

FILE

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke)
Energy Ohio to Adjust Rider DR-IM) Case No. 10-867-GE-RDR
And Rider AU for 2009 SmartGrid Costs)

PUCO

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Prepared Testimony
of
Kimberly Childs
Utility Specialist III
Utilities Department
Staff Exhibit

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PREPARED TESTIMONY OF KIMBERLY CHILDS

1. Q. Please state your name and business address.

A. My name is Kimberly Childs. My business address is 180 East Broad Street, Columbus, OH 43266-0573.

2. Q. By whom are you employed?

A. I am employed by the Public Utilities Commission of Ohio (PUCO).

3. Q. Would you please describe your background?

A. I received a Bachelor's degree in Accounting from Franklin University and a Master's degree in Business Administration from Ashland University.

Additionally, I have completed many regulatory training programs. I have been employed with the Commission since 1990. During my employment with the Commission, I have held positions as a Utility Rate Analyst I, Utility Rate Analyst II, Utility Auditor II, Utility Auditor Coordinator, Utility Specialist I, Utility Specialist II. My current position is a Utility Specialist III. I have worked in the Utilities Department in the Gas Cost Recovery and Analysis Division, in the Accounts and Audits Division, and I currently work in the Planning and Market Analysis Division. During my employment at the Commission, I have worked on numerous rate cases, gas cost recovery cases, and audit cases.

4. Q. What is the purpose of your testimony?

1 A. The purpose of my testimony is to represent the Staff's position regarding
2 the used and usefulness of the electric and common communication nodes
3 (or collection boxes).

4 5. Q. What does Staff recommend for this issue?

5 A. Staff recommends that the investment in plant and property be adjusted to
6 exclude \$3,313,850, which is the total cost of the investment for
7 communications nodes that are not used and useful as of December 31,
8 2009. Of that amount, \$616, 279 is in account 197 and is applicable to
9 Rider AU. The amount applicable to Rider DR-IM is \$2,697,597. That is
10 comprised of \$1,698,867 in account 397 and \$998,734 in account 197.

11 6. Q. Can you provide an explanation of the term "used and useful"?

12 A. Yes. The term "used and useful" is a physical concept. "Used" simply
13 means the equipment is performing the function for which it was intended
14 or standing ready to perform that function. "Useful" means that the
15 equipment's function is performing a necessary or beneficial utility service
16 to customers.

17 Q. Did the Company's communication nodes meet the two criteria? Explain.

18 A. No, the installed communication nodes, without a communicating meter, do
19 not meet either of the two criteria. The performing function of a node is to
20 provide two-way communications from the meter to the back office data
21 systems. A node is capable of communicating remote operations such as
22 meter reads, upgrades, disconnections and reconnections. The nodes for

1 which I am recommending an adjustment neither receive nor transmit meter
2 data because no meter is sending data to them. An installed communication
3 node alone cannot perform any of those functions, therefore, would not be
4 "used" for those purposes. Furthermore, without the meter there is no data
5 to communicate, also rendering the communication node alone, not
6 "useful". Basically, an installed node without a communicating meter
7 represents partial installation of the communications network, and therefore
8 is not used or useful in providing the intended beneficial utility service to
9 customers.

10 7. Q. The Company, in its reply comments filed in Case No. 10-867-EL-RDR, on
11 December 6, 2010, basically states that the "communications nodes that are
12 installed but not communicating ... should be included in plant" for
13 recovery in this rider. Can you address their comments?

14 A. Yes. The company has not demonstrated that absent communications with
15 meters a communications node is either used or useful. Instead they
16 explain why the communication nodes were installed prior to the meters.
17 This does not address the physical concept of "used and useful". The
18 Company believes that an installed node is ready to perform a function,
19 absent the meter. Staff disagrees, as explained above. However, even if the
20 Staff concludes that the installed nodes are ready to perform a function, the
21 nodes would only meet the "used" portion of the test for "used and useful".
22 The installed nodes that are not communicating with a meter would not be

1 useful, because the function that the node is performing would not be a
2 necessary or beneficial utility service such as meter reads, etc. as stated
3 above.

4 8. Q. When applying the “used and useful” concept, do both criteria have to be
5 met?

6 A. Yes. Both the used and useful criteria must be met in order for property,
7 plant, or equipment to be considered for recovery in rates.

8 9. Q. Does this conclude your testimony?

9 A. Yes.

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing **Prepared Testimony of Kimberly Childs** was served upon the parties of record by electronic mail and/or U.S. mail, postage prepaid, on December 20, 2010.


Thomas Lindgren

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