEKING A REVISION TO**  
7 **THAT ESP?**

8 **A.** Revising the existing ESP, or seeking approval of a new ESP, is certainly a  
9 possibility. But I do not find it a practical solution in the long run.

10 Admittedly, the law does not mandate an ESP of any certain duration. But  
11 from a practical standpoint, it motivates a utility company to limit its ESP to three  
12 years in duration. A short-term, three-year ESP does not enable the Company,  
13 customers, or investors to plan adequately for the long term, for the future  
14 generations that Duke Energy Ohio will serve. And a short-term ESP does not  
15 provide Duke Energy Ohio's customers with sustained, regulatory certainty.  
16 Rather, as ESPs are of limited duration, they are subject to change every few  
17 years. Thus, to the extent an ESP may be dependent upon formula rates, those  
18 formulas are subject to periodic revision, which creates some level of uncertainty  
19 for our customers who pay those rates and for the utility that relies upon the  
20 formula in an attempt to maintain a reasonable level of financial stability.

21 Additionally, the ESP does not adequately protect the financial integrity of  
22 the utility company, particularly where the macro environment in which it is  
23 operating is subject to dramatic and unforeseen changes. The ESP exposes Duke

1 Energy Ohio to unlimited downside risk while capping its upside opportunities.  
2 By this, I mean that the Company is subject to an earnings test that determines  
3 whether, in the opinion of the Commission, it has earned too high a rate of return  
4 while operating under an approved ESP. And if the Company is found to have had  
5 significantly excessive earnings, it must provide customers with a refund. But if  
6 the Company loses customers – and earnings – it simply becomes financially  
7 vulnerable, with no comparable look-back and adjustment of results. This is why I  
8 have said in prior interviews that I used to like the business in Ohio, but I do not  
9 like it so much now.

10 Furthermore, the ESP provisions do not provide sufficient certainty in  
11 respect of full recovery for environmental compliance costs. Notably, the ESP  
12 provisions address non-bypassable cost recovery. But the provisions are  
13 conditional and possibly of limited duration. Furthermore, there is no certainty –  
14 by way of existing rate structures – that full recovery for environmental  
15 expenditures can be achieved. Consequently, these provisions do not provide  
16 sufficient assurance of appropriate cost recovery, limit the Company's ability to  
17 maximize the value of its assets in the market, and may not extend to ongoing  
18 obligations that exist after plant retirement.

19 **Q. DO YOU ANTICIPATE CHANGES IN THE ENVIRONMENTAL LAWS?**

20 **A.** I certainly expect changes in the environmental laws that will have a significant  
21 impact on our businesses. The United States Supreme Court has determined that  
22 greenhouse gases are pollutants and has ordered the EPA to consider whether they  
23 should be regulated. The EPA determined that greenhouse gases should be

1 regulated and will begin regulating them in January of 2011. The EPA is also  
2 considering very extensive regulation of coal combustion residuals, which would  
3 force us to significantly alter the way in which we handle and store ash at our coal  
4 plants. The EPA is also considering the imposition of stringent regulations for our  
5 water discharges.

6 As a result, we have moved from the prior scenario of compliance with a  
7 lower cost cap and trade regulatory mechanism to the new, costlier, command and  
8 control mandate that fundamentally changes our compliance plans for the future.

9 The increasing environmental regulations have the potential to force the  
10 retirement of our older, coal-fired generation units in Ohio. The alternative –  
11 retrofitting the units with environmental compliance equipment – may be  
12 uneconomic. Consequently, this issue presents capacity and reliability issues not  
13 just for our company and our system, but for the region.

14 **Q. IS DUKE ENERGY OHIO'S REALIGNMENT OF REGIONAL**  
15 **TRANSMISSION ORGANIZATIONS A RESULT OF INCREASING**  
16 **ENVIRONMENTAL REGULATION?**

17 **A.** Anticipated environmental regulation was not the motivating reason for Duke  
18 Energy Ohio realigning our regional transmission organization membership, to  
19 join PJM Interconnection, LLC, effective January 1, 2012. But PJM has a  
20 forward-looking capacity market that allows us to plan for capacity needs over a  
21 longer period of time. And as we consider the potential for plant retirements in  
22 Ohio because of environmental regulation, we need to have access to a capacity

1 market that incorporates a longer-term view. Company witness Kenneth J.  
2 Jennings elaborates on the realignment.

3 **Q. IS THE COMPANY'S INTENDED TRANSFER OF LEGACY**  
4 **GENERATING ASSETS TO AN AFFILIATE A RESULT OF**  
5 **INCREASING ENVIRONMENTAL REGULATION?**

6 **A.** Not specifically. The intended transfer of generating assets is indicative of our  
7 desire to adequately address the long-term needs of the business. For all intents  
8 and purposes, Duke Energy Ohio is quasi-regulated. But this is not what the  
9 General Assembly intended more than a decade ago and reinforced two years ago.  
10 And this quasi-regulation does not enable the Company, our customers, or our  
11 investors to realize the benefits of full regulation or a total market approach.  
12 Furthermore, it imposes limitations on the Company's ability to maximize the  
13 value of the generation assets in the competitive market, while exposing it to risks  
14 of customer switching and earnings caps.

15 I would reiterate that the current law does not provide us with sufficient  
16 assurance of full recovery for environmental costs that Duke Energy Ohio, as a  
17 generation owner, incurs in providing service to our customers. The existing ESP  
18 provisions under S.B. 221 impose conditions on cost recovery that, as noted  
19 above, are not favorable to the Company. And these conditions do not encompass  
20 recovery for environmental liabilities that arose at a time when the generating  
21 plants were used and useful. Consequently, there is little incentive for the utility  
22 company to implement environmental controls in lieu of plan retirement.

1    **Q.    ARE YOU SUGGESTING THAT REREGULATION OF ELECTRIC**  
2    **GENERATION IS APPROPRIATE?**

3    A.    For purposes of this filing, Duke Energy Ohio must work within the framework of  
4    the existing law, which mandates that it provide an SSO through either an ESP or  
5    an MRO. As I explain here, the ESP structure is not the preferred option. If the  
6    choices were expanded to include reregulation, I would support that choice.  
7    Under a fully regulated structure, the proper balance between the interests of the  
8    Company, our customers, and our investors is readily obtained, as we have seen in  
9    prior years in Ohio and in other jurisdictions in which we operate fully regulated  
10   companies.

11           Indeed, reregulation would enable Duke Energy Ohio to effectively  
12   address the anticipated retirement of its generating facilities and accommodate the  
13   future needs of our customers. This business will undeniably change given  
14   anticipated environmental regulations, the need for alternative energy sources  
15   including energy efficiency, expected plant retirements, and the expectations of  
16   our customers. And reregulation enables the Company to invoke a longer-term  
17   plan for addressing these various, significant considerations. Opportunities for  
18   utility investments and job creation are also enhanced under a fully regulated  
19   structure. That said, a return to full regulation of electricity generation in Ohio  
20   would require significant changes to Ohio law and, understandably, we would  
21   need substantial leadership on the part of Ohio law and policy makers. But the  
22   Company's immediate intention is on achieving a feasible rate plan under the

1 current law. And as explained by the other witnesses in this proceeding, we  
2 believe that the most appropriate plan is an MRO.

3 **Q. WHY DO YOU EVEN COMMENT ON REREGULATION IF YOU**  
4 **BELIEVE THAT AN MRO IS THE MOST APPROPRIATE PLAN FOR**  
5 **DUKE ENERGY OHIO?**

6 A. I believe it is important to juxtapose the ESP option under current law against  
7 either the MRO or possible reregulation. To understand the impact of the ESP  
8 arrangement, we must recognize that it provides the customers with a free option.  
9 That is, it allows customers to choose between the lower of market and the ESP  
10 price without compensating Duke Energy Ohio and its investors for that option.  
11 This free option under the ESP – and the rate stabilization plan before it – worked  
12 well for both customers and investors while the market price was greater than the  
13 price established by the Commission. In that environment, the price charged by  
14 Duke Energy Ohio provided customers with a lower price than the market price  
15 would have been and still provided investors with a fair return on their  
16 investment. However, the power prices in the market today and for the  
17 foreseeable future are at the lowest levels in many years, due to the deep  
18 recession, the anemic recovery of the economy, and the low price of gas (which  
19 has been above \$10 mmbtu four times in the past decade). This results in a totally  
20 different outcome. The customers' free option is now clearly adverse to investors.  
21 As Duke Energy Ohio remains uncompensated for this risk, the option remains  
22 free from the standpoint of the customers. This is why, in other competitive  
23 markets, there are no free options for customers. In a competitive market, such

1 an option would carry a price. Unfortunately, we have never been compensated  
2 for this free option that we provide to our customers.

3 In my view, the ESP is in a no man's land between the MRO and  
4 reregulation, either of which would relieve the Company of the free option I have  
5 been discussing. The ESP is an experiment by the Ohio legislature that simply  
6 has not worked.

### **III. OTHER REGULATORY OPTIONS**

7 **Q. IN YOUR EXPERIENCE, IS THE PARADIGM ADOPTED BY THE OHIO**  
8 **LEGISLATURE THE MOST EFFECTIVE APPROACH TO BALANCING**  
9 **THE NEEDS AND INTERESTS OF CUSTOMERS AND INVESTORS?**

10 **A.** No. As I discussed previously, the approach adopted by the Ohio legislature and,  
11 more specifically, the ESP option, has made it impossible for the Company to  
12 appropriately serve the interests of our customers and our investors.

13 **Q. IN ADDITION TO THE IMPACT ON THE PRICES THAT CUSTOMERS**  
14 **PAY UNDER THE SSO, SWITCHING, AND THE RETURNS TO**  
15 **INVESTORS, DOES THE CURRENT REGULATORY APPROACH**  
16 **HAVE AN IMPACT ON THE DESIRABILITY OF BUILDING NEW BASE**  
17 **LOAD GENERATION PLANTS?**

18 **A.** Yes, it has a negative impact on companies' decisions whether to build any new  
19 base load generating facilities, including nuclear facilities.

20 In this regard, Duke Energy is a leader in nuclear power generation, safely  
21 operating over 6,900 MWs in the Carolinas. But the laws in the Carolinas are not  
22 the same as the laws in Ohio. The fact remains that current Ohio law does not

1 provide the requisite degree of assurance for the Company that it can recover the  
2 costs of its long-term investments that, in the case of a nuclear power plant, are in  
3 the tens of billions of dollars. And there is significant work yet to be done to make  
4 any new base load plant in Ohio – whether nuclear or combined cycle gas – a  
5 reality.

6 **Q. THE COMMISSION HAS NOT PREVIOUSLY APPROVED AN MRO. IS**  
7 **THIS OF CONCERN TO YOU?**

8 A. No. I am aware of the history with the FirstEnergy Ohio electric distribution  
9 utilities and their two prior requests for approval of MROs. I know that the  
10 Commission rejected the first filing, but its Staff believed that the second filing  
11 complied with the applicable statutory and rule requirements. I am thus confident  
12 that the Commission will view our Application fully and will reach a positive  
13 conclusion.

#### **IV. INTRODUCTION OF WITNESSES**

14 **Q. PLEASE IDENTIFY THE WITNESSES WHO WILL PRESENT**  
15 **TESTIMONY ON BEHALF OF DUKE ENERGY OHIO IN THIS CASE.**

16 A. Duke Energy Ohio will present testimony from the following witnesses, other  
17 than myself:

18 **Julia S. Janson**, President of Duke Energy Ohio, testifies concerning an overview  
19 of the Application and compliance with policies of the state of Ohio.

20 **Judah L. Rose**, Managing Director of ICF Consulting, provides testimony  
21 supporting the analysis of the wholesale and retail price forecasts through 2014.

1       **Robert J. Lee**, Principal at CRA International d/b/a Charles Rivers Associates  
2       (CRA), supports the development, design and proposed implementation of Duke  
3       Energy Ohio's competitive bidding process.

4       **James S. Northrup**, Director, Project Analysis and Special Projects, will discuss  
5       Duke Energy Ohio's choice of an Auction Manager, the choice of an auction  
6       generally and the Master Standard Service Offer Supply Agreement.

7       **Kenneth J. Jennings**, Director of Market Policy & RTO Services, discusses RTO  
8       issues related to Duke Energy Ohio's proposal to offer an MRO for its  
9       competitive retail electric service.

10      **Brian D. Savoy**, General Manager of Corporate Financial Planning and Analysis,  
11      will discuss Duke Energy Ohio's budgeting and forecasting processes.

12      **James E. Ziolkowski**, Manager, Ohio and Kentucky Rates, will discuss Duke  
13      Energy Ohio's proposed tariffs and riders.

14      **Jeffrey R. Bailey**, Director of Rate Design and Analysis, will support the  
15      Company's proposed rate design and customer impacts.

16      **William Don Wathen Jr.**, General Manager and Vice President of Rates, Ohio  
17      and Kentucky, supports Duke Energy Ohio's blending proposal as part of the  
18      transition from the existing ESP to the MRO.

19      **Dr. Richard G. Stevie**, Chief Economist, Corporate Strategy & Planning, will  
20      testify about the Company's energy efficiency and peak demand reduction  
21      requirements as set forth under S.B. 221 and the relationship of the MRO to those  
22      requirements.

1        **Andrew S. Ritch**, Director, Renewable Strategy and Compliance, will discuss the  
2        Company's plans to meet its alternative energy portfolio obligations, including  
3        the general methods by which the Company will comply with its renewable  
4        energy requirements.

5        **Daniel L. Jones**, Senior Account Manager, Customer Choice, will discuss the  
6        Company's corporate separation plan, aggregation issues, and proposed changes  
7        to Duke Energy Ohio's Retail Supplier Tariff.

8        **Charles R. Whitlock**, President, Midwest Commercial Generation, will support  
9        the Company's plan to transfer its coal-fired generating stations.

#### **V.     CONCLUSION**

10    **Q.     DOES THIS CONCLUDE YOUR PRE-FILED DIRECT TESTIMONY?**

11    **A.     Yes.**