

**FILE**

**BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Duke )  
Energy Ohio, Inc. to Adjust and Set the ) Case No. 10-1268-EL-RDR  
Annually Adjusted Component of its )  
Market-Based Standard Service Offer )

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**SUPPLEMENTAL TESTIMONY OF**

**SALIL PRADHAN**

**ON BEHALF OF**

**DUKE ENERGY OHIO, INC**

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**I. INTRODUCTION**

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

2   A.   My name is Salil Pradhan. 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, Inc., as Vice President  
6       Portfolio Risk Management for Midwest Commercial Generation.

7   **Q.   PLEASE DESCRIBE YOUR EDUCATION AND PROFESSIONAL**  
8       **BACKGROUND.**

9   A.   I am a graduate of University of Chicago with a MBA in finance and strategy. I  
10       have a Masters Degree in Chemical Engineering from University of Cincinnati  
11       and a Bachelor's degree in Chemical Engineering from University of Mumbai. I  
12       am a Chartered Financial Analyst (CFA) and also a graduate of Center for  
13       Creative Leadership Developing Strategic Leadership Program. I have been in  
14       the energy industry since 2001. Prior to joining Duke Energy Corp. in 2004, I  
15       was Manager of Fundamental Analysis at American Electric Power (AEP) in  
16       Columbus, Ohio. I also managed the Fundamental Analysis Group with the Coal  
17       Trading Inc. of Enron Corp. in Houston. I joined Cinergy Corp. as a Director of  
18       Emissions Portfolio Management. Following the merger of Duke Energy Corp.  
19       and Cinergy Corp., I was promoted in 2006 and became Vice President of  
20       Commodity Risk Management with responsibility for all the commodities  
21       portfolio management including power, capacity, natural gas, coal, emission

1 allowances (EAs), renewable energy credits (RECs) and Financial Transmission  
2 Rights (FTRs). I am currently in the same position.

3 **Q. PLEASE DESCRIBE YOUR RESPONSIBILITIES AS VICE PRESIDENT,**  
4 **PORTFOLIO RISK MANAGEMENT FOR THE CAM GROUP.**

5 A. I am responsible for managing the portfolio positions of coal, EAs, purchased  
6 power, FTRs and renewable energy certificates (RECs), which flow through Duke  
7 Energy Ohio, Inc.'s (Duke Energy Ohio or the Company) price-to-compare fuel  
8 and economy purchased power tracker (Rider PTC-FPP). I am also responsible  
9 for ensuring the Company maintains adequate capacity reserves through its  
10 system-resource-adequacy system reliability tracker (Rider SRA-SRT).

11 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION?**

12 A. I have submitted pre-filed testimony before the Commission but I have not  
13 testified.

14 **Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL TESTIMONY IN**  
15 **THIS PROCEEDING?**

16 A. The purpose of my testimony is to clarify the facts with respect to the surrender of  
17 emission allowances related to the two federal environmental cases mentioned in  
18 the testimony of Office of Consumers' Counsel (OCC) witness David W.  
19 Marczely.

20 **Q. HAVE YOU READ MR. MARCZELY'S TESTIMONY AND THE**  
21 **COMMENTS OF THE OCC IN THIS CASE?**

22 A. Yes, I have.

1     **Q     WHAT PARTICULAR FACTS SHOULD BE CLARIFIED IN REGARDS**  
2     **TO EMISSION ALLOWANCES?**

3     A.   Mr. Marczely refers to two separate environmental cases in two different federal  
4     courts. The Memorandum Opinion and Order from the case in Indiana referred to  
5     in Mr. Marczely's testimony relates to the Wabash River plant in Indiana and the  
6     Beckjord plant in Ohio. Duke Energy Ohio witness William Don Wathen, Jr. will  
7     address issues related to those plants. The Consent Decree from the Ohio case,  
8     relates to the J.M. Stuart plant in Ohio, of which Duke Energy Ohio is a 39%  
9     owner. The Consent Decree provided for the forfeiture of 5,500 Emission  
10    Allowances (EAs) related to the J.M. Stuart plant. My testimony will discuss  
11    facts related to the surrender of these EAs.

12   **Q.   WHAT DOES THE RELEVANT CONSENT DECREE FROM THE**  
13   **FEDERAL COURT REQUIRE OF DUKE ENERY OHIO?**

14   A.   The Consent Decree, at paragraph 67, provides that the owners of the J. M. Stuart  
15    Station will transfer to a third party non-profit corporation a total of 5,500 SO<sub>2</sub>  
16    EAs with vintage years between 2010 and 2016. The transfer is to occur prior to  
17    January 31, 2017. Duke Energy Ohio owns 39% of the J.M. Stuart Station.

18   **Q.   HAS DUKE ENERGY OHIO SURRENDERED ANY EMISSION**  
19   **ALLOWANCES PURSUANT TO THIS COURT ORDER?**

20   A.   No.

21   **Q.   IF DUKE ENERGY OHIO WERE TO SURRENDER THESE EMISSION**  
22   **ALLOWANCES TODAY, WHAT WOULD BE THE VALUE OF DUKE**  
23   **ENERGY OHIO'S SHARE OF THOSE ALLOWANCES?**

1     **A.**     Duke Energy Ohio's share of the emission allowances to be forfeited would equal  
2             2,145 allowances.     A current price for vintage 2010 emission allowances is  
3             approximately \$2.90.     Thus, the value of the surrendered emission allowances  
4             today would be \$6,220.50.

5     **Q.**     **DOES DUKE ENERGY OHIO INTEND TO COMPLY WITH THE**  
6             **COURT'S ORDER TO SURRENDER THESE EMISSION**  
7             **ALLOWANCES?**

8     **A.**     Yes. Duke Energy Ohio will comply with the Court's order.

9   **III.   CONCLUSION**

10    **Q.**     **DOES THIS CONCLUDE YOUR SUPPLEMENTAL TESTIMONY?**

11    **A.**     Yes.