

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

- - -

In the Matter of: :
: Case No. 12-1857-EL-RDR
The Application of Duke :
Energy Ohio, Inc., for :
Recovery of Program Costs,:
Lost Distribution Revenue :
and Performance Incentives:
Related to its Save-A-Watt:
Programs. :

- - -

PROCEEDINGS

before Ms. Christine Pirik and Ms. Katie Stenman,
Attorney Examiners, at the Public Utilities
Commission of Ohio, 180 East Broad Street, Room 11-C,
Columbus, Ohio, called at 10:00 a.m. on Wednesday,
November 7, 2012.

- - -

ARMSTRONG & OKEY, INC.
222 East Town Street, Second Floor
Columbus, Ohio 43215-5201
(614) 224-9481 - (800) 223-9481
Fax - (614) 224-5724

- - -

APPEARANCES:

Duke Energy Business Services
By Ms. Elizabeth H. Watts
and Ms. Amy B. Spiller
139 East Fourth Street
Cincinnati, Ohio 45201-0960

On behalf of the Company.

Ms. Colleen Mooney
231 West Lima Street
P.O. Box 1793
Findlay, Ohio 45839-1793

On behalf of Ohio Partners for
Affordable Energy.

Bruce J. Weston, Ohio Consumers' Counsel
By Ms. Melissa Ranay Yost
Assistant Consumers' Counsel
Ten West Broad Street, Suite 1800
Columbus, Ohio 43215-3485

On behalf of the Residential Consumers of
Duke Energy Ohio.

Mike DeWine, Ohio Attorney General
William L. Wright, Section Chief
Public Utilities Section
By Mr. Devin D. Parram
180 East Broad Street
Columbus, Ohio 43215-3793

On behalf of the Staff of the Public
Utilities Commission.

- - -

1	INDEX		
2	- - -		
3	WITNESS	PAGE	
4	Timothy J. Duff		
5	Direct Examination by Ms. Watts	6	
6	Examination by Examiner Stenman	8	
7	Jim Ziolkowski		
8	Direct Examination by Ms. Watts	14	
9	Cross-Examination by Ms. Mooney	15	
10	Cross-Examination by Ms. Yost	16	
11	Cross-Examination by Mr. Parram	18	
12	- - -		
13	EXHIBITS		
14	JOINT EXHIBITS	IDFD	ADMTD
15	1 - Stipulation and Recommendation	5	21
16	COMPANY EXHIBITS	IDFD	ADMTD
17	1 - Application	19	21
18	2 - Reply Comments, filed 10/16/12	20	21
19	3 - Supplemental Prefiled Testimony of Timothy J. Duff	6	21
20	OPAE EXHIBITS	IDFD	ADMTD
21	1 - Comments, filed 10/11/1	22	22
22	OCC EXHIBITS	IDFD	ADMTD
23	1 - Comments, filed 10/11/1	22	22
24	2 - Reply comments, filed 10/16/12	22	22
25	STAFF EXHIBITS	IDFD	ADMTD
	1 - Comments, filed 10/11/1	22	23
	2 - Reply comments, filed 10/16/12	22	23

1 Wednesday Morning Session,
2 November 7, 2012.

3 - - -

4 EXAMINER STENMAN: The Public Utilities
5 Commission of Ohio has called for hearing at this
6 time and place, Case No. 12-1857-EL-RDR, being In the
7 Matter of the Application of Duke Energy Ohio, Inc.,
8 for Recovery of Program Costs, Lost Distribution
9 Revenue and Performance Incentives Related to Its
10 Save-A-Watt Programs.

11 My name is Katie Stenman, and with me is
12 Christine Pirik. We are attorney examiners assigned
13 to hear this case.

14 We will take appearances, starting with
15 the company.

16 MS. WATTS: Thank you, your Honor. On
17 behalf of Duke Energy Ohio, Amy Spiller and Elizabeth
18 Watts, 139 East Fourth Street, Cincinnati, Ohio,
19 45202.

20 EXAMINER STENMAN: Thank you.

21 MS. YOST: Thank you, your Honor. On
22 behalf of the Office of Ohio Consumers' Counsel,
23 Bruce J. Weston, Consumers Counsel, Melissa Yost,
24 10 West Broad Street, Columbus, Ohio 43215. Thank
25 you.

1 EXAMINER STENMAN: Thank you.

2 MS. MOONEY: Colleen Mooney, Ohio
3 Partners for Affordable Energy, 231 West Lima Street,
4 Findlay, Ohio.

5 EXAMINER STENMAN: Thank you.

6 MR. PARRAM: Good morning, your Honors.
7 On behalf of the staff of the Public Utilities
8 Commission of Ohio, Ohio Attorney General Michael
9 DeWine, Public Utilities Section, Section Chief
10 William Wright, by Assistant Attorney General Devin
11 D. Parram, 180 East Broad street, Sixth Floor,
12 Columbus, Ohio 43215.

13 EXAMINER STENMAN: Thank you.

14 I understand a Stipulation has been
15 docketed.

16 MS. WATTS: That's correct, it has, your
17 Honor. Could we have the Stipulation marked as an
18 exhibit?

19 EXAMINER STENMAN: Yes. What would you
20 like it marked as?

21 MS. WATTS: Joint Exhibit 1, please.

22 EXAMINER STENMAN: It will be so marked.

23 (EXHIBIT MARKED FOR IDENTIFICATION.)

24 MS. WATTS: Your Honor, would this also
25 be a good time to mark the Supplemental Direct

1 Testimony of Timothy Duff?

2 EXAMINER STENMAN: Yes.

3 MS. WATTS: I would ask that that be
4 marked as Duke Energy Exhibit 3. I might get the
5 numbers in the right order this time.

6 May I approach?

7 EXAMINER STENMAN: You may. It will be
8 so marked.

9 (EXHIBIT MARKED FOR IDENTIFICATION.)

10 MS. WATTS: Your Honor, Duke Energy has a
11 witness in support of the Stipulation. His name is
12 Timothy J. Duff.

13 EXAMINER STENMAN: Thank you. You may
14 proceed.

15 - - -

16 TIMOTHY J. DUFF

17 being first duly sworn, as prescribed by law, was
18 examined and testified as follows:

19 DIRECT EXAMINATION

20 By MS. WATTS:

21 Q. Mr. Duff, before you is what has just
22 been marked as Duke Energy Exhibit 1.

23 A. Joint Exhibit 1.

24 Q. I'm sorry, Joint Exhibit 1, Joint Exhibit
25 1 and Duke Energy Exhibit 3.

1 A. Yes.

2 Q. And could you first describe what Joint
3 Exhibit 1 is?

4 A. Joint Exhibit 1 is a Stipulation and
5 Recommendation that was entered into by Duke Energy
6 with all the parties in this proceeding related to
7 the true-up of the Save-A-Watt mechanism to cover the
8 period of January 1, 2009, through December 31, 2011.

9 Q. Thank you. Could you then also identify
10 Duke Energy Exhibit 3?

11 A. Duke Energy 3 is my Supplemental Direct
12 Testimony summarizing and supporting the Stipulation.

13 Q. And, Mr. Duff, is this the testimony you
14 prepared and caused to have filed in this case?

15 A. Yes, it is.

16 Q. And if I were to ask you the questions
17 contained therein, would your answers be the same?

18 A. Yes.

19 Q. Do you have any additions or corrections?

20 A. No.

21 MS. WATTS: Duke Energy Ohio offers
22 Mr. Duff as a witness.

23 EXAMINER STENMAN: Ms. Mooney, any
24 questions?

25 MS. MOONEY: No questions.

1 EXAMINER STENMAN: Ms. Yost.

2 MS. YOST: No, your Honor.

3 EXAMINER STENMAN: Mr. Parram.

4 MR. PARRAM: No, your Honor.

5 - - -

6 EXAMINATION

7 By Examiner Stenman:

8 Q. I have a few questions. Turning to page
9 4 and the first point marked No. 1, does that remove
10 all lost generation revenue collected from all
11 customers collected from the period December 10, 2009
12 through December 31, 2011?

13 A. Yes. The point 1 is that the -- based
14 off of the 09-1999-POR order, that period of time,
15 which you are correct, was December 10, 2009 through
16 December 31, 2011, all lost generation revenues were
17 removed regardless of customer class, that's correct.

18 Q. Were those removed or are they being
19 credited back?

20 A. It was removed from the true-up amount.

21 Q. Okay. So they were never collected?

22 A. Well, the company was undercollected in
23 total, so in the calculation it would have been
24 giving them something and then taking more.

25 Q. Okay.

1 A. It was netted against the undercollection
2 in total.

3 Q. Okay. And then with respect to point 2
4 in the Stipulation, the credit for shopping customers
5 at \$57,990 --

6 A. Yes.

7 Q. -- from January 1, 2009 through
8 December 9, 2009, what is that attributable to?

9 A. That is attributable to when
10 discussing -- the comments that were entered in by a
11 number of parties were concerned that the company
12 should have -- even though it wasn't explicitly
13 addressed in the 09-1999 order, there was concern
14 that customers that were shopping, obviously, there
15 weren't lost generation revenues associated with
16 them. So the 57,990 is the total of all classes of
17 customers that were switched during that period of
18 time that would have been lost generation revenues.

19 Q. Okay. And then in point 3 the \$100,000,
20 what is that amount for?

21 A. \$100,000, it was a dollar value that was
22 agreed upon to deal with the timing of the approval
23 of the revised tariffs that were designed to remove
24 the lost generation revenues associated with the
25 period of December 2009 through December 31, 2011.

1 Q. Okay. And then in point 4, the last
2 sentence, "The Company will not and has not included
3 any avoided costs associated with those banked
4 impacts for the purposes of determining the
5 incentive" --

6 A. Yes.

7 Q. -- does that mean there will be no
8 carry-over of banked?

9 A. What it means is there's avoided costs
10 and then there's kWh. The way the Save-A-Watt --
11 what this is asserting is that the avoided costs
12 associated with impacts that were achieved prior to
13 2009, none of those avoided costs were included in
14 the calculation of the SAW mechanism, nor will they
15 be calculated in the shared savings incentive going
16 forward, but they can be used for purposes of
17 determining the annual achievement the utility has
18 versus its statutory benchmarks.

19 Q. Now, it looks like the only tariffs filed
20 in this case were filed with the application as part
21 of Duke Witness Ziolkowski's initial testimony. So
22 turning to the tariff recovery for this case, do you
23 still intend to true-up this rider in the SAW rider?

24 A. Yes. It would be true-upped in the SAW
25 rider upon the tariffs being approved.

1 Q. Did the SAW rider end at the end of last
2 year?

3 A. The Save-A-Watt period ended. The SAW
4 rider has continued to be collected in order to fund
5 energy efficiency programs until the Commission
6 approved the 11-4393 case, which had rider EE/PDR in
7 it.

8 Q. Do you know what period that would be
9 that the SAW rider continued to be collected?

10 A. I believe it would have been outside of
11 this proceeding.

12 Q. Okay.

13 A. Because this true-up only covered the
14 Save-A-Watt period, which was explicitly January 1,
15 2009 through December 31, 2011, so that's the only
16 period that is covered in this rider, in this rider
17 true-up.

18 Q. But you stopped collecting the SAW rider
19 now.

20 A. Yes. It stopped being collected as soon
21 as rider EE/PDR went into effect.

22 Q. Now, in Duke's first ESP, I believe it
23 was 08-920, SAW, it appears, was only authorized
24 until the end of 2011. Does the Commission need to
25 issue any additional approval for the SAW rider in

1 order to allow for the true-up to occur?

2 A. I don't believe so.

3 MS. WATTS: Your Honor, I think that
4 might be a legal question that Mr. Duff isn't
5 necessarily prepared to respond to.

6 A. Again, I will caveat it with I'm not an
7 attorney. I can't speak to what the Commission's
8 authority requires, but with respect to this true-up
9 filing, it is consistent with the Commission's
10 approval. They said that a true-up of the
11 January 2009 through December 31, 2011 period needed
12 to be filed by the end of the second quarter in 2012,
13 and that's exactly what this application and
14 Stipulation covers, that period of time from
15 January 2009 through December of 2011.

16 Q. Based on the amount to be trued up, how
17 many months or how many quarters does Duke anticipate
18 to collect rider SAW to continue?

19 A. I can't tell you how long the rider. I
20 would think it would be 12 months, but I can't tell
21 you for sure how the rider would go into effect. I
22 think it's a 12-month rider, though.

23 EXAMINER STENMAN: Do you have a witness
24 available that would be able to answer that question?

25 MS. WATTS: Could you pose the question

1 again so I can be sure I understand.

2 EXAMINER STENMAN: I'm just trying to
3 understand, because, really, if you read the language
4 of the first ESP case, it does appear that rider SAW
5 ended definitively at the end of 2011, and it doesn't
6 provide any process in terms of a continuation of a
7 rider for the true-up of rider SAW.

8 So what I'm trying to determine is for
9 how long would the Commission need to authorize the
10 continued collection of rider SAW in order to exact
11 this true-up? Is it a one-year collection or two
12 quarters?

13 MS. WATTS: I don't know how that relates
14 to this, so I'm trying to understand, because that
15 would be in the next true-up, the next time we would
16 file that true-up at the beginning of 2013 for 2012.

17 EXAMINER STENMAN: No. I'm talking about
18 the three-year true-up that we are doing right now
19 and that will be collected in the SAW rider.

20 THE WITNESS: The rider, the true-up of
21 the period -- I'm trying to paraphrase your question
22 to make sure I think everybody is on the same page.
23 The true-up of 2009 through 2011, you are asking how
24 long does that tariff need to be in effect to collect
25 the true-up amount, correct?

1 EXAMINER STENMAN: Yes.

2 THE WITNESS: I can't answer that
3 definitively. I believe it is 12 months, but I would
4 have to check with our Rates Department to make sure
5 that's correct.

6 MS. WATTS: Your Honor, we do have a
7 witness that can respond to that if you are
8 interested in that.

9 EXAMINER STENMAN: That's all I have.

10 Thank you, Mr. Duff.

11 Ms. Watts, do you want to call your next
12 witness.

13 EXAMINER STENMAN: Your Honor, we would
14 ask that Mr. Jim Ziolkowski take the stand.

15 - - -

16 JAMES ZIOLKOWSKI

17 being first duly sworn, as prescribed by law, was
18 examined and testified as follows:

19 DIRECT EXAMINATION

20 By Ms. Watts:

21 Q. Mr. Ziolkowski, did you hear some of the
22 conversation that was occurring prior to taking the
23 stand?

24 A. Yes, I did.

25 Q. And I think there was a question with

1 respect to how long the SAW rider would need to
2 continue in order to collect the true-up that is
3 relevant in this case.

4 A. The SAW true-up that was filed and
5 calculated for this case in 12-1857 is designed to be
6 collected over a 12-month period.

7 EXAMINER STENMAN: Okay. Thank you,
8 Mr. Ziolkowski.

9 MS. MOONEY: May I ask a question,
10 because now I am confused?

11 EXAMINER STENMAN: You may.

12 - - -

13 CROSS-EXAMINATION

14 By Ms. Mooney:

15 Q. Is there going to be a rider SAW, or is this
16 amount going to be collected through the other rider,
17 the EE rider that was from the ESP case?

18 A. We've currently kept rider SAW tariff
19 active set at a zero level, and so currently rider
20 SAW is a tariff on Duke Energy Ohio's books. The
21 recovery rate is zero.

22 Rider EE/PDR was effective with the
23 October billing, which was actually September 28,
24 2012, so that rate is in effect.

25 To recover the rider SAW we can either do

1 it one way of two ways. We can either add the
2 amounts from rider SAW onto our EE/PDR recovery, or
3 we can continue filing rider SAW separately as a
4 separate line item, billing line item, for 12 months.
5 To keep this separate -- we can do it either way.

6 Right now our preferable way, and I think
7 the cleanest way to do this is simply to add the SAW
8 recovery on to our other energy efficiency rider, and
9 then when we make our next energy efficiency true-up,
10 these numbers will just naturally work out, and it
11 will be much cleaner.

12 But we can also recover rider SAW as a
13 separate rider, and then after 12 months, we can see
14 what the amount of recovery is and terminate rider
15 SAW accordingly.

16 Q. My question went to the mechanics of how
17 it would work. It's not an issue, just how it was
18 going to work.

19 EXAMINER STENMAN: Any other questions?

20 - - -

21 CROSS-EXAMINATION

22 By Ms. Yost:

23 Q. Good morning, Mr. Ziolkowski. I am
24 Melissa Yost for OCC. In regards to the true-up, the
25 undercollection of the SAW rider, that was specific

1 to the residential customer class only, correct?

2 A. I recall that's correct. I don't have
3 the document in front of me. Yes.

4 Q. And you're saying that underrecovery will
5 be collected from residential customers through 12
6 months; is that correct?

7 A. It will be recovered over a 12-month
8 period starting with the effective date of the SAW
9 recovery tariff.

10 Q. And do you know what that charge will be
11 per customer per monthly bill, a ballpark if you
12 don't know exactly?

13 A. I don't have the number in front of me.
14 I'm thinking a couple dollars, but I do not have the
15 documents in front of me.

16 MS. YOST: Thank you. No further
17 questions.

18 EXAMINER STENMAN: Mr. Parram, anything?

19 MR. PARRAM: Can we go off the record for
20 a second?

21 (Discussion off record.).

22 EXAMINER STENMAN: Back on the record.

23 MR. PARRAM: I have a couple questions,
24 your Honor.

25 - - -

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CROSS-EXAMINATION

By Mr. Parram:

Q. Mr. Ziolkowski, do you have a copy of the application before you -- of your testimony that was filed with the application in this matter?

A. I have a copy of my direct testimony that was filed with the application, yes.

EXAMINER STENMAN: Let me interrupt. Do we intend to mark the application?

MS. WATTS: Yes.

EXAMINER STENMAN: Would this be a good time?

MS. WATTS: I'm sorry, I don't have additional copies, but we would ask that the application be marked as Duke Energy Exhibit 1. It was a filed with the Commission on June 29.

EXAMINER STENMAN: Does that include all the parts of the application? I believe it was filed as 1 through 10.

MS. WATTS: Yes.

EXAMINER STENMAN: It will be so marked.

(EXHIBIT MARKED FOR IDENTIFICATION.)

Q. I'm sorry, Mr. Ziolkowski, could you turn to JDZ Exhibit 1 of your testimony?

A. Yes, I'm there.

1 Q. You were asked a question earlier about
2 how the SAW rider will be going forward for
3 collection for residential customers and industrial
4 customers. Looking at JDZ Exhibit 1, does that
5 refresh your recollection about how the SAW rider
6 will be implemented over the next 12 months?

7 A. Yes. I have refreshed my recollection
8 and in my testimony in our application we proposed to
9 recover the SAW true-up through the SAW rider over a
10 12-month period.

11 Q. And how will the recovery be implemented
12 as it relates to residential customers?

13 A. The SAW recovery mechanism has a recovery
14 rate for residential customers which will recover --
15 which would recover the undercollection for
16 residential. It has a separate rate for
17 nonresidential customers, excluding rate TS. There
18 was an overcollection, and then there was a third
19 rate for rate TS.

20 MR. PARRAM: That's all the questions I
21 have, your Honor.

22 EXAMINER STENMAN: Thank you.

23 Any redirect?

24 MS. WATTS: No, your Honor.

25 EXAMINER PIRIK: Just to be clear, I want

1 to be absolutely clear, Mr. Ziolkowski, you are
2 sticking with your prefiled testimony and asking that
3 it be recovered through rider SAW for 12 months, and
4 your previous comment that perhaps the PDR was the
5 easier way to do it, you would prefer that it go
6 through rider SAW.

7 THE WITNESS: That is correct, I prefer
8 it goes through rider SAW.

9 EXAMINER STENMAN: Thank you,
10 Mr. Ziolkowski.

11 MS. WATTS: Your Honor, could we also
12 have marked as the last Duke Energy exhibit our
13 comments that were filed on October 16, 2012, Duke
14 Energy 2.

15 EXAMINER STENMAN: 2.

16 (EXHIBIT MARKED FOR IDENTIFICATION.)

17 MS. WATTS: With that, we move into
18 evidence, Duke Energy Exhibit 1, 2 and 3, and the
19 Stipulation, Joint Exhibit 1.

20 EXAMINER STENMAN: You mean the reply
21 comments filed on October 16?

22 MS. WATTS: Yes.

23 EXAMINER STENMAN: Any objections to the
24 admission of Joint Exhibit 1 or Duke Energy Exhibits
25 1 through 3?

1 MS. YOST: Your Honor, I think Duke
2 Energy Exhibit 2, in regard to the comments, OCC does
3 not object as long as the other comments filed in
4 this case are moved in.

5 EXAMINER STENMAN: We will get to that.

6 MS. YOST: Then I will reserve my
7 objection.

8 EXAMINER STENMAN: Any other objections
9 to the admission?

10 MR. PARRAM: No, your Honor.

11 MS. YOST: No, your Honor.

12 MS. MOONEY: No, your Honor.

13 EXAMINER STENMAN: Joint Exhibit 1 and
14 Duke Energy Exhibits 1 through 3 will be admitted.

15 (EXHIBITS ADMITTED INTO EVIDENCE.)

16 EXAMINER STENMAN: Mr. Yost, would you
17 like to move and mark your comments?

18 MS. YOST: Yes, your Honor. I don't have
19 extra copies. We ask that OCC's comments in this
20 proceeding, the initial comments filed on October 11,
21 2012 -- I hope this date is correct --

22 EXAMINER STENMAN: Yes, it is.

23 MS. YOST: -- would be marked as OCC
24 Exhibit 1, and OCC Exhibit 2 would be OCC's reply
25 comments filed October 16, 2012.

1 (EXHIBITS MARKED FOR IDENTIFICATION.)

2 EXAMINER STENMAN: Any objections to the
3 admission of OCC 1 or 2?

4 Hearing none, OCC Exhibit 1 and 2 will be
5 admitted.

6 (EXHIBITS ADMITTED INTO EVIDENCE.)

7 MS. MOONEY: Your Honor, we ask that
8 OPAE's comments, also filed on October 11, 2012, be
9 marked as OPAE Exhibit 1 and ask that it be admitted
10 into the record.

11 (EXHIBIT MARKED FOR IDENTIFICATION.)

12 EXAMINER STENMAN: Any objection?

13 MS. WATTS: No objection.

14 MR. PARRAM: No, your Honor.

15 EXAMINER STENMAN: Exhibit 1 will be
16 admitted.

17 (EXHIBIT ADMITTED INTO EVIDENCE.)

18 EXAMINER STENMAN: Mr. Parram.

19 MR. PARRAM: The staff would ask that
20 staff's comments filed on October 11, 2012 be marked
21 as Staff Exhibit 1, and then Staff' reply comments
22 filed on October 16, 2012 be marked as Staff
23 Exhibit 2 and be admitted into evidence.

24 (EXHIBITS MARKED FOR IDENTIFICATION.)

25 EXAMINER STENMAN: Any objection?

1 Staff Exhibits 1 and 2 will be admitted.

2 (EXHIBITS ADMITTED INTO EVIDENCE.)

3 EXAMINER STENMAN: Anything else to come
4 before us today?

5 MS. WATTS: No your Honor.

6 MR. PARRAM: No, your Honor.

7 EXAMINER STENMAN: Hearing nothing else,
8 we will be adjourned.

9 MS. WATTS: Thank you.

10 (The hearing concluded at 10:35 a.m.)

11 - - -

12

13

14

15

16

17

18

19

20

21

22

23

24

25

CERTIFICATE

I do hereby certify that the foregoing is a true and correct transcript of the proceedings taken by me in this matter on Wednesday, November 7, 2012, and carefully compared with my original stenographic notes.

Rosemary Foster Anderson,
Professional Reporter and
Notary Public in and for
the State of Ohio.

My commission expires April 5, 2014.
(RFA-8850)

- - -

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

11/28/2012 8:22:50 AM

in

Case No(s). 12-1857-EL-RDR

Summary: Transcript Transcript from 11/7/12 electronically filed by Mrs. Jennifer Duffer on behalf of Anderson, Rosemary Foster Mrs. and Armstrong & Okey, Inc.