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DUKE ENERGY OHIO EXHIBIT \_\_\_\_\_

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the 2010 )  
Long Term Forecast Report of ) Case No. 10-503-EL-FOR  
Duke Energy Ohio, Inc. )

DIRECT TESTIMONY OF

ANDREW S. RITCH

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 Andrew S. Ritch, and 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 LLC (DEBS) as the Director  
6       of Renewable Strategy and Compliance. DEBS provides various administrative  
7       and other services to Duke Energy Ohio, Inc. (Duke Energy Ohio or the  
8       Company) and other affiliated companies of Duke Energy Corporation (Duke  
9       Energy).

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

12  A.   I received a bachelor's degree in English from Colby College in Waterville,  
13       Maine, in 1993, and a master's degree in business administration from the F.W.  
14       Olin Graduate School of Business at Babson College, Wellesley, Massachusetts,  
15       in 2001. I began my career with Cinergy Corp. (Cinergy) in 2002, and have  
16       served both Cinergy, as well as the merged entity, Duke Energy Ohio, Inc., in a  
17       variety of capacities prior to my current role. These prior positions included  
18       Senior Analyst; Investor Relations; Director, Franchised Electric and Gas  
19       Strategy; and Director, Corporate Strategy.

20  **Q.   PLEASE BRIEFLY DESCRIBE YOUR DUTIES AS THE DIRECTOR OF**  
21  **RENEWABLE STRATEGY AND COMPLIANCE.**

22  A.   As the Director of Renewable Strategy and Compliance for Duke Energy's three

1 franchised Midwest jurisdictions (Duke Energy Ohio, Duke Energy Kentucky,  
2 Inc. and Duke Energy Indiana, Inc.), my primary responsibility is to lead the  
3 development, execution and communication of the strategies for activities  
4 involving renewable energy in these states. My responsibilities also extend to the  
5 compliance obligations for renewable activities, which include developing and  
6 implementing strategies to either procure or build renewable resources and to  
7 meet all regulatory and legislative requirements. I am also responsible for  
8 managing the interface between Duke Energy and key external stakeholders on  
9 matters pertaining to renewable energy and am accountable for directing the  
10 messages and policies pertaining to renewable energy that other externally-facing  
11 employees relay.

12 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PUBLIC**  
13 **UTILITIES COMMISSION OF OHIO?**

14 A. Yes. I testified on behalf of Duke Energy Ohio in its application to the  
15 Commission for a market rate offer in Case No. 10-2586-EL-SSO.

16 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**  
17 **PROCEEDING?**

18 A. The purpose of my testimony is to discuss the Company's plans to comply with  
19 alternative energy portfolio requirements set forth in R.C. 4928.64 as related to  
20 the Long Term Forecast and Resource Plan. The Long Term Forecast was filed  
21 by Duke Energy Ohio, Inc. (Duke Energy Ohio) on June 15, 2010 and the  
22 Resource Plan portion was revised and submitted on February 11, 2011.

## **II. DISCUSSION**

1   **Q.   PLEASE DESCRIBE THE COMPANY'S PLANS AND HOW THEY ARE**  
2   **RELATED TO THE RESOURCE PLAN SUBMITTED?**

3   A.   As described by Duke Energy Ohio witness James S. Northrup, a resource plan is  
4   a formal plan for meeting future requirements. One of the possible resources for  
5   use in this planning process is Alternative Energy, which per Ohio law includes  
6   both advanced energy and renewable energy. Alternative energy resources were  
7   specifically considered in the Company's Resource Plan, not only because they  
8   are available resources, but also because Ohio law mandates that the Company  
9   meet specific requirements with respect to alternative energy.

10   **Q.   PLEASE DESCRIBE HOW THE COMPANY CURRENTLY ADDRESSES**  
11   **ITS   ANNUAL   ALTERNATIVE   ENERGY   COMPLIANCE**  
12   **OBLIGATIONS.**

13   A.   To date, the Company has successfully utilized short-term renewable energy  
14   certificate (REC) purchases as the primary means of meeting its Alternative  
15   Energy Requirements (AER) compliance obligations and has developed a  
16   portfolio of transactions with various parties to best assure that compliance can be  
17   achieved. The RECs that the Company has acquired for purposes of compliance  
18   have been obtained from multiple sources, including brokers, aggregators, and  
19   directly from owners of renewable energy resources. The Company has  
20   endeavored to pursue a method of assuring compliance that is the most responsive  
21   to the expectations and requirements of the sellers of RECs; the most responsive

1 to changes in market conditions; the most mindful of the regulatory and market  
2 risks associated with REC compliance; and the most likely to result in meeting the  
3 compliance requirements given the nascent nature of the renewable energy market  
4 in Ohio and surrounding jurisdictions. The Company has entered into agreements  
5 of various tenors, although most transactions have been relatively short-term in  
6 nature. The Company is presently implementing methods to supplement these  
7 shorter term REC transactions with longer term commitments..

8 **Q. PLEASE DESCRIBE THE COMPANY'S FUTURE PLAN FOR**  
9 **COMPLYING WITH THE ALTERNATIVE ENERGY REQUIREMENTS**  
10 **OF S.B. 221.**

11 A. The Company plans to employ any and all reasonable methods to assure  
12 compliance with the AER requirements in S.B. 221. The specific tactics  
13 employed will be adjusted through time, as needed. The Company believes that  
14 maintaining flexibility in the choice of compliance tactics is necessary to provide  
15 the greatest certainty of compliance, and to assure that the most cost effective  
16 methods are implemented for the benefit of customers. In selecting the  
17 appropriate compliance tactics to employ, the Company will consider various  
18 factors, including the size of the Company's requirements through time, the  
19 availability of RECs at various prices and terms, and certainty of the Company's  
20 ability to recover the costs associated with these compliance efforts. .

21 **Q. PLEASE DESCRIBE HOW THE COMPANY'S COMPLIANCE WITH**  
22 **STATE MANDATES FOR ADVANCED ENERGY RELATES TO THE**  
23 **RESOURCE PLAN?**

1 A. As described in the Resource Plan and by Mr. James S. Northrup, alternative  
2 energy as a generation source was a specific input into the analyses and  
3 considerations in formulating the optimal resource plan. Amended Substitute  
4 Senate Bill 221 (SB221) mandates that the Company achieve 25% of its  
5 generation from advanced energy resources by 2025. Thus, including advanced  
6 energy as an input to the resource plan portfolio is essential.

7 **Q. WHAT ASSUMPTIONS WERE INCLUDED FOR THE RESOURCE**  
8 **PLANNING MODEL?**

9 A. Duke Energy Ohio assumed that a combination of wind and solar energy would  
10 be used to satisfy renewable requirements. The Company assumed photovoltaic  
11 solar because of the specific solar "set-aside" and then included wind because it is  
12 a familiar and widespread renewable resource in the Midwest. In general, the  
13 need for each resource was increased in accordance with the levels proscribed in  
14 SB 221, except for certain portfolios that included plans to use electricity  
15 generated from biomass.

16 **III. CONCLUSION**

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

18 A. Yes.