

OCC EXHIBIT NO. _____

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of	)	
Duke Energy Ohio for Authority to	)	
Establish a Standard Service Offer	)	
Pursuant to Section 4928.143, Revised	)	Case No. 14-841-EL-SSO
Code, in the Form of an Electric Security	)	
Plan, Accounting Modifications and	)	
Tariffs for Generation Service.	)	

In the Matter of the Application of	)	
Duke Energy Ohio for Authority to	)	Case No. 14-842-EL-AAM
Amend its Certified Supplier Tariff,	)	
P.U.C.O. No. 20.	)	

**DIRECT TESTIMONY
of
JAMES D. WILLIAMS**

**On Behalf of
The Office of the Ohio Consumers' Counsel
10 West Broad Street, Suite 1800
Columbus, Ohio 43215-3485**

September 26, 2014

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ATTACHMENTS

JDW-1	List of Previous Testimony Filed at the PUCO by James Williams
JDW-2	Duke Response to OCC-INT-11-304
JDW-3	Duke Response to OCC-INT-11-242
JDW-4	Duke Response to OCC-INT-11-246
JDW-5	Duke Response to OCC-INT-11-243
JDW-6	Duke Response to OCC-INT-14-390
JDW-7	Duke Response to OCC-INT-11-253
JDW-8	Duke Response to OCC-INT-11-274
JDW-9	Duke Response to OCC-INT-14-393
JDW-10	Duke Response to OCC-INT-14-376
JDW-11	Duke Response to OCC-INT-14-379
JDW-12	Duke Response to OCC-INT-14-382
JDW-13	Duke Response to OCC-INT-14-385
JDW-14	Duke Response to OCC-INT-11-203
JDW-15	Ohio PUC Reliability Residential Survey Results Q1-13 Update
JDW-16	Duke Response to OCC-INT-14-388
JDW-17	Duke Response to OCC-INT-11-308

1 **I. INTRODUCTION**

2

3 ***Q1. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND POSITION.***

4 ***A1.*** My name is James D. Williams. My business address is 10 West Broad Street,
5 18th Floor, Columbus, Ohio, 43215-3485. I am employed by the Office of the
6 Ohio Consumers' Counsel ("OCC") as a Senior Consumer Protection Research
7 Analyst.

8

9 ***Q2. PLEASE BRIEFLY SUMMARIZE YOUR EDUCATION AND***
10 ***PROFESSIONAL EXPERIENCE.***

11 ***A2.*** I am a 1994 graduate of Webster University, in St. Louis, Missouri, with a Master
12 in Business Administration, and a 1978 graduate of Franklin University, in
13 Columbus, Ohio, with a Bachelor of Science, Engineering Technology. My
14 professional experience includes a career in the Air Force and over 18 years of
15 utility regulatory experience with the OCC.

16

17 Initially, I served as a compliance specialist with the OCC and my duties included
18 the development of compliance programs for electric, natural gas, and water
19 industries. Later, I was appointed to manage all of the agency compliance
20 specialists who were developing compliance programs in each of the utility
21 industries. My role evolved into the management of the OCC consumer hotline,
22 the direct service provided to consumers to resolve complaints, and inquiries that
23 involve Ohio utilities. More recently, as a Senior Consumer Protection Research

*Direct Testimony of James D. Williams
On Behalf of the Office of the Ohio Consumers' Counsel
PUCO Case Nos. 14-841-EL-SSO, et al.*

1 Analyst, I am responsible for investigating and recommending policy positions on
2 issues that affect residential consumers.

3
4 I have been directly involved in the development of comments in various
5 rulemaking proceedings at the Public Utilities Commission of Ohio ("PUCO")
6 and the Ohio Development Services Agency ("ODSA") advocating consumer
7 protections, utility affordability, and the provision of reasonable access to
8 essential utility services for residential consumers. Specifically related to my
9 testimony in this proceeding, I helped formulate OCC positions in the
10 Establishment of Credit Rules and the Disconnection of Gas, Natural Gas, or
11 Electric Service for Residential Customers,¹ set forth in Ohio Admin. Code
12 4901:1-17 and 4901:1-18. I routinely review various reports related to the
13 poverty conditions in Ohio and in advocacy for utility bill payment assistance for
14 low-income consumers.

15
16 Also regarding my testimony in this proceeding, my experience has involved
17 helping formulate OCC positions in rulemakings such as the Electric Service
18 Safety Standards,² set forth in Ohio Admin. Code 4901:1-10. I routinely review
19 inspection, repair, and replacement of distribution facilities plans filed by the
20 Utilities pursuant to Ohio Admin. Code 4901:1-10-27 including the most recent

¹ *In the Matter of the Commission's Review of Its Rules for the Establishment of Credit for Residential Utility Services and the Disconnection of Gas, Natural Gas or Electric Services to Residential Customers Contained in Chapters 4901:1-17 and 4901:1-18 of the Ohio Administrative Code*, Case No. 13-274-AU-ORD.

² *In the Matter of the Commission's Review of Chapters 4901:1-10 of the Ohio Administrative Code Regarding Electric Companies*, Case No. 12-2050-EL-ORD.

1 revisions to such a plan filed by Duke.³ Finally, I have participated in the review
2 of OCC case teams assigned to review the reasonableness of reliability
3 performance standards proposed by Duke Energy Ohio (“Duke” or “Utility”).⁴

4
5 **Q3. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY OR TESTIFIED**
6 **BEFORE THE PUCO?**

7 **A3.** Yes. The cases in which I have submitted testimony and/or have testified before
8 the PUCO can be found in attachment JDW-1.

9
10 **II. PURPOSE OF MY TESTIMONY**

11
12 **Q4. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
13 **PROCEEDING?**

14 **A4.** I am recommending that the PUCO consider customer affordability and
15 the impact on at-risk populations of Duke’s proposed electric security plan
16 (“ESP III”).

17
18 In this regard I have identified charges proposed by the Utility that will
19 unreasonably increase the costs of electric service to customers. One
20 charge that will negatively impact affordability is the proposed

³ *In the Matter of the Application of Duke Energy Ohio, Inc. to Revise and Amend its Circuit Inspection Program*, Case No. 12-1679-EL-ESS, Application (May 29, 2012).

⁴ *In the Matter of the Application of the Duke Energy Ohio, Inc. to Establish Minimum Reliability Performance Standards Pursuant to Chapter 4901:1-10, Ohio Administrative Code*, Case No. 09-757-EL-ESS and Case No. 13-1539-EL-ESS.

1 Distribution Capital Investment Rider ("Rider DCI"). Because of the
2 DCI's impact on customers' electric service affordability, I specifically
3 recommend that the PUCO reject the Rider DCI. I also recommend that
4 the DCI rider be rejected because it does not appear to constitute an
5 infrastructure modernization program that is eligible for funding under an
6 electric security plan.

7
8 **III. AFFORDABILITY OF RETAIL ELECTRIC SERVICE**

9
10 ***Q5. DO THE STATE'S ELECTRIC SERVICE POLICIES REQUIRE THE PUCO***
11 ***TO CONSIDER CUSTOMER AFFORDABILITY IN APPROVING AN ESP?***

12 ***A5.*** Yes. It is my understanding that R.C. 4928.02(A) and (L) set forth State policies
13 concerning reasonably priced retail electric service:

14 *It is the policy of this state to do the following throughout this*
15 *state:*

16 *(A) Ensure the availability to consumers of adequate, reliable,*
17 *safe, efficient, nondiscriminatory, and reasonably priced retail*
18 *electric service;*

19 and

20 *(L) Protect at-risk populations, including, but not limited to, when*
21 *considering the implementation of any new advanced energy*
22 *or renewable energy resource; (emphasis added).*

1 From this, I conclude that the PUCO has a duty to ensure that the policies
2 specified under this section of the Revised Code are being implemented through
3 the utility's proposed ESP. My understanding has been confirmed by counsel.
4

5 ***Q6. HAS DUKE DEMONSTRATED THAT ITS PROPOSED ESP WILL COMPLY***
6 ***WITH STATE POLICIES OF PROMOTING AFFORDABLE ELECTRIC***
7 ***SERVICE AND PROTECTING AT-RISK POPULATIONS?***

8 ***A6.*** No. Nothing in the Duke ESP III Application addresses the affordability of rates
9 for customers. To the contrary, Duke appears to be using the DCI Rider as a way
10 to collect routine maintenance expenses from its customers on an expedited basis
11 without considering the impact on affordability. This will ultimately increase the
12 cost of electricity for all residential consumers, especially the at-risk populations.
13

14 ***Q7. CAN YOU BRIEFLY DESCRIBE THE AT-RISK POPULATIONS OF***
15 ***DUKE'S OHIO CUSTOMERS THAT ARE LIKELY TO BE NEGATIVELY***
16 ***AFFECTED BY THE ESP III?***

17 ***A7.*** The at-risk populations that are affected by the Utility's proposed ESP III are
18 Ohioans living in the Duke service territory with incomes that are at or below the
19 federal poverty guidelines ("FPL"). A single-person household with a gross
20 annual income of \$11,670 would qualify at 100 percent of the FPL.⁵ A household

⁵ <http://aspe.hhs.gov/poverty/14poverty.cfm>.

1 of three persons with a gross annual household income of \$19,790 would qualify
2 at 100 percent of the FPL.⁶

3
4 A review of The 2014 Ohio Poverty Report⁷ indicates that there are a significant
5 number of individuals and Ohio families who are living in poverty. The number
6 of Ohio families living in poverty is also higher than the national average.

7 Specifically, approximately 16.3 percent of Ohioans were in poverty compared
8 with a 15.9 percent nationwide.⁸ Even more alarming, the at-risk population of
9 Ohioans living in poverty has increased from 10.6 percent since 1999.⁹ Family
10 poverty has also increased dramatically from 8.3 percent in 1999 to 12.0 percent
11 in 2012.¹⁰

12
13 The at-risk population of Duke's customers who live in counties where the
14 poverty levels exceed the state average should be a concern for the PUCO. For
15 example, the poverty level in Hamilton County -- the most populous county in
16 Duke's service territory -- is 17.1 percent, well in excess of the statewide poverty
17 level of 16.3 percent. The at-risk population of Duke's customers who live in
18 cities should also be of concern to the PUCO because the level of poverty in
19 urban areas has increased over the last 15 years in Ohio. For example, Cincinnati,

⁶ Id.

⁷ <http://www.development.ohio.gov/files/research/P7005.pdf>.

⁸ Ohio Poverty Report at Table A1.

⁹ Ohio Poverty Report at page 6.

¹⁰ Ohio Poverty Report at page 8.

1 the largest city served by Duke has a population of 285,778 residents and a
2 poverty level of 29.4 percent in 2012, compared to 24.3 percent in 1999.¹¹
3 Another city, Middletown, has a population of 49,919 and a poverty level of 23.8
4 percent in 2012, compared to a 15.4 percent poverty level reflected in 1999.¹²
5
6 The extreme financial hardship currently faced by many customers in these cities
7 and counties must be considered by the PUCO prior to allowing Duke to impose
8 even more electric service increases on these at-risk populations. But there is
9 simply no indication in the ESP III Application that Duke is protecting the at-risk
10 population from the brunt of the proposed ESP III rate increases.
11

12 ***Q8. ARE THERE OTHER AT-RISK POPULATION CONCERNS THAT THE***
13 ***PUCO SHOULD CONSIDER PRIOR TO APPROVING THE PROPOSED***
14 ***ESP?***

15 ***A8.*** Yes. While high poverty rates throughout Duke's service territory raise serious
16 concerns regarding the viability of additional rate increases, the PUCO should
17 also consider the affordability in a broader sense. For instance, the PUCO should
18 consider the effect of the proposed ESP III on those customers whose incomes are
19 close and slightly above the federal poverty level. This is also an at-risk
20 population. I refer to this at-risk population as the "close to poverty level
21 population." This population can be especially adversely affected by the high

¹¹ Ohio Poverty Report at Table A6.

¹² Id.

costs of electric services (i.e. the lack of affordability for electric service) because they may not qualify for income-based assistance programs as explained later in this testimony. Table 1 provides a summary of the number of Ohioans with incomes close to the poverty level living in the largest counties served by Duke.

Table 1: Ratio of Income to Poverty level for Counties Served by Duke¹³

Ohio County	Population ¹⁴	100% Poverty	125% Poverty	150% Poverty	185% Poverty	200% Poverty
Brown	43,969	12.8	18.9	24.3	32.8	37.5
Butler	355,778	13.6	17.7	21.5	27.1	29.2
Clermont	195,403	10.3	13.8	17.5	22.5	25.2
Clinton	40,990	15.4	20.0	25.8	33.6	36.3
Hamilton	783,912	17.1	21.3	25.3	30.9	33.2
Highland	42,859	17.6	24.7	31.9	41.5	44.2
Montgomery	514,957	16.8	21.7	26.8	33.7	36.5
Warren	207,350	6.4	8.8	11.4	15.5	17.1

As can be seen in Table 1, a significant number of Ohioans living in counties served by Duke have incomes that are close to the poverty level. A third of the population of Hamilton County is designated as close to the poverty level. For the second largest county served by Duke (Montgomery County), 36.5 percent of the population is designated close to poverty level. While the incomes of some of these Ohioans may be slightly above the federal poverty level, these individuals are already facing significant drains on their incomes for basic living expenses such as shelter, food, transportation, health and safety. Increases in the cost of electric service have to be absorbed in budgets that are already stretched thin.

¹³ Ohio Poverty Report at Table A7.

¹⁴ Persons for Whom Poverty Status was Determined.

1 There is no indication in the ESP III Application that Duke took steps to moderate
2 the financial impact of the proposed ESP on this at-risk population.

3
4 ***Q9. HAVE INCREASES IN DUKE'S CUSTOMERS' ELECTRIC BILLS***
5 ***REMAINED CONSISTENT WITH INCREASES IN INFLATION OVER THE***
6 ***LAST DECADE.***

7 ***A9.*** No. Duke's customers' electric bills have increased at a level of twice the rate of
8 inflation over the last decade. In July 2014, a residential customer bill (based on
9 750 KWH) is \$93.82.¹⁵ In July 2004, a residential customer bill (based on 750
10 KWH) was \$60.71.¹⁶ Therefore, Duke's customers' electric bills have increased
11 by 54.5 percent in just the last ten years. In contrast, the cumulative rate of
12 inflation increased by only 26.1 percent during the same ten years.¹⁷ Had Duke's
13 rate increases remained consistent with the inflation rates, the July 2014 bill
14 would have been \$76.57 instead of \$93.82. This example further demonstrates
15 the negative impact that Duke's electric rates are having on the at-risk
16 populations.

¹⁵ Ohio Utility Rate Survey, A Report by the Staff of the PUCO (July 15, 2014).

¹⁶ Ohio Utility Rate Survey, A Report by the Staff of the PUCO (July 15, 2004).

¹⁷ <http://www.usinflationcalculator.com/inflation/current-inflation-rates/>.

1 ***Q10. ARE THERE OTHER INDICATIONS THAT AFFORDABILITY OF RETAIL***
2 ***ELECTRIC SERVICE FOR RESIDENTIAL CUSTOMERS IN DUKE'S***
3 ***SERVICE TERRITORY IS AN ISSUE THAT SHOULD BE CONSIDERED***
4 ***IN DETERMINING RATES IN THIS CASE?***

5 ***A10.*** Yes. As can be seen on Table 2 below, a significant number of Duke's residential
6 customers are already struggling to afford electric service under existing ESP II
7 rates. The proposed rates under Duke's ESP III Application will cause
8 customers' rates to increase even more.

9
10 Table 2 provides a summary based on 2013 data of the number of Duke's
11 customers who were disconnected for non-payment, customers on the low-income
12 Percentage Income Payment Plan ("PIPP") Plus, and the average number of
13 customers on a monthly basis who were on another payment plan compared with
14 2011 when the rates for the Duke ESP II went into effect.¹⁸ I define these
15 customers as part of the at-risk population under the statute, R.C. 4928.02(L).

16
17 To qualify for PIPP Plus, customers must have a household income not exceeding
18 150 percent of the Federal Poverty Guidelines.¹⁹ Rather than paying the actual
19 bill, PIPP Plus customers are billed six percent of their monthly household
20 income for electricity (ten percent if all-electric), and the difference from the

¹⁸*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 Offer Electric Generation Supply, Accounting Modifications, and Tariffs for Generation Service, Case 10-2586-EL-SSO.*

¹⁹ Ohio Admin. Code 122:5-3-02(B)(1).

*Direct Testimony of James D. Williams
On Behalf of the Office of the Ohio Consumers' Counsel
PUCO Case Nos. 14-841-EL-SSO, et al.*

actual bill accrues as an arrearage.²⁰ Customers who have household incomes that exceed the PIPP guidelines can apply for another payment plan such as the one-ninth, one-sixth, and one-third payment plans set forth in Ohio Admin. Code 4901:1-18-05(B).

Table 2: Disconnections, PIPP Plus, Payment Plans²¹ (2011 - 2013)

Metrics	2011	2013	Percentage Change	Percentage of Total Customers ²²
Disconnections for Non-payment	69,844 ²³	83,199 ²⁴	19.1%	13.5%
Average Number on PIPP Plus	27,161	28,468	4.8%	4.6%
Average Number of Customers on Payment Plans	6,160	13,193	114.5%	2.1%

Table 2 demonstrates that approximately 83,199 (13.5%) of Duke's customers were disconnected for non-payment in 2013. This is a 19.1 percent increase from the number of disconnections in 2011. This is a strong indicator that Duke's customers are experiencing increasing difficulty paying their electric bills. In

²⁰ Ohio Admin. Code 122:5-3-04.

²¹ *In the Matter of the Commission's Review of Chapters 4901:1-17 and 4901:1-18, and Rules 4901:1-5-07, 4901:1-10-22, 4901:1-13-11, 4901:1-15-17, 4901:1-21-14, and 4901:1-29-12 of the Ohio Administrative Code*, Case No. 08-723-AU-ORD, PIPP Plus Metrics Data reported to the PUCO Staff.

²² 2013 Annual Report reflects 615,738 residential customers.

²³ *In the Matter of the Annual Report of Service Disconnections for Nonpayment Required by Section 4933.123, Ohio Revised Code*, Case No. 12-1449-GE-UNC, Report of Service Disconnections of Duke Energy Ohio at 1 (July 24, 2012).

²⁴ *In the Matter of the Annual Report of Service Disconnections for Nonpayment Required by Section 4933.123, ORC*, Case No. 14-846-GE-UNC, Duke Energy Ohio's Service Disconnection for Nonpayment Report at 1 (June 10, 2014).

1 addition, approximately 28,468 (4.6%) of Duke's low-income customers were on
2 the specialized PIPP Plus payment programs to avoid loss of service.²⁵ This is
3 another strong indicator of the magnitude of Duke customers who need special
4 assistance just to maintain electric service. Another 13,193 (2.1%) of Duke's
5 customers were on other payment plans during an average month in an attempt to
6 avoid disconnection of service.²⁶

7
8 Thus, in total approximately 125,000 of Duke's approximate 615,000 residential
9 customers are struggling to pay their current electric bills. This represents
10 approximately 20.3 percent of the total residential customers. These numbers
11 show that affordability is a serious issue that the PUCO must address as it
12 determines whether to accept or modify the proposed ESP III. The proposed ESP
13 III will raise rates even higher and may make electric service unaffordable for
14 many customers. Such a result would be inconsistent with the policies of the
15 state, discussed above.

²⁵ PIPP Plus Metrics Data for 2013 provided by the PUCO Staff.

²⁶ PIPP Plus Metrics Data for 2013 provided by the PUCO Staff.

Q11. HOW DOES THE NUMBER OF DUKE CUSTOMERS WHO ARE BEING DISCONNECTED FOR NON-PAYMENT COMPARE WITH THE NUMBER OF CUSTOMERS BEING DISCONNECTED BY OTHER OHIO ELECTRIC UTILITIES?

A11. During the period June 1, 2013 through May 31, 2014, Duke residential customers were twice as likely to be disconnected for non-payment than the residential customers of practically every other electric utility in the state. Table 3 provides a summary of the number of Duke customers who were disconnected for non-payment compared with the disconnection data for the other Ohio electric distribution utilities ("EDU's").

Table 3: Disconnection of Duke Customers Compared to Other Ohio EDU's²⁷

<i>Utility</i>	<i>Number of Residential Customers</i>	<i>Number of Disconnections</i>	<i>Disconnection Rate</i>
Duke	615,738	88,199	14.3
DP&L	297,455	31,288	10.5
AEP Ohio	1,273,602	88,390	6.9
Ohio Edison	919,344	45,124	4.9
Toledo Edison	271,717	9,717	3.6
CEI	660,648	14,736	2.2

The extraordinarily high number of residential customers who are being disconnected for non-payment in the Duke service territory provides yet further evidence of the affordability issues that Duke customers are experiencing. Customers face serious health, safety, and financial consequences when their

²⁷ *In the Matter of the Annual Report of Service Disconnections for Nonpayment Required by Section 4933.123, Revised Code, Case 14-846-GE-UNC.*

1 electric service is terminated for non-payment.²⁸ Any additional increase in
2 electric rates can have an adverse impact by further increasing the number of
3 Duke residential customers who are disconnected – including the at-risk
4 customers.

5
6 **IV. DISTRIBUTION CAPITAL INVESTMENT RIDER**

7
8 ***Q12. PLEASE DESCRIBE THE PROPOSED RIDER DCI?***

9 ***A12.*** The proposed Rider DCI allows Duke to collect incremental distribution costs
10 from customers sooner than it would otherwise be able to, through a distribution
11 rate case. Duke claims that with such cost recovery through the DCI, it will be
12 able to maintain and/or enhance the safety and reliability of its distribution
13 system.²⁹ The Utility has proposed a disjointed array of nineteen different
14 programs that are to be included in its infrastructure modernization plan and
15 funded through the Rider DCI.³⁰ However, the Utility has proposed that the Rider
16 DCI evolve over time to enable additional programs or revisions and
17 modifications to be made based on technological advancements or changes in
18 field conditions.³¹ Duke claims that even though customers appear to be satisfied
19 with the Utility's reliability and power quality, customer expectations can

²⁸ Access to Utility Service, National Consumer Law Center, Fourth Edition, 2008.

²⁹ Direct Testimony of Marc Arnold at 16 (May 29, 2014).

³⁰ Direct Testimony of Marc Arnold at 18 (May 29, 2014).

³¹ Id.

1 change.³² The Utility further contends that there is a challenge to fund new
2 programs to meet customer expectations when resources are limited to revenues
3 obtained through base rates.³³ There is no indication that Duke has performed a
4 cost-benefit analysis, or intends to perform a cost benefit analysis to determine the
5 effectiveness of any of the programs that are included in the Rider DCI.

6
7 ***Q13. HOW WILL THE DCI RIDER IMPACT CUSTOMER RATES AND***
8 ***AFFORDABILITY?***

9 ***A13.*** As explained in the Direct Testimony of OCC Witness Mierzwa, the proposed
10 DCI rider would impact the average residential customer through an increase in
11 rates of nearly \$100 per year by 2018.³⁴ Affordability of electric bills is already
12 an issue in the Duke service territory. An increase of \$100 per year can result in
13 even more customers being disconnected for non-payment, more customers
14 ending up on PIPP Plus and other payment plans, and more at-risk customers
15 being at-risk for potential health and safety issues.

16
17 ***Q14. DOES DUKE CLAIM THAT THERE WILL BE A RELIABILITY BENEFIT***
18 ***TO CUSTOMERS ASSOCIATED WITH THE RIDER DCI?***

19 ***A14.*** No. To the contrary, Duke acknowledges that it cannot guarantee that system
20 reliability or customer satisfaction will improve as a result of the imposition of the

³² Direct testimony of Marc Arnold at 15 (May 29, 2014).

³³ Id.

³⁴ Direct Testimony of Jerry Mierzwa at page 8.

1 DCI Rider.³⁵ Yet elsewhere in his Direct Testimony, Mr. Arnold claims that the
2 Rider DCI will allow the Utility to maintain or improve the Customer Average
3 Interruption Duration Index (“CAIDI”), System Average Interruption Frequency
4 Index (“SAIFI”), and System Average Interruption Duration Index (“SAIDI”). In
5 response to discovery about which of the DCI programs will maintain reliability
6 and which programs will improve reliability,³⁶ the Utility changed its position as
7 follows:

8 The programs proposed for Rider DCI are system integrity-based
9 programs proposed to **maintain the current level** of system asset
10 condition. The focus is on **maintaining the serviceable condition**
11 **of the asset** and not specifically on improvements to reliability
12 indices. The program may result in incidental improvement to
13 reliability indices but the effect of such improvement cannot be
14 measured.³⁷ (Emphasis added.)

15
16 ***Q15. SHOULD THE PUCO PERMIT THE UTILITY TO CHARGE CUSTOMERS***
17 ***IN AN ESP PROCEEDING FOR EXPENSES ASSOCIATED WITH***
18 ***MAINTAINING THE UTILITY'S DISTRIBUTION SYSTEM?***

19 ***A15.*** No. Duke claims that the proposed DCI Rider is an infrastructure plan and
20 recovery mechanism permitted under R.C. 4928.143(B)(2)(a).³⁸ However, it's my

³⁵ Direct Testimony of Marc Arnold at 17 (May 29, 2014).

³⁶ Duke Response to OCC INT-11-304 (Attached herein as JDW-2).

³⁷ Id.

³⁸ Direct Testimony of Marc Arnold at 15 (May 29, 2014).

1 understanding that this statute permits distribution expenses to be collected as part
2 of an ESP if the distribution expenses relate to infrastructure modernization.
3 Infrastructure modernization is different from maintaining a utility's distribution
4 system. Expenses associated with maintaining a utility's distribution system are
5 those which are generally considered to be included within existing base
6 distribution rates or as part of a distribution rate case, which is governed by R.C.
7 Chapter 4909. In fact, utilities are required to maintain necessary and adequate
8 distribution facilities under R.C. 4905.22. My understanding has been confirmed
9 by counsel.

10
11 ***Q16. CAN YOU PROVIDE A FEW EXAMPLES OF PROGRAMS THAT DUKE***
12 ***HAS PROPOSED TO INCLUDE IN THE DCI RIDER WHICH APPEAR TO***
13 ***BE MAINTENANCE ACTIVITIES INSTEAD OF INFRASTRUCTURE***
14 ***MODERNIZATION?***

15 ***A16.*** Yes. I believe all of the programs that were proposed by Duke are more
16 maintenance types of programs rather than infrastructure modernization that
17 might qualify for incentive ratemaking through the DCI Rider. For example,
18 Duke claims that the Vegetation Clearing/ Right-of-Way Acquisition/ Facility
19 Modification Program is intended to identify dead or high risk tree's or vegetation
20 within or along the right-of-way that pose a risk to overhead lines.³⁹ Yet in
21 response to OCC INT-11-242 (attached herein as JDW-3), the Utility claims that
22 it already removes dead or high risk tree's or vegetation within or along the right

³⁹ Direct Testimony of Marc Arnold at 20 (May 29, 2014).

1 of way that can pose a danger for overhead lines as part of its on-going vegetation
2 management program. Duke acknowledges that this program is a system-
3 integrity-based program being proposed to *maintain* the current level of system
4 asset condition.⁴⁰ There is nothing new in this program other than Dukes proposal
5 to expand the program to include the removal of emerald ash borer trees that are
6 outside the annual cycle-based, tree-trimming schedule and that are outside of the
7 20' wide clearing area.⁴¹

8
9 The proposed Underground Cable Replacement Program is another example of
10 Duke seeking to obtain incentive ratemaking to fund a replacement program that
11 the Utility is already required to provide. Duke is required to establish and
12 maintain programs related to the inspection, maintenance, repair and replacement
13 of distribution circuits and equipment such that it can provide safe and reliable
14 service.⁴² This program involves the replacement of underground cable that the
15 Utility determines has reached the end of its useful life.⁴³ In response to OCC-
16 INT-11-253 (Attached herein as JDW-7), Duke acknowledges that this is system-
17 integrity based program proposed to *maintain* the current level of system assets.

18
19 Another example is the Distribution Substation Protection Program that is
20 intended to “upgrade” security measures at substations through the installation of

⁴⁰ Duke Response to OCC-INT-11-246 (Attached herein as JDW-4).

⁴¹ Duke Response to OCC-INT-11-243 and OCC-INT-14-390 (Attached herein as JDW-5 and JDW-6).

⁴² Ohio Admin. Code 4901:1-10-27(E)(1).

⁴³ Direct Testimony of Marc Arnold at 22 (May 29, 2014).

1 cameras, higher fences, and other theft deterrents. However, according to the
2 Utility response to OCC-INT-11-274 (Attached herein as JDW-8), this is a
3 system-integrity-based program proposed to *maintain* the current level of system
4 asset condition. The current maintenance provisions that the Utility is using to
5 protect these facilities appear to be working well considering there have been no
6 customer interruptions due to theft or vandalism in four of the last five years.⁴⁴

7
8 Mr. Arnold also testified that some components of the distribution facilities were
9 installed in the 70's and 80's.⁴⁵ However, in response to follow-up discovery,
10 there Duke did not indicate that it is unable to provide safe and reliable service if
11 the PUCO does not approve the Rider DCI. For example, in response to OCC-
12 INT-14-376 (Attached herein as JDW-10), Duke was unaware of any distribution
13 wood poles that need to be replaced where the replacement was to be made only if
14 the PUCO approved Rider DCI. Similarly, Duke was unaware of any overhead or
15 underground transformers that need to be replaced in order for Duke to provide
16 safe and reliable service where the replacement was contingent upon PUCO
17 approval of the Rider DCI.⁴⁶ In response to OCC-INT-14-385 (attached herein as
18 JDW-13), Duke was unaware of any switchgear that needs to be replaced in order
19 for the Utility to provide safe and reliable service where the replacement was
20 contingent upon PUCO approval of the Rider DCI.

21

⁴⁴ Duke response to OCC-INT-14-393 (Attached herein as JDW-9).

⁴⁵ Direct Testimony of Marc Arnold at Attachment MVA-1 (May 29, 2014).

⁴⁶ Duke response to OCC-INT-14-379 and 14-382 (Attached herein as JDW-11 and JDW-12).

1 ***Q17. DOES DUKE CLAIM THAT THE RIDER DCI WILL RESULT IN***
2 ***REDUCTIONS IN OPERATIONS AND MAINTENANCE COSTS?***

3 ***A17.*** Yes, Duke claims that the replacement of obsolete and aging infrastructure will
4 eventually reduce outages and therefore reduce operating and maintenance
5 (“O&M”) costs.⁴⁷ However, Duke has not been able to identify the number of
6 outages that are attributed to aged infrastructure and, therefore, the potential
7 reductions in O&M expenses are speculative.⁴⁸ Moreover, as noted by OCC
8 Witness Mierzwa, Duke has indicated that these reductions to O&M will not flow
9 through to customers until (and unless) the Utility files a distribution rate case.

10

11 ***Q18. CAN YOU BRIEFLY DESCRIBE DUKE’S RELIABILITY INDICES AND***
12 ***HOW THESE STANDARDS WERE ESTABLISHED?***

13 ***A18.*** Yes. Under R.C. 4928.11(A) the PUCO is required to adopt rules that include
14 prescriptive standards for the inspection, maintenance, repair, and replacement of
15 distribution equipment and specific standards for reliability. The PUCO has
16 adopted rules in Ohio Admin. Code 4910:1-10-10 that require each electric utility
17 to maintain a SAIFI standard and a CAIDI standard. SAIFI is a measure of the
18 average number of outages that customers experience on an annual basis. CAIDI
19 is a measure of the average duration of the outage. In addition, the PUCO rules
20 require electric utilities to report on an annual basis the eight percent worst

⁴⁷ Direct Testimony of Marc Arnold at 20 (May 29, 2014).

⁴⁸ Duke Response to OCC INT-11-203 (Attached herein as JDW-14).

1 performing circuits based upon SAIFI, CAIDI, and SAIDI performance data.⁴⁹

2 SAIDI, the System Average Interruption Duration Index, is a measure of the
3 average duration of outages at the system level. In a reliability proceeding, the
4 electric utility has the burden of proof to justify standards based on historical
5 system performance, system design, technological advancements, service area
6 geography, customer perception survey results and other relevant factors.⁵⁰

7
8 Duke's reliability standards for 2014 are a SAIFI of 1.1 and a CAIDI of 121.25
9 minutes.⁵¹ For 2015 and 2016, the reliability standards are a SAIFI of 1.05 and a
10 CAIDI of 122.81.⁵² It is important to note that these standards exclude outages
11 that are associated with major events, transmission/generation outages, and those
12 outages that have durations of less than five minutes. Thus the standards are
13 applied to the normal performance of the distribution system when there are no
14 other significant major events that can impact system reliability. Based on these
15 standards, Duke has met or exceeded the reliability standards for each year since
16 2011.

⁴⁹ Ohio Admin. Code 4901:1-10-11(C)(1).

⁵⁰ Ohio Admin. Code 4901:1-10-10(B)(4)(a).

⁵¹ *In the Matter of the Application of Duke Energy Ohio, Inc. for Approval of Proposed Reliability Standards*, Case 09-757-EL-ESS, Opinion and Order at 4 (July 29, 2010).

⁵² *In the Matter of the Application of Duke Energy Ohio, Inc. to Establish Reliability Standards*, Case 13-1539-EL-ESS, Opinion and Order at 4 (September 17, 2014).

1 ***Q19. IS THE CUSTOMER PERCEPTION SURVEY THAT IS USED AS AN***
2 ***INPUT IN CALCULATING RELIABILITY PERFORMANCE STANDARDS***
3 ***A REASONABLE WAY TO MEASURE CUSTOMER EXPECTATIONS***
4 ***CONCERNING RELIABILITY?***

5 ***A19.*** I believe so. Attached herein as JDW-15 is a copy of the PUCO's Reliability
6 Residential Survey Results that were used in establishing the current Duke
7 reliability standards.⁵³ The customer perception survey asks customers how many
8 momentary and sustained interruptions they would find acceptable in a 12-month
9 period and then inquires about how many momentary and sustained outages were
10 actually experienced in the past 12 months. The vast majority of respondents
11 would find three (or fewer) momentary outages (i.e., outages with durations of
12 less than 5 minutes) in the previous 12 months to be acceptable.⁵⁴ When asked
13 about the number of momentary outages that were experienced in the previous 12
14 months, the vast majority of respondents reported having two (or fewer)
15 momentary outages. These results indicate that Duke's customers are generally
16 satisfied with the level of momentary outages that are being experienced.⁵⁵
17 Regarding sustained outages (i.e., outages with durations greater than five
18 minutes), the vast majority of respondents would consider two (or fewer)
19 sustained outages in a 12 month period to be acceptable.⁵⁶ The majority of
20 respondents reported having either no outages or only one outage in the previous

⁵³ Application Update of Duke Energy Ohio, Inc. Customer Perception Survey, Residential, Case 13-1539-EL-ESS, (July 28, 2013).

⁵⁴ Id.

⁵⁵ Id.

⁵⁶ Id.

1 12 months.⁵⁷ These results indicate that Duke's customers are generally satisfied
2 with the number of sustained outages in the last 12 months.

3
4 The customer perception survey also asks customers the maximum amount of
5 money that they would be willing to have included on their electric bill to avoid a
6 one-hour or two-hour electric outage.⁵⁸ The vast majority of respondents were
7 unwilling to have any additional charge added to their bill to avoid outage
8 durations of up to two hours.⁵⁹ These results indicate that customers are unwilling
9 to pay for a level of reliability that exceeds the reliability that customers are
10 already receiving.

11
12 ***Q20. DOES DUKE RELY UPON THE CUSTOMER PERCEPTION SURVEY TO***
13 ***DETERMINE CUSTOMER RELIABILITY EXPECTATIONS?***

14 ***A20.*** No. Duke claims that the surveys are not used for planning purposes.⁶⁰ Yet these
15 are the very same surveys that Duke is required to use as an input for calculating
16 new reliability performance standards.⁶¹ Based on follow-up discovery
17 concerning why the surveys were not the basis for planning customer expectations
18 the Utility claimed that the surveys do not meet Duke's standards.⁶² But the Duke

⁵⁷ Application Update of Duke Energy Ohio, Inc. Customer Perception Survey, Residential, Case 13-1539-EL-ESS, (July 28, 2013).

⁵⁸ *Id.*

⁵⁹ *Id.*

⁶⁰ Direct Testimony of Marc Arnold at page 14 (May 29, 2014).

⁶¹ Ohio Admin. Code 4901:1-10-10(B)(4)(b).

⁶² Duke response to OCC-INT-14-388 (Attached herein as JDW-16).

1 standards are not defined. The Utility claims that it only relies upon a J.D. Power
2 and Associates survey for the purposes of consistency.⁶³ However, these J.D.
3 Power and Associates customer satisfaction results involve Ohio and Kentucky
4 and are part of a Midwest Summary Presentation that is not Duke Ohio customer
5 specific.⁶⁴

6
7 The J.D. Power and Associates survey may have some broad company-wide uses
8 for Duke related to its services in several states. But the customer perception
9 survey, which is required pursuant to the PUCO rules,⁶⁵ should be used to help
10 develop reliability performance standards for any distribution infrastructure
11 improvements that impact reliability for Duke Ohio customers. The customer
12 perception survey is conducted by polling actual Duke's customers. The J.D.
13 Power survey is not based on Duke customer responses, but on a more regional
14 basis. The Ohio customer focus is especially important in determining whether
15 Duke's customers are willing or able to pay higher electric bills for additional
16 reliability. In response to OCC-INT-11-308 (Attached herein as JDW-17), the
17 Utility stated that it has conducted no customer surveys to determine to what
18 extent customers are willing to pay higher rates in order to get better service
19 quality. However, the PUCO required survey that was mentioned earlier in this
20 testimony demonstrates an unwillingness by customers to pay more to avoid
21 many of the non-major outages.

⁶³ Id.

⁶⁴ Direct testimony of Marc Arnold at page 13 (May 29, 2014).

⁶⁵ Ohio Admin. Code 4901:1-10-10(B)(4)(b).

1 It's my understanding that Ohio law requires the PUCO Commission to examine
2 the reliability of an electric distribution system to determine if the customers' and
3 utilities' expectations concerning reliability are aligned prior to approving an
4 infrastructure modernization plan.⁶⁶ To the extent that Dukes' PUCO customer
5 perception survey indicates that the Utility customers are unwilling to pay more to
6 avoid non-major outages, customers' and Dukes' expectations concerning
7 reliability are not aligned. Approval of the Rider DCI, as proposed by Duke,
8 appears to contradict Ohio law.

9
10 ***Q21. WHAT IS YOUR RECOMMENDATION CONCERNING THE RIDER DCI?***

11 ***A21.*** Based upon the large number of at-risk customers in Duke's service territory who
12 would be hurt by unreasonable price increases in electric bills I recommend that
13 the DCI rider be rejected. Additionally, I conclude that Duke has not
14 demonstrated that the proposed rider DCI is an infrastructure modernization
15 program as required by law. This is another reason for the PUCO to reject the
16 proposed DCI Rider. Finally, I conclude that customers' interests and the
17 utilities' interests are not aligned, which is a requirement under the statute. All of
18 these conclusions lead me to recommend that the PUCO reject the DCI rider.

19
20 In the alternative, if the PUCO chooses to approve the Rider DCI, contrary to my
21 recommendation otherwise, I recommend that the PUCO require Duke to conduct
22 a cost- benefit analysis for each of the DCI programs to justify going forward with

⁶⁶ R.C. 4928.143(B)(2)(h).

1 the program. I also recommend that for those programs that pass a cost benefit
2 analysis, and are implemented, the Utility should annually quantify the
3 improvements in reliability from the program prior to spending any additional
4 customer money on the program.

5
6 **V. CONCLUSION**

7
8 ***Q22. DOES THIS CONCLUDE YOUR TESTIMONY?***

9 ***A22.*** Yes. However, I reserve the right to incorporate new information that may
10 subsequently become available through outstanding discovery or otherwise.

CERTIFICATE OF SERVICE

It is hereby certified that a true copy of the foregoing *Direct Testimony of James D. Williams on Behalf of the Office of the Ohio Consumers' Counsel* has been served via electronic transmission this 26th day of September 2014.

/s/ Maureen R. Grady

Maureen R. Grady
Assistant Consumers' Counsel

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Testimony of James D. Williams
Filed at the Public Utilities Commission of Ohio

1. *In the Matter of the Application of the Cincinnati Gas and Electric Company for an Increase in Its Rates for Gas Service to All Jurisdictional Customers, Case No. 95-0656-GA-AIR (August 12, 1996).*
2. *In the Matter of the Application of the Cincinnati Gas and Electric Company for an Increase in Its Rates for Gas Service to All Jurisdictional Customers, Case No. 01-1228-GA-AIR (February 15, 2002).*
3. *In the Matter of the Commission's Investigation into the Policies and Procedures of Ohio Power Company, Columbus Southern Power Company, The Cleveland Electric Illuminating Company, Ohio Edison Company, The Toledo Edison Company and Monongahela Power Company regarding installation of new line extensions, Case No. 01-2708-EL-COI (May 30, 2002).*
4. *In the Matter of the Application of The East Ohio Gas Company d/b/a Dominion East Ohio for an Increase in Its Rates for Gas Service to All Jurisdictional Customers, Case No. 07-0829-GA-AIR (June 23, 2008).*
5. *In the Matter of the Application of the Columbia Gas of Ohio, Inc. for Authority to Amend Filed Tariffs to Increase the Rates and Charges for Gas Distribution, Case No. 08-072-GA-AIR (September 25, 2008).*
6. *In the Matter of a Settlement Agreement Between the Staff of the Public Utilities Commission of Ohio, The Office of the Consumers' Counsel and Aqua Ohio, Inc. Relating to Compliance with Customer Service Terms and Conditions Outlined in the Stipulation and Recommendation in Case No. 07-564-WW-AIR and the Standards for Waterworks Companies and Disposal System Companies, Case No. 08-1125-WW-UNC (February 17, 2009).*
7. *In the Matter of the Application of the Ohio American Water Company to Increase its Rates for water and Sewer Services Provided to its Entire Service Area, Case No. 09-391-WS-AIR (January 4, 2010).*
8. *In the Matter of the Application of Aqua Ohio, Inc. for Authority to Increase its Rates and Charges in its Masury Division, Case No. 09-560-WW-AIR (February 22, 2010).*
9. *In the Matter of the Application of Aqua Ohio, Inc. for Authority to Increase its Rates and Charges in Its Lake Erie Division, Case No. 09-1044-WW-AIR (June 21, 2010).*

10. *In the Matter of the Application of The Ohio American Water Company to Increase its Rates for Water Service and Sewer Service*, Case No. 11-4161-WS-AIR (March 1, 2012).
11. *In the Matter of Columbus Southern Power Company and Ohio Power Company for Authority to Establish a Standard Service Offer Pursuant to Section 4928.143, Ohio Rev. Code, in the Form of an Electric Security Plan*, Case No. 11-346-EL-SSO, et al (May 4, 2012).
12. *In the Matter of the Application of The Dayton Power and Light Company for Approval of its Market Rate Offer*, Case No. 12-426-EL-SSO (June 13, 2012).
13. *In the Matter of the Application of Ohio Power Company to Establish Initial Storm Damage Recovery Rider Rates*, Case No. 12-3255-EL-RDR (December 27, 2013).
14. *In the Matter of the Application of Ohio Power Company for Authority to Establish a Standard Service Offer Pursuant to Section 4928.143, Ohio Rev. Code, in the Form of an Electric Security Plan*, Case No. 13-2385-EL-SSO (May 6, 2014).
15. *In the Matter of the Application of Duke Energy Ohio for Authority to Establish a Standard Service Offer Pursuant to Section 4928.143, Revised Code, in the Form of an Electric Security Plan, Accounting Modifications and Tariffs for Generation Service*, Case 14-841-EL-SSO (May 29, 2014).

**Duke Energy Ohio
Case No. 14-841-EL-SSO, 14-842-EL-ATA
OCC Eleventh Set Interrogatories
Date Received: August 5, 2014**

OCC-INT-11-304

REQUEST:

Referring to the Direct Testimony of Mr. Arnold at page 35, for each of the programs that are proposed to be included in the Rider DCI (as listed on page 18-19 of Mr. Arnolds Direct testimony), identify which programs are expected to maintain reliability and which programs are expected to improve reliability.

RESPONSE:

The programs proposed for Rider DCI are system integrity-based programs proposed to maintain the current level of system asset condition. The focus of the program is on maintaining the serviceable condition of the asset and not specifically on improvements to reliability indices. The program may result in incidental improvement to reliability indices but the effect of such improvement cannot be measured.

PERSON RESPONSIBLE:

Marc Arnold

**Duke Energy Ohio
Case No. 14-841-EL-SSO, 14-842-EL-ATA
OCC Eleventh Set Interrogatories
Date Received: August 5, 2014**

OCC-INT-11-242

REQUEST:

Referring to the Direct Testimony of Mr. Arnold at page 20, does Duke currently remove dead or high risk trees or vegetation within or along the right of way that can pose a danger for overhead lines?

RESPONSE:

Yes, we do as this is an existing program that we need to expand due to the emerald ash borer.. This program is outside of our annual cycle trimming schedule.

PERSON RESPONSIBLE:

Marc Arnold

Duke Energy Ohio
Case No. 14-841-EL-SSO, 14-842-EL-ATA
OCC Eleventh Set Interrogatories
Date Received: August 5, 2014

OCC-INT-11-246

REQUEST:

Referring to the response to OCC INT-244, if Duke does not expect any quantifiable improvement in CAIDI and SAIDI to occur as a result of funding for the Vegetation Clearing/Right of Way Acquisition/Facility Modification Program, please explain why not.

RESPONSE:

This program is a system integrity-based program proposed to maintain the current level of system asset condition. The focus of the program is on maintaining the serviceable condition of the asset and not specifically on improvements to reliability indices. The program may result in incidental improvement to reliability indices but the effect of such improvement cannot be measured.

PERSON RESPONSIBLE:

Marc Arnold

**Duke Energy Ohio
Case No. 14-841-EL-SSO, 14-842-EL-ATA
OCC Eleventh Set Interrogatories
Date Received: August 5, 2014**

OCC-INT-11-243

REQUEST:

If the response to OCC INT-242 is that Duke does not currently remove dead or high risk trees or vegetation within or along the right of way that can pose a danger for overhead lines, please explain why not.

RESPONSE:

Please see response to INT-242

Duke Energy needs to expand this program due to the emerald ash borer.. This program is outside of our annual cycle trimming schedule.

PERSON RESPONSIBLE:

Marc Arnold

**Duke Energy Ohio
Case No. 14-841-EL-SSO, 14-842-EL-ATA
OCC Fourteenth Set Interrogatories
Date Received: September 2, 2014**

OCC-INT-14-390

REQUEST:

Referring to Duke's response to OCC-INT-242, does Duke currently trim or remove emerald ash borer trees that are within or along the right of way as part of the annual cycle based trimming schedule?

RESPONSE:

Duke Energy has (2) annual programs. The annual cycle based schedule is an O&M program and involves trimming all vegetation inside the right of way 20' wide with the utility pole in the center. The Danger/Hazard program is a capital program and involves removing ash trees within, along and outside the right of way. These trees would not be within the 20' O&M program mentioned above.

PERSON RESPONSIBLE:

Marc Arnold

**Duke Energy Ohio
Case No. 14-841-EL-SSO, 14-842-EL-ATA
OCC Eleventh Set Interrogatories
Date Received: August 5, 2014**

OCC-INT-11-253

REQUEST:

Referring to the response to OCC INT-251, if Duke does not expect any quantifiable improvement in CAIDI and SAIDI to occur as a result of funding for the Underground Cable Replacement Program, please explain why not.

RESPONSE:

This program is a system integrity based program proposed to maintain the current level of system asset condition. The focus of the program is on maintaining the serviceable condition of the asset and not specifically on improvements to reliability indices. The program may result in incidental improvement to reliability indices but the effect of such improvement cannot be measured.

PERSON RESPONSIBLE:

Marc Arnold

**Duke Energy Ohio
Case No. 14-841-EL-SSO, 14-842-EL-ATA
OCC Eleventh Set Interrogatories
Date Received: August 5, 2014**

OCC-INT-11-274

REQUEST:

Referring to the response to OCC INT-273, please explain how Duke quantified the improvement in CAIDI and SAIDI that Duke expects to occur as a result of the Distribution Substation Protection Program.

RESPONSE:

This program is a system integrity-based program proposed to maintain the current level of system asset condition. The focus of the program is on maintaining the serviceable condition of the asset and not specifically on improvements to reliability indices. The program may result in incidental improvement to reliability indices but the effect of such improvement cannot be measured.

PERSON RESPONSIBLE:

Marc Arnold

**Duke Energy Ohio
Case No. 14-841-EL-SSO, 14-842-EL-ATA
OCC Fourteenth Set Interrogatories
Date Received: September 2, 2014**

OCC-INT-14-393

REQUEST:

Referring to Duke's response to OCC-INT-273, how many customer interruptions for the period 2009 - 2013 were attributable to:

- A. Theft of substation equipment, and
- B. Substation vandalism?

RESPONSE:

There were zero customer interruptions due to theft or vandalism of substation equipment in 2009, 2010, 2012 and 2013.

In 2011 there was one event which caused 870 customer interruptions due to theft of substation equipment.

PERSON RESPONSIBLE:

Iiona Korb

Duke Energy Ohio
Case No. 14-841-EL-SSO, 14-842-EL-ATA
OCC Fourteenth Set Interrogatories
Date Received: September 2, 2014

OCC-INT-14-376

REQUEST:

Referring to Duke's response to OCC-INT-375, is Duke aware of any distribution wood poles that need to be replaced in order for Duke to provide safe and reliable service where the funding for the replacement of the pole is contingent upon the PUCO approval of Rider DCI?

RESPONSE:

No.

PERSON RESPONSIBLE: Scott Piegols

Duke Energy Ohio
Case No. 14-841-EL-SSO, 14-842-EL-ATA
OCC Fourteenth Set Interrogatories
Date Received: September 2, 2014

OCC-INT-14-379

REQUEST:

Referring to Duke's response to OCC-INT-378, is Duke aware of any overhead transformers that need to be replaced in order for Duke to provide safe and reliable service where the funding for the replacement of the overhead transformer is contingent upon the PUCO approval of Rider DCI?

RESPONSE:

No.

PERSON RESPONSIBLE: Scott Piegols

**Duke Energy Ohio
Case No. 14-841-EL-SSO, 14-842-EL-ATA
OCC Fourteenth Set Interrogatories
Date Received: September 2, 2014**

OCC-INT-14-382

REQUEST:

Referring to Duke's response to OCC-INT-381, is Duke aware of any underground transformers that need to be replaced in order for Duke to provide safe and reliable service where the funding for the replacement of the underground transformer is contingent upon the PUCO approval of Rider DCI?

RESPONSE:

No.

PERSON RESPONSIBLE: Scott Piegols

Duke Energy Ohio
Case No. 14-841-EL-SSO, 14-842-EL-ATA
OCC Fourteenth Set Interrogatories
Date Received: September 2, 2014

OCC-INT-14-385

REQUEST:

Referring to Duke's response to OCC-INT-384, is Duke aware of any switchgear that needs to be replaced in order for Duke to provide safe and reliable service where the funding for the replacement of the switchgear is contingent upon the PUCO approval of Rider DCI?

RESPONSE:

No.

PERSON RESPONSIBLE: Scott Piegols

**Duke Energy Ohio
Case No. 14-841-EL-SSO, 14-842-EL-ATA
OCC Eleventh Set Interrogatories
Date Received: August 5, 2014**

OCC-INT-11-203

REQUEST:

Referring to the Direct Testimony of Mr. Arnold at page 9, please describe the process that Duke uses to determine if the cause of an outage is a result of an aging distribution system.

RESPONSE:

There exists no formal process to determine if the cause of the outage was a result of an aging distribution system. Aging distribution system refers to unique older equipment where similar replacement units are no longer manufactured or in stock other than in Duke Energy Ohio's inventory. However, after an outage occurs, and it is determined that a replacement unit is needed, Company crews contact the Company's inventory management team. Currently, Duke Energy Ohio has units that are in service for which, due to their size or configuration there are no direct replacements. When there are no replacement parts available or available at a reasonable cost, the cause is determined to be due to a part that is aging or aged. Examples of such parts are WYE-DELTA transformers, 240V and 480V, which are prevalent on Duke Energy's Ohio System.

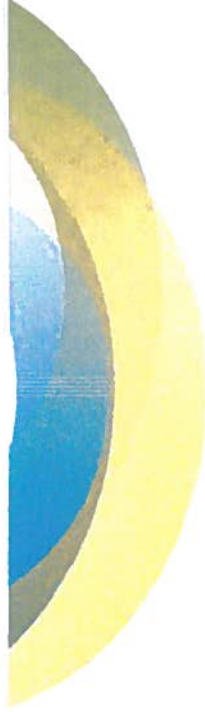
PERSON RESPONSIBLE:

Marc Arnold

Ohio PUC Reliability Residential Survey Results Q1-13 Update

Prepared By
Duke Energy Customer Satisfaction





Completed Survey Counts

- Online survey emailed to a random sample of residential customers
- Email invitations mailed in Waves

Residential Regulated

	Q2-12	Q3-12	Q4-12	YE-12	Q1-13
Sample Size	667	750	500	1917	1350
Completed Surveys	45	49	33*	127	100
Response Rate	7%	7%	7%	7%	7%

Residential Non-Regulated

	Q2-12	Q3-12	Q4-12	YE-12	Q1-13
Sample Size	448	525	350	1323	575
Completed Surveys	56	50	37*	143	39*
Response Rate	13%	10%	9%	11%	7%

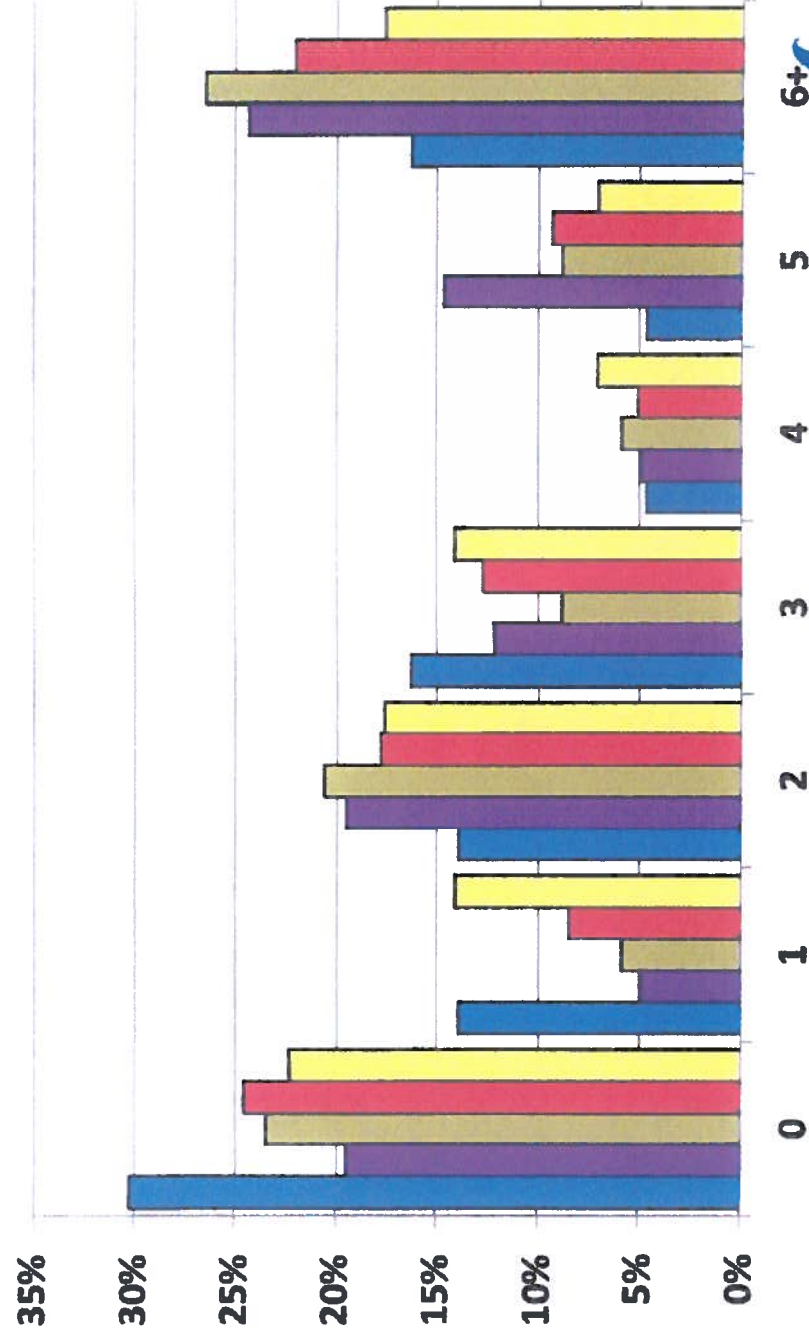
*Use caution when interpreting results; low sample sizes

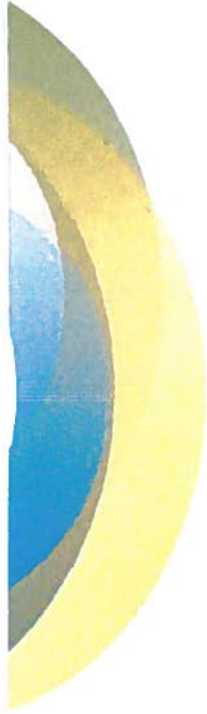


How many brief interruptions of 5 minutes or less you experienced at your home in the past 12 months?

Regulated Customers

■ Q2-12 ■ Q3-12 ■ Q4-12* ■ YE-12 ■ Q1-13

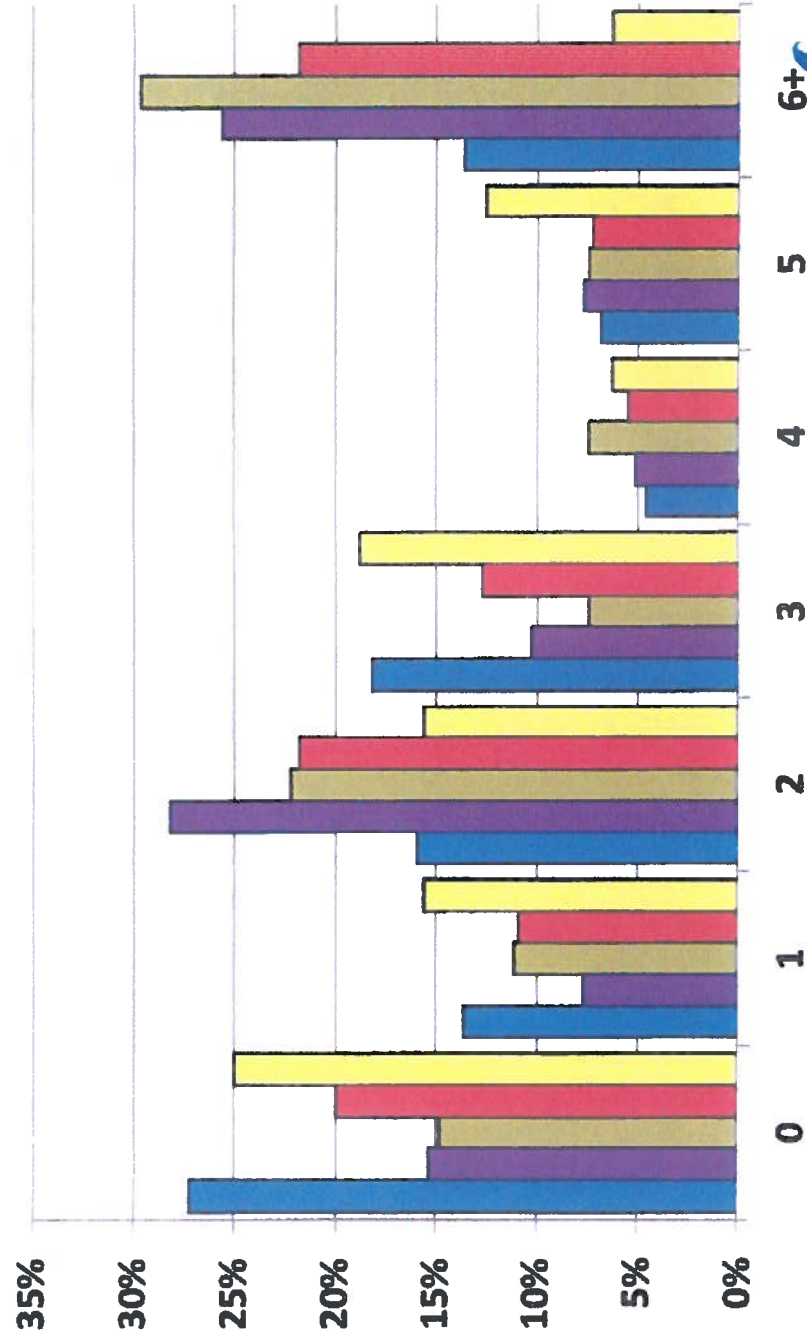


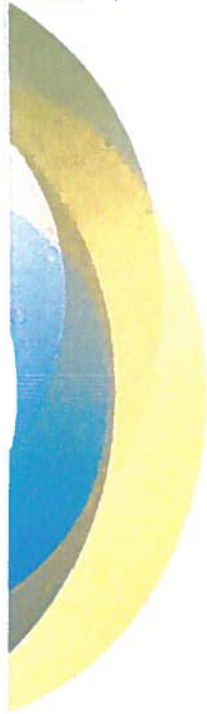


How many brief interruptions of 5 minutes or less you experienced at your home in the past 12 months?

Non-Regulated Customers

■ Q2-12 ■ Q3-12 ■ Q4-12* ■ YE-12 ■ Q1-13

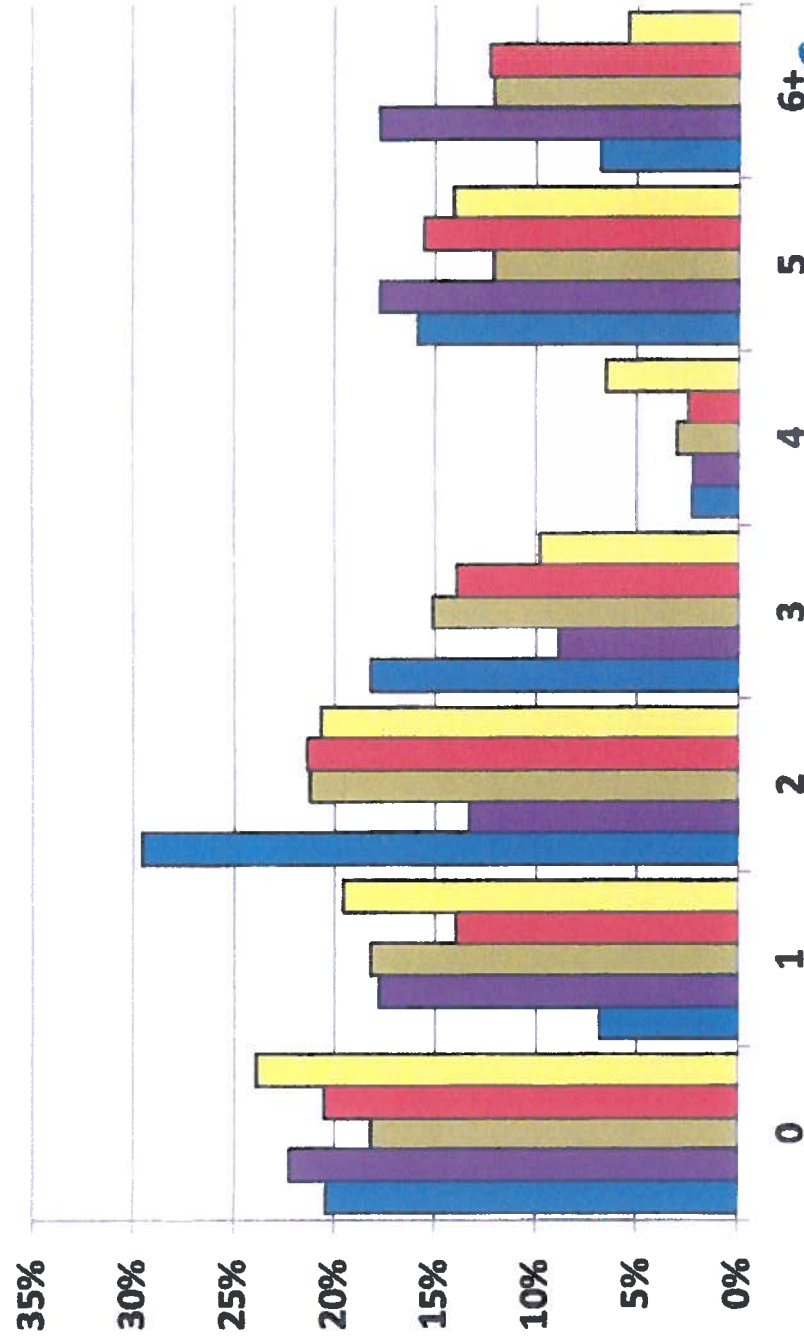


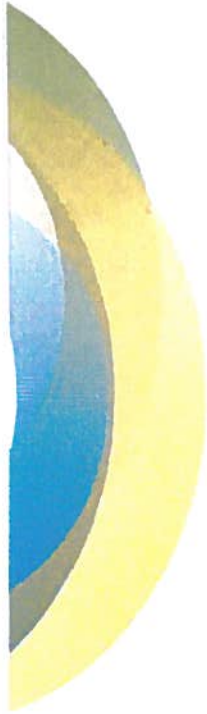


How many brief interruptions of 5 minutes or less would you consider acceptable during a 12 month period?

Regulated Customers

■ Q2-12 ■ Q3-12 ■ Q4-12* ■ YE-12 ■ Q1-13

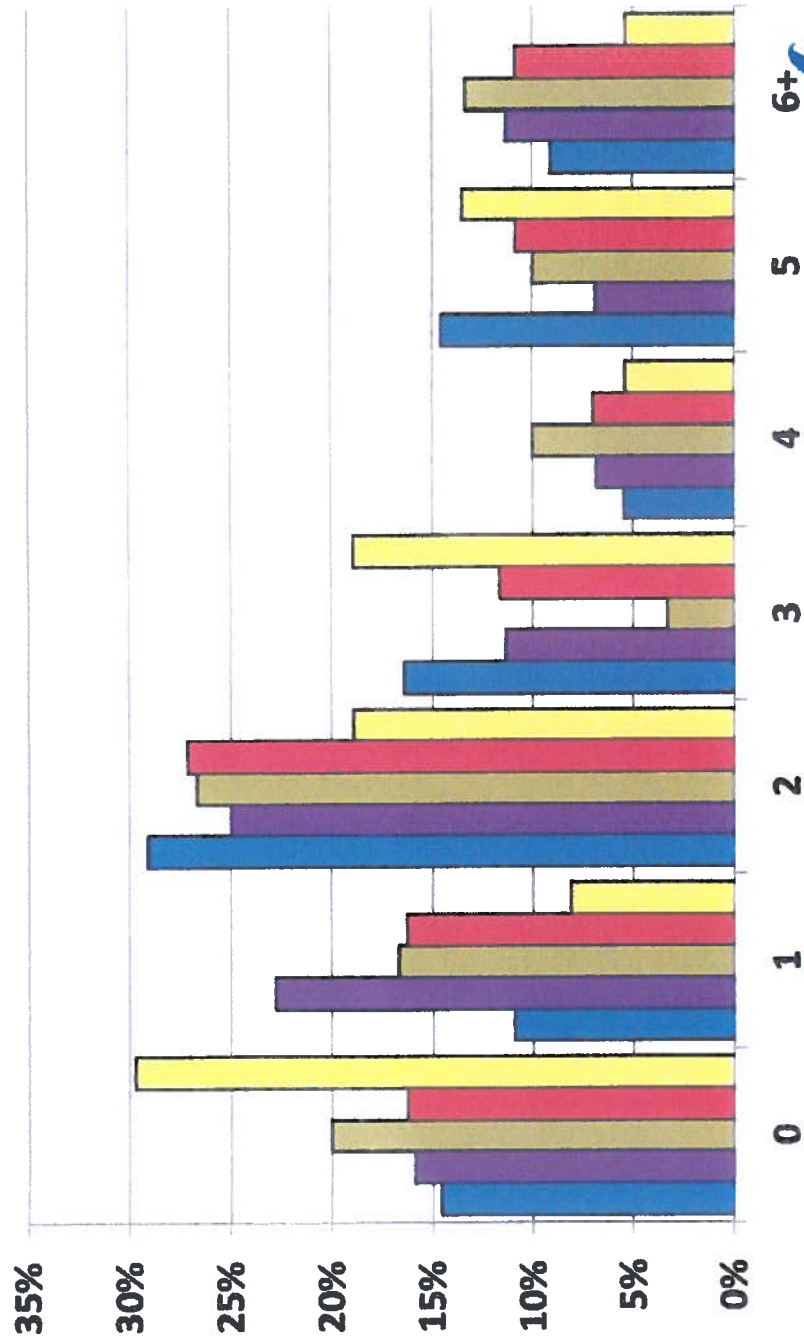




How many brief interruptions of 5 minutes or less you consider acceptable during a 12 month period?

Non-Regulated Customers

■ Q2-12 ■ Q3-12 ■ Q4-12* ■ YE-12 ■ Q1-13

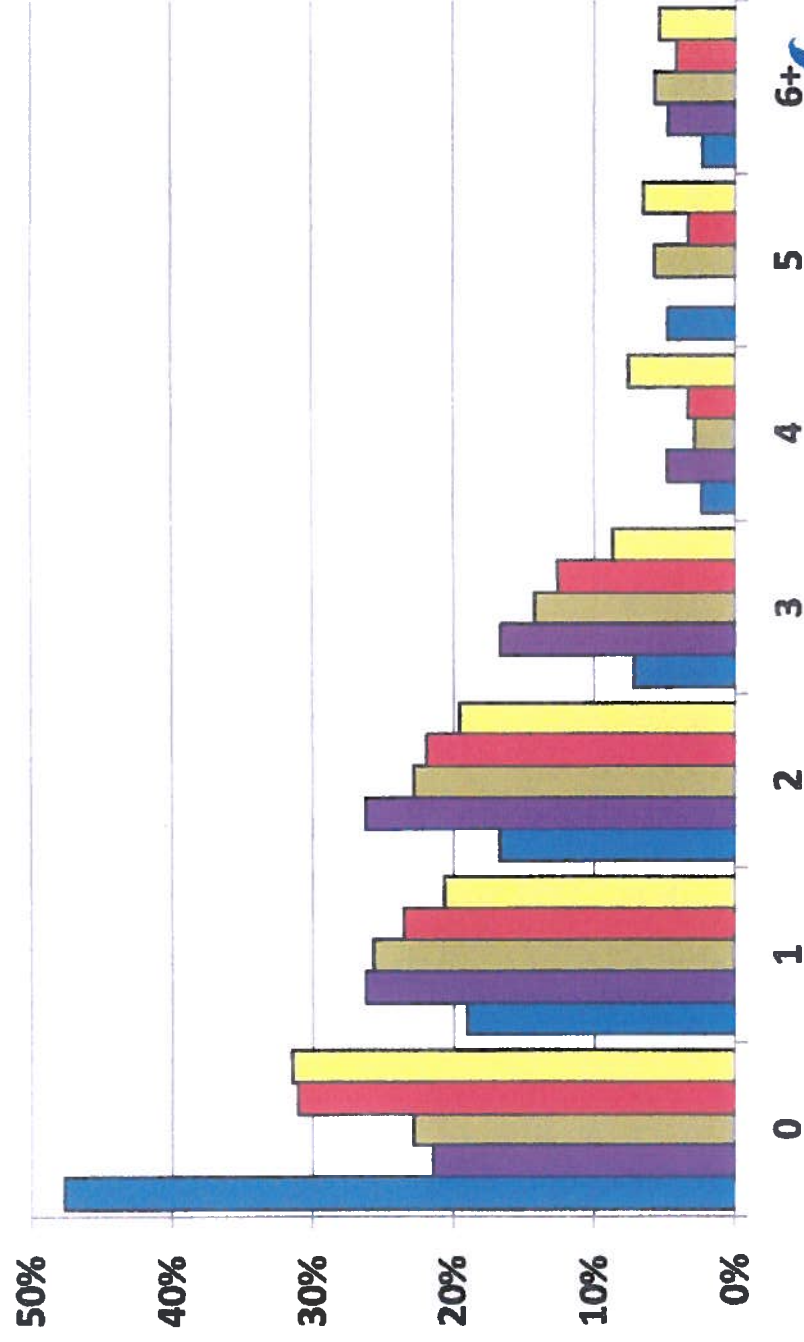




How many lengthy interruptions of more than 5 minutes have you experienced at your home in the past 12 months?

Regulated Customers

■ Q2-12 ■ Q3-12 ■ Q4-12* ■ YE-12 ■ Q1-13

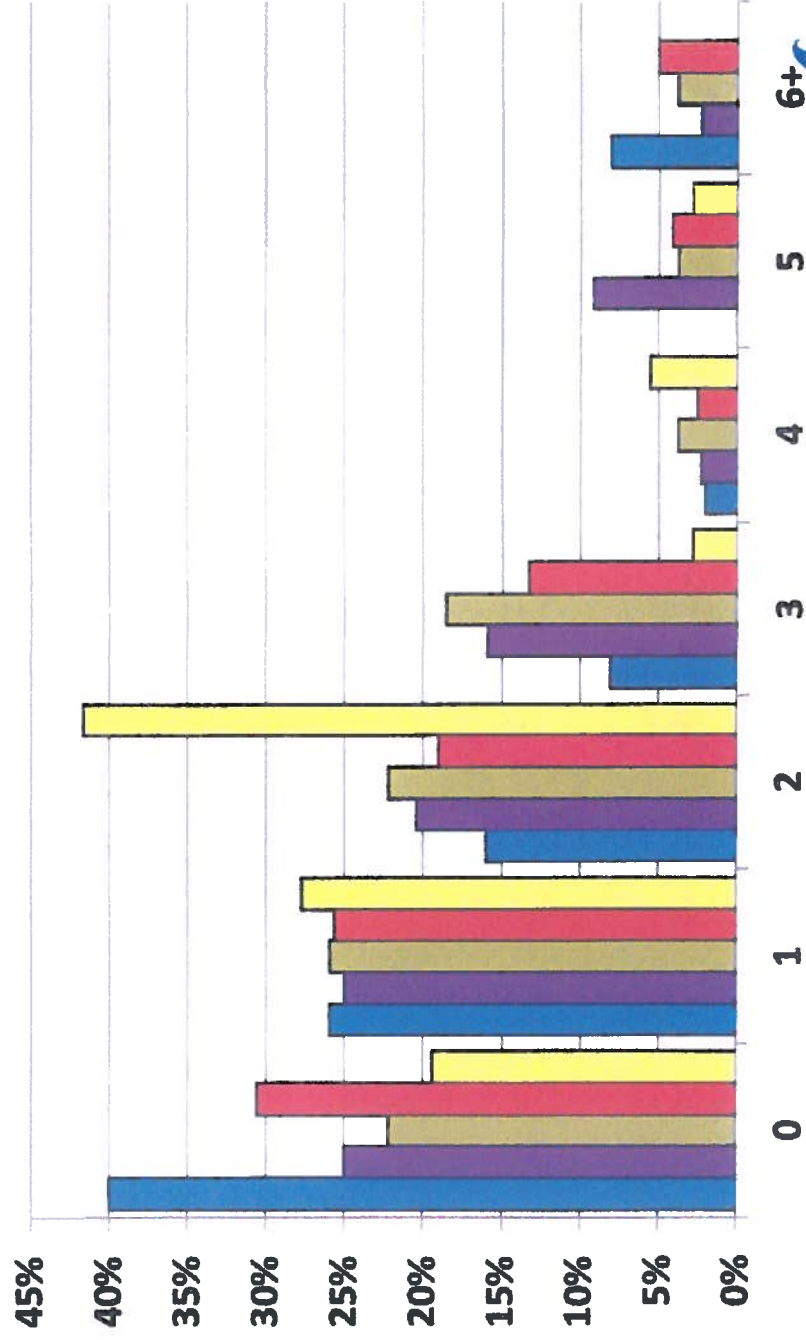


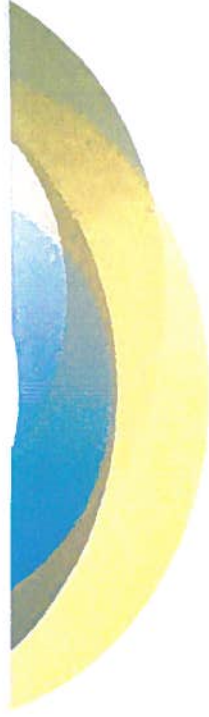


**How many lengthy interruptions of more than
5 minutes have you experienced at your home
in the past 12 months?**

Non-Regulated Customers

■ Q2-12 ■ Q3-12 ■ Q4-12* ■ YE-12 ■ Q1-13

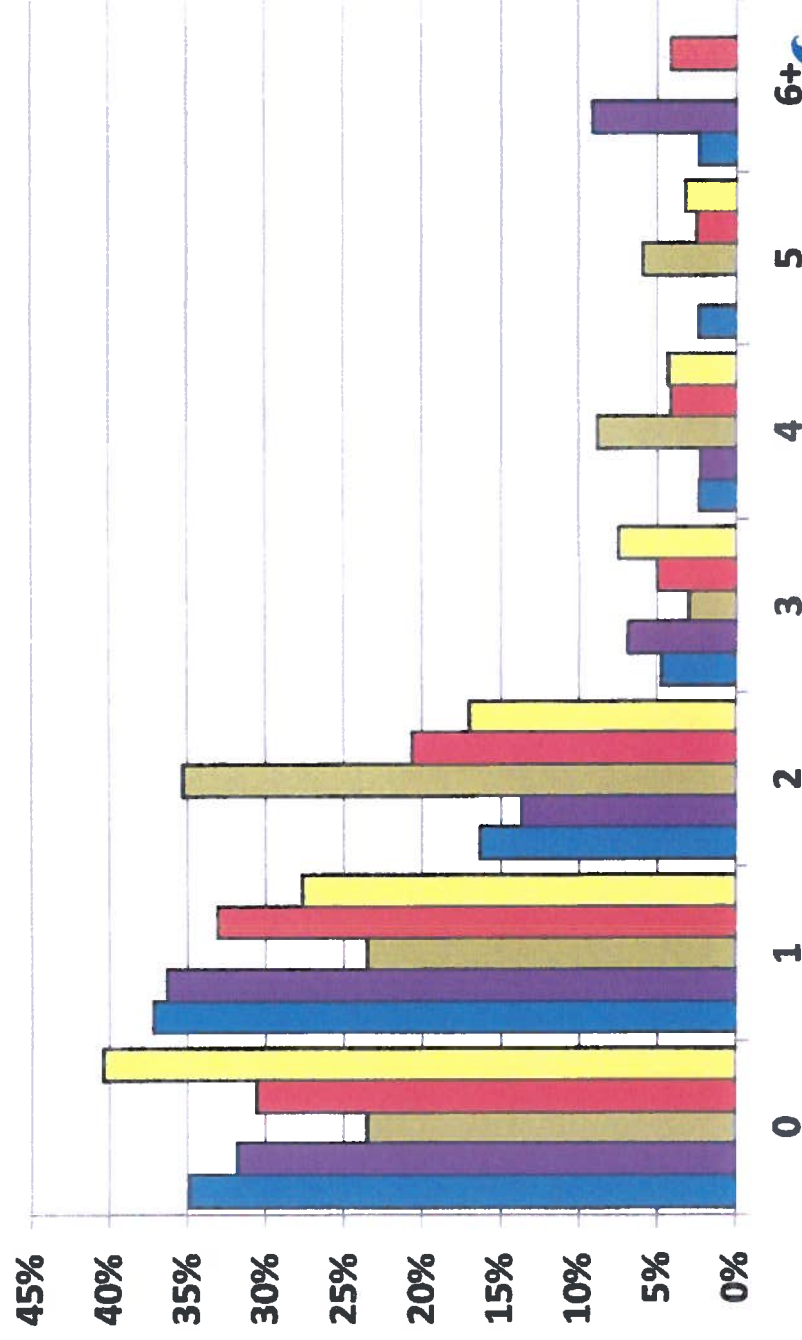


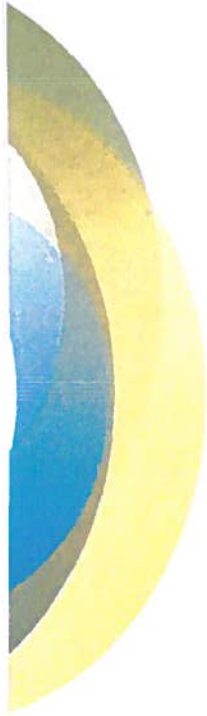


How many lengthy interruptions of more than 5 minutes would you consider acceptable during a 12 month period?

Regulated Customers

■ Q2-12 ■ Q3-12 ■ Q4-12* ■ YE-12 ■ Q1-13

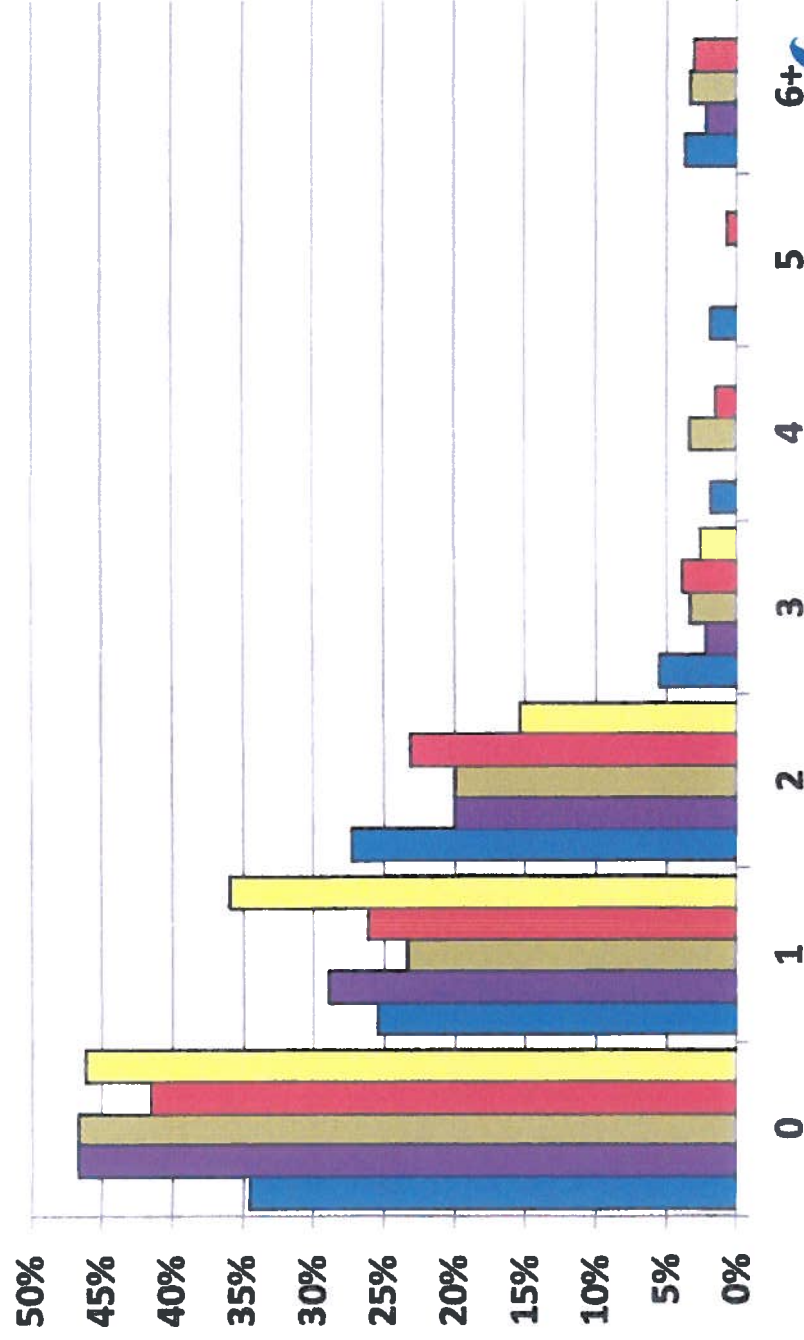


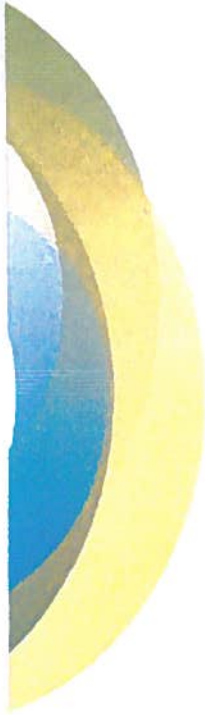


How many lengthy interruptions of more than 5 minutes would you consider acceptable during a 12 month period?

Non-Regulated Customers

■ Q2-12 ■ Q3-12 ■ Q4-12* ■ YE-12 ■ Q1-13

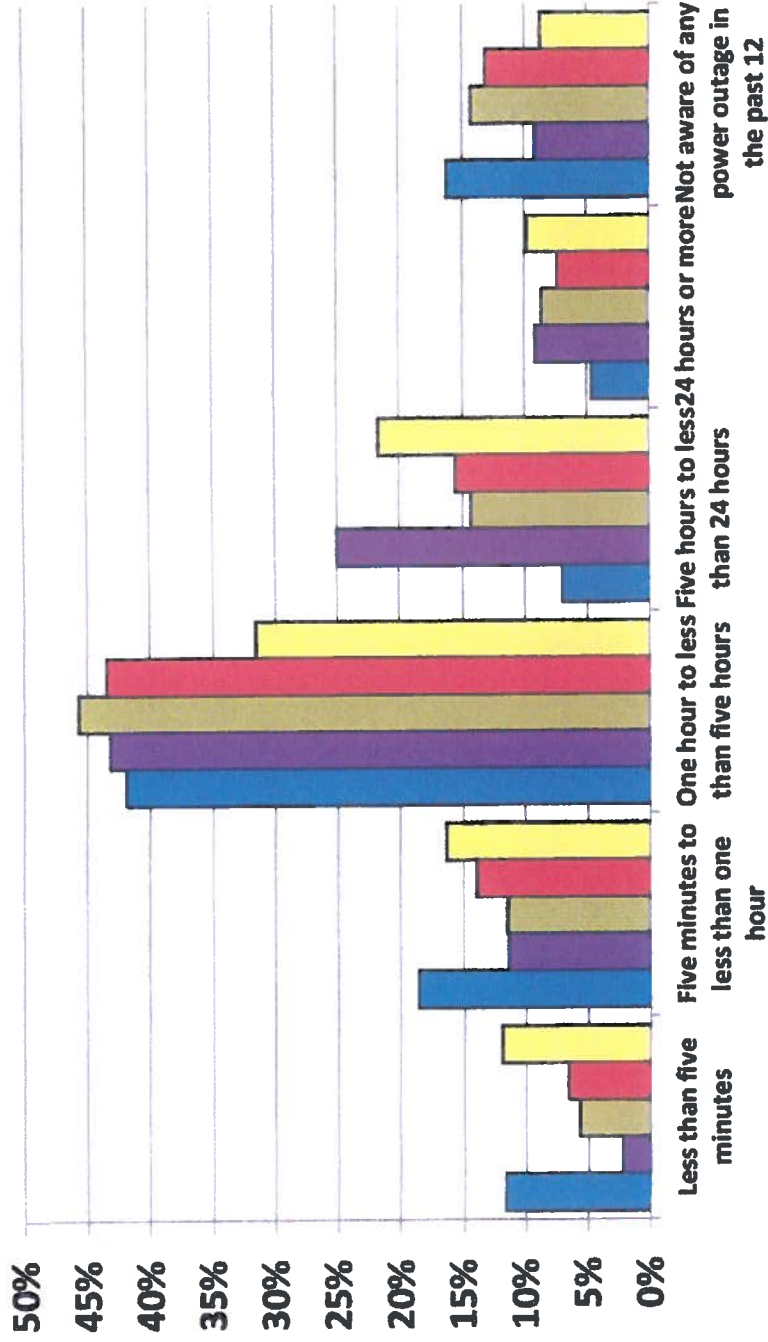


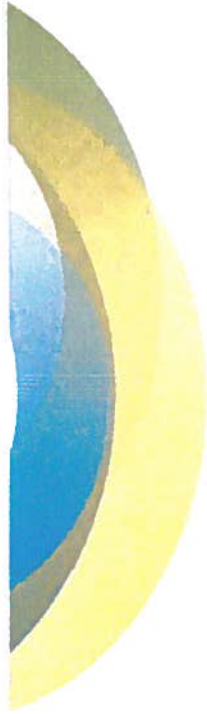


**Would you estimate your longest power outage
in the past 12 months to be:**

Regulated Customers

■ Q2-12 ■ Q3-12 ■ Q4-12* ■ YE-12 ■ Q1-13

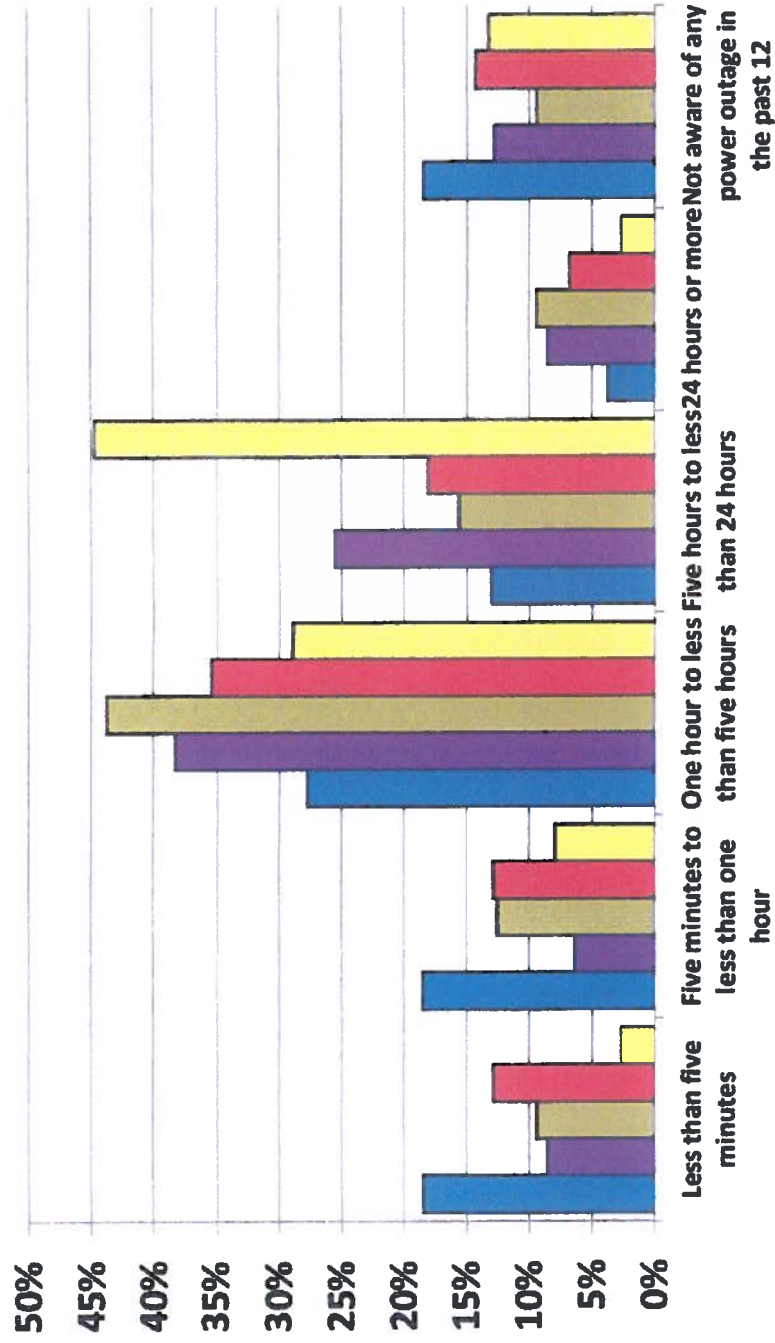


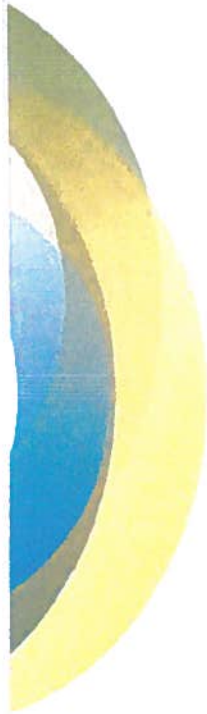


Would you estimate your longest power outage
in the past 12 months to be:

Non-Regulated Customers

■ Q2-12 ■ Q3-12 ■ Q4-12* ■ YE-12 ■ Q1-13

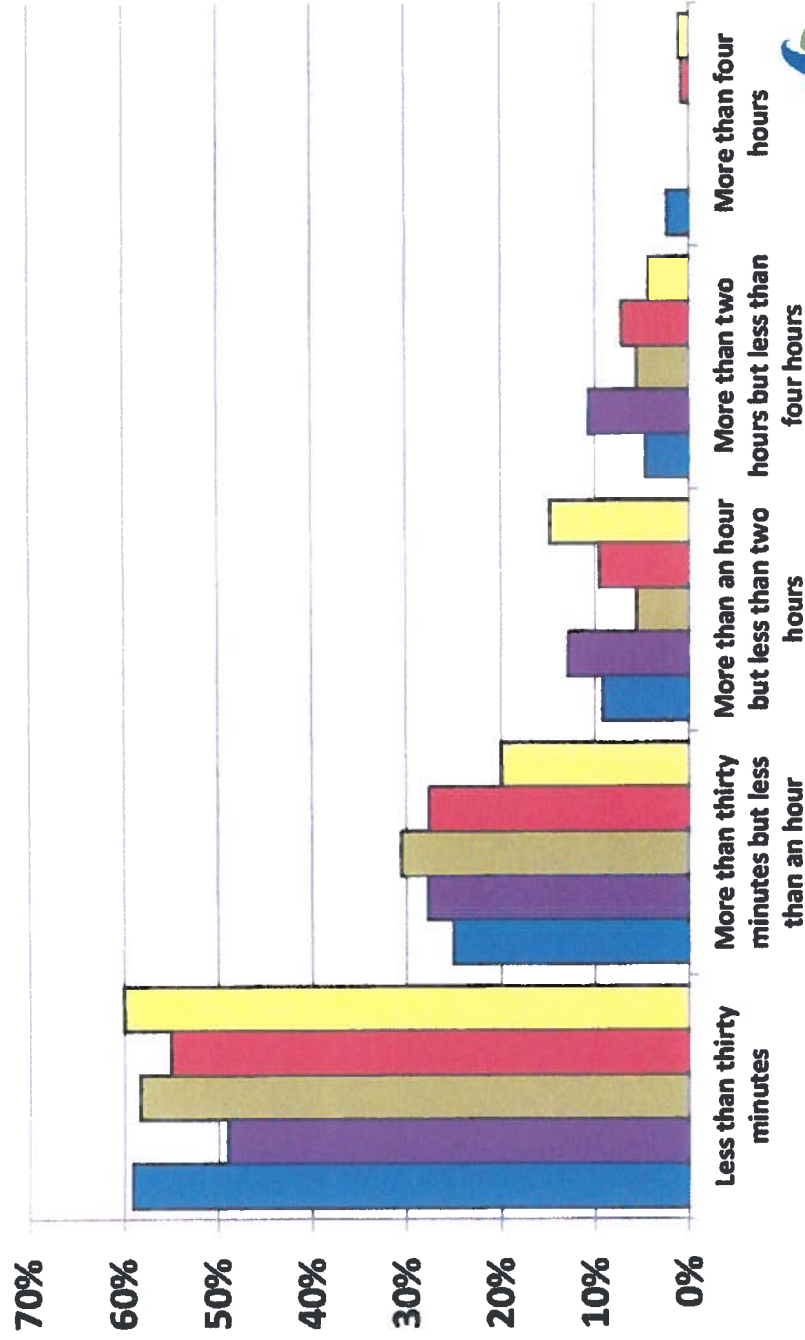


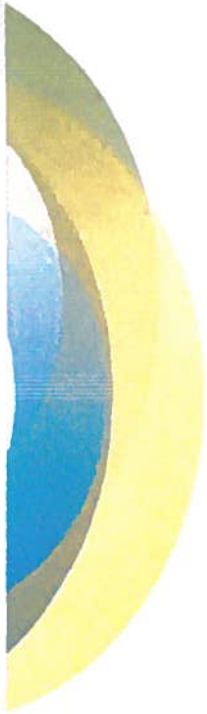


What do you consider to be an acceptable length of a prolonged outage that was not storm related?

Regulated Customers

■ Q2-12 ■ Q3-12 ■ Q4-12* ■ YE-12 ■ Q1-13

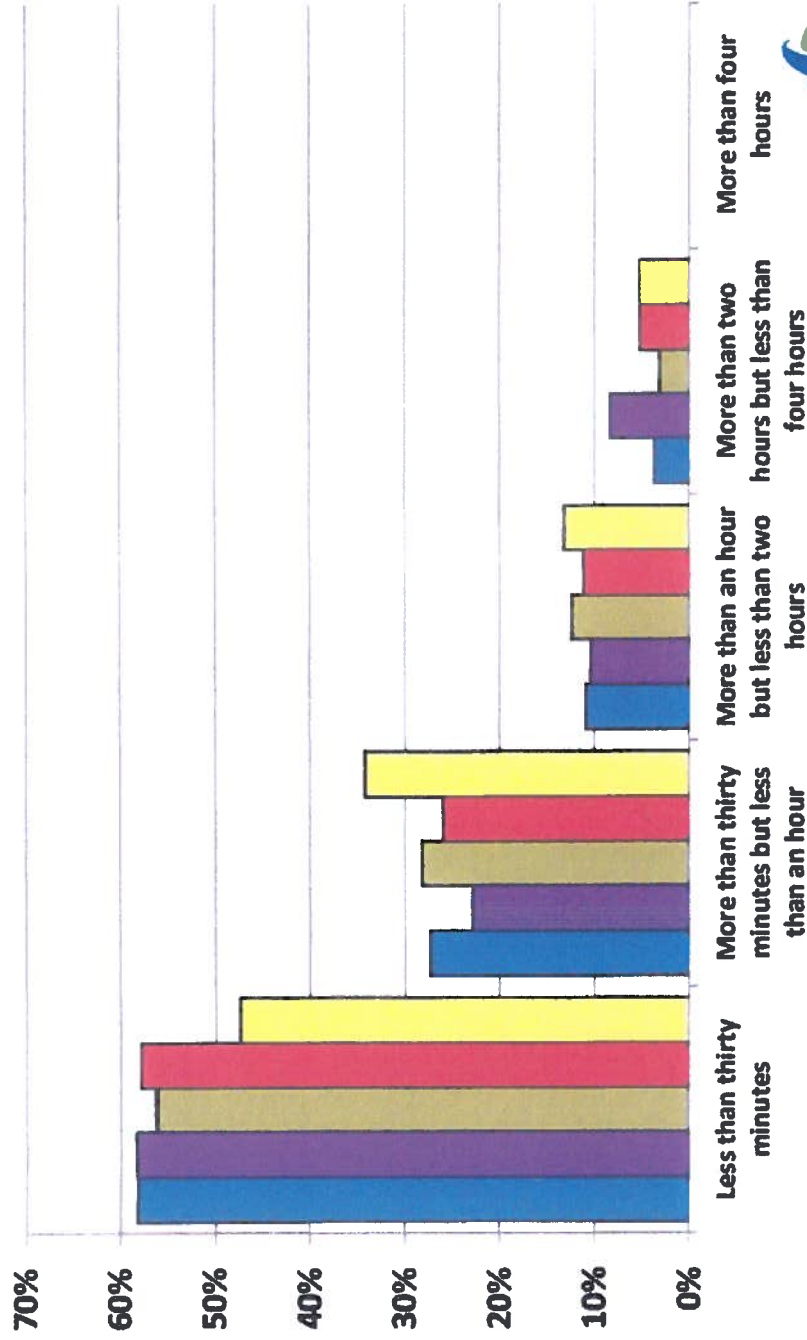




What do you consider to be an acceptable length of a prolonged outage that was not storm related?

Non-Regulated Customers

■ Q2-12 ■ Q3-12 ■ Q4-12* ■ YE-12 ■ Q1-13

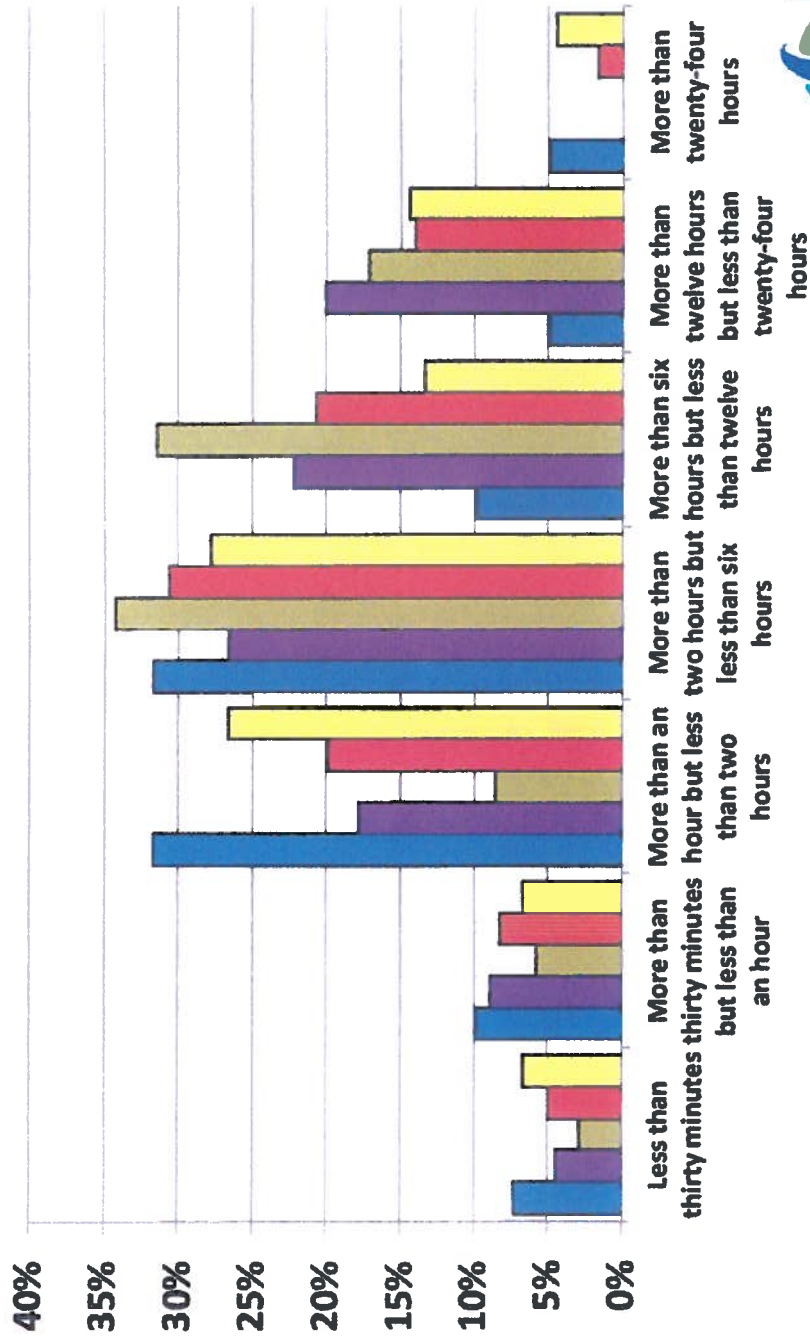


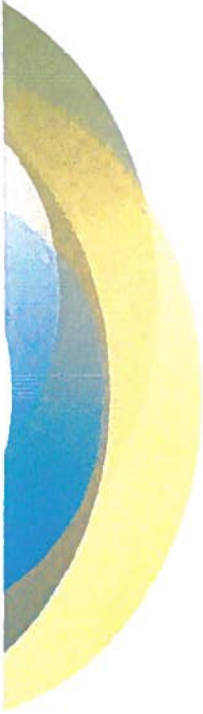


What do you consider to be an acceptable length of a prolonged outage that was storm related?

Regulated Customers

■ Q2-12 ■ Q3-12 ■ Q4-12* ■ YE-12 ■ Q1-13

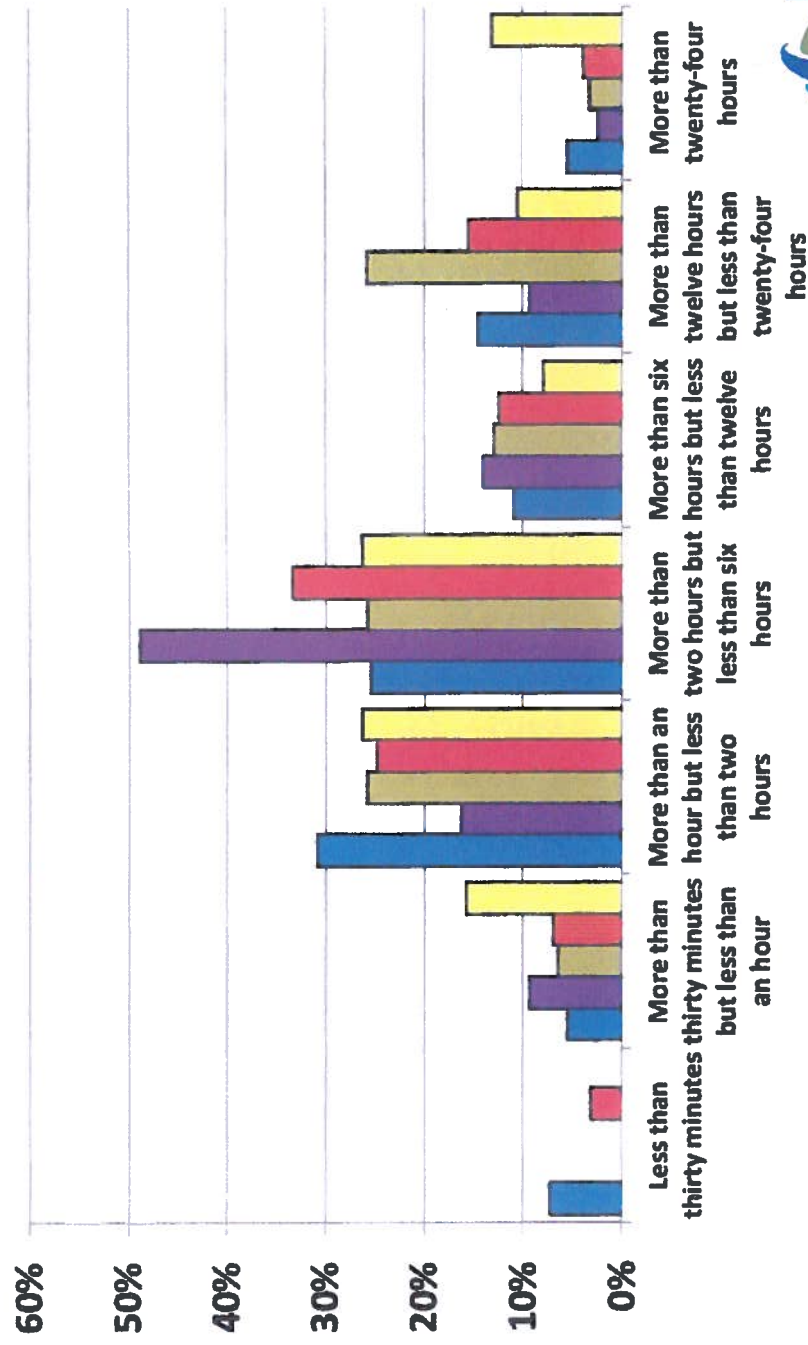


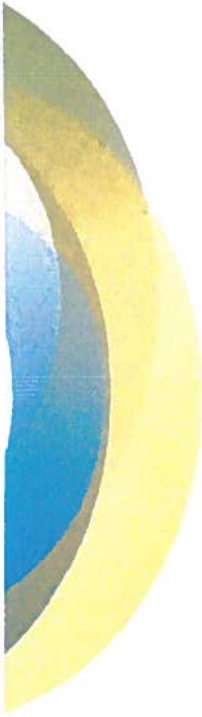


What do you consider to be an acceptable length of a prolonged outage that was storm related?

Non-Regulated Customers

■ Q2-12 ■ Q3-12 ■ Q4-12* ■ YE-12 ■ Q1-13

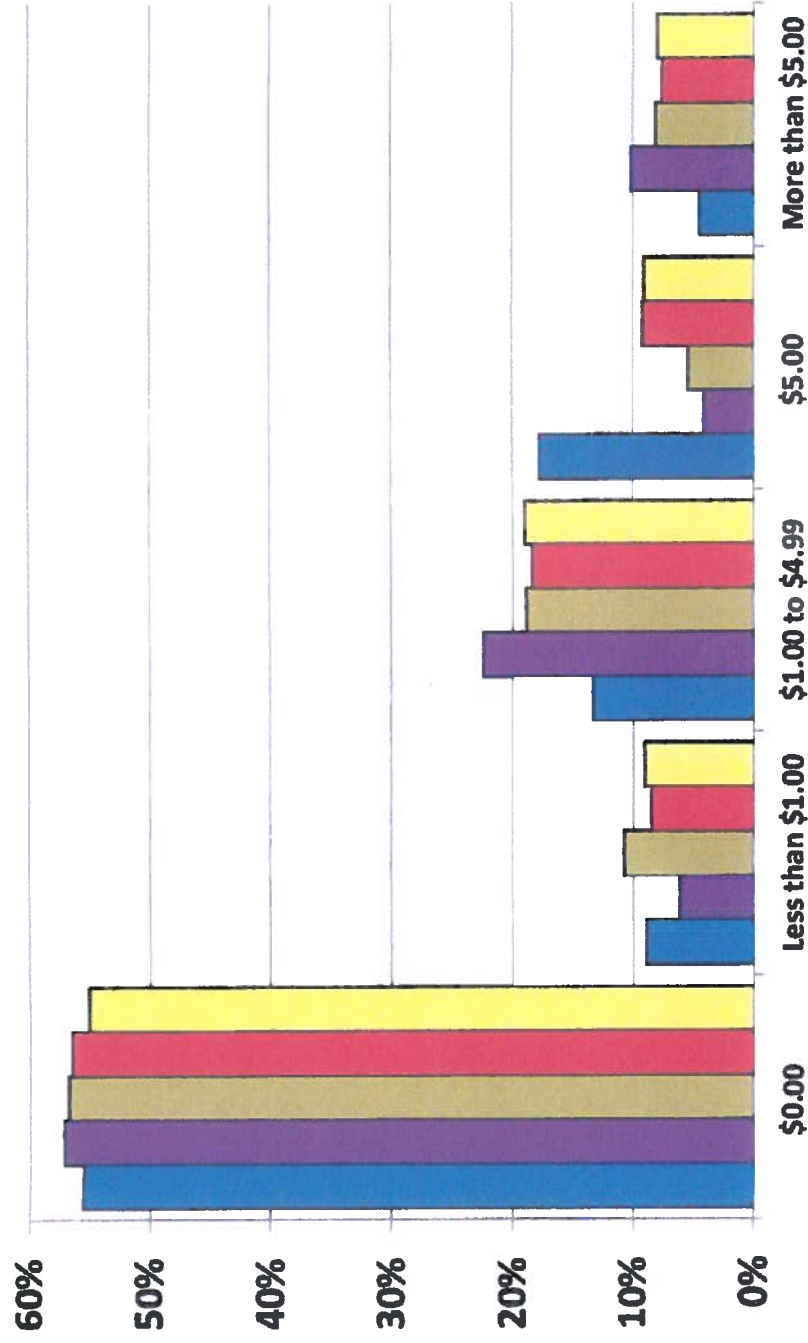


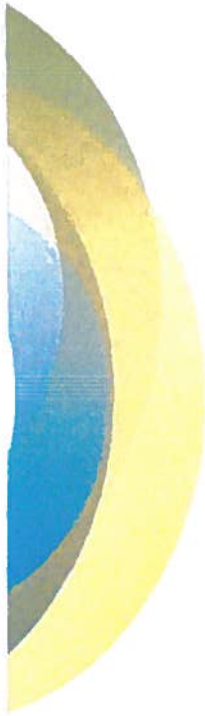


During a specified period of system stress, such as a hot summer day, what is the maximum amount that you would be willing to pay and have included in your electric bill in order to avoid a 1 hour electric service outage to your residence?

Regulated Customers

■ Q2-12 ■ Q3-12 ■ Q4-12* ■ YE-12 ■ Q1-13

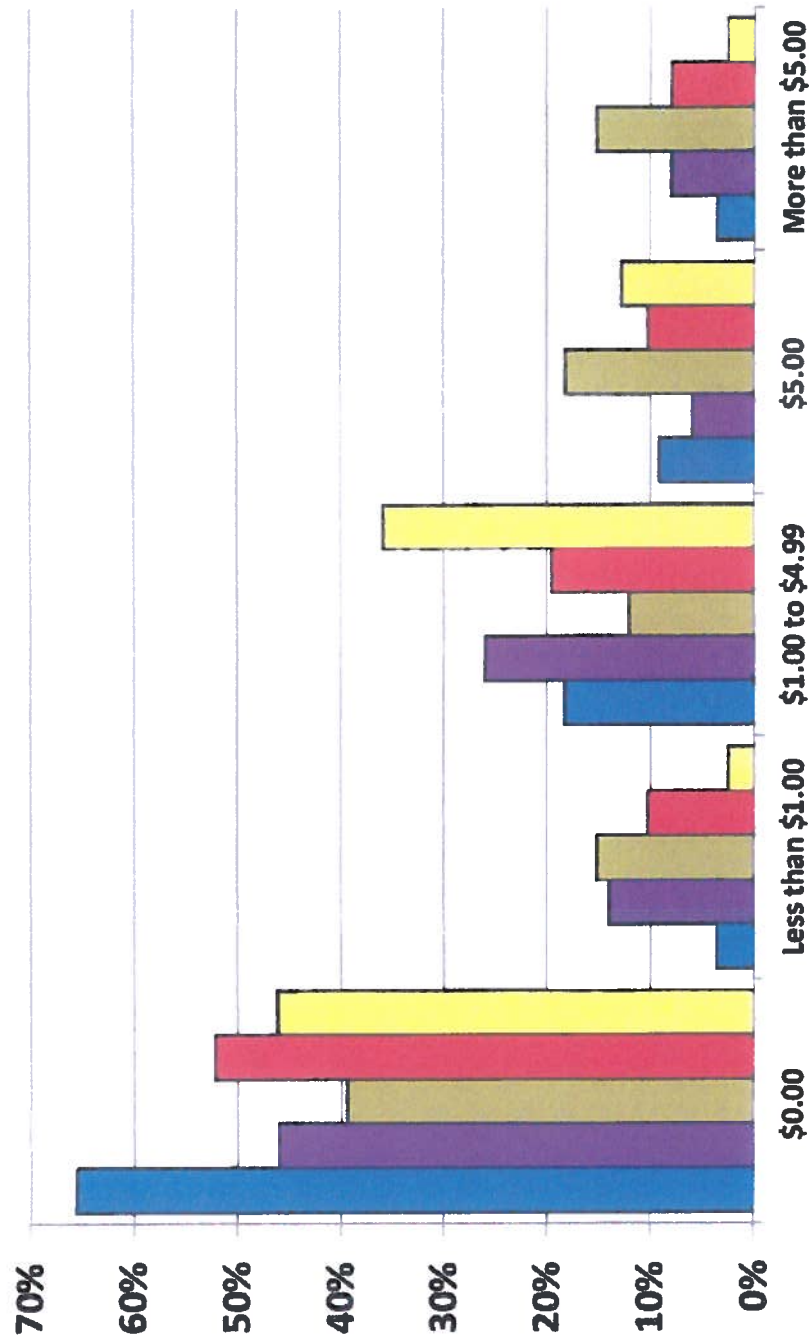




During a specified period of system stress, such as a hot summer day, what is the maximum amount that you would be willing to pay and have included in your electric bill in order to avoid a 1 hour electric service outage to your residence?

Non-Regulated Customers

■ Q2-12 ■ Q3-12 ■ Q4-12* ■ YE-12 ■ Q1-13

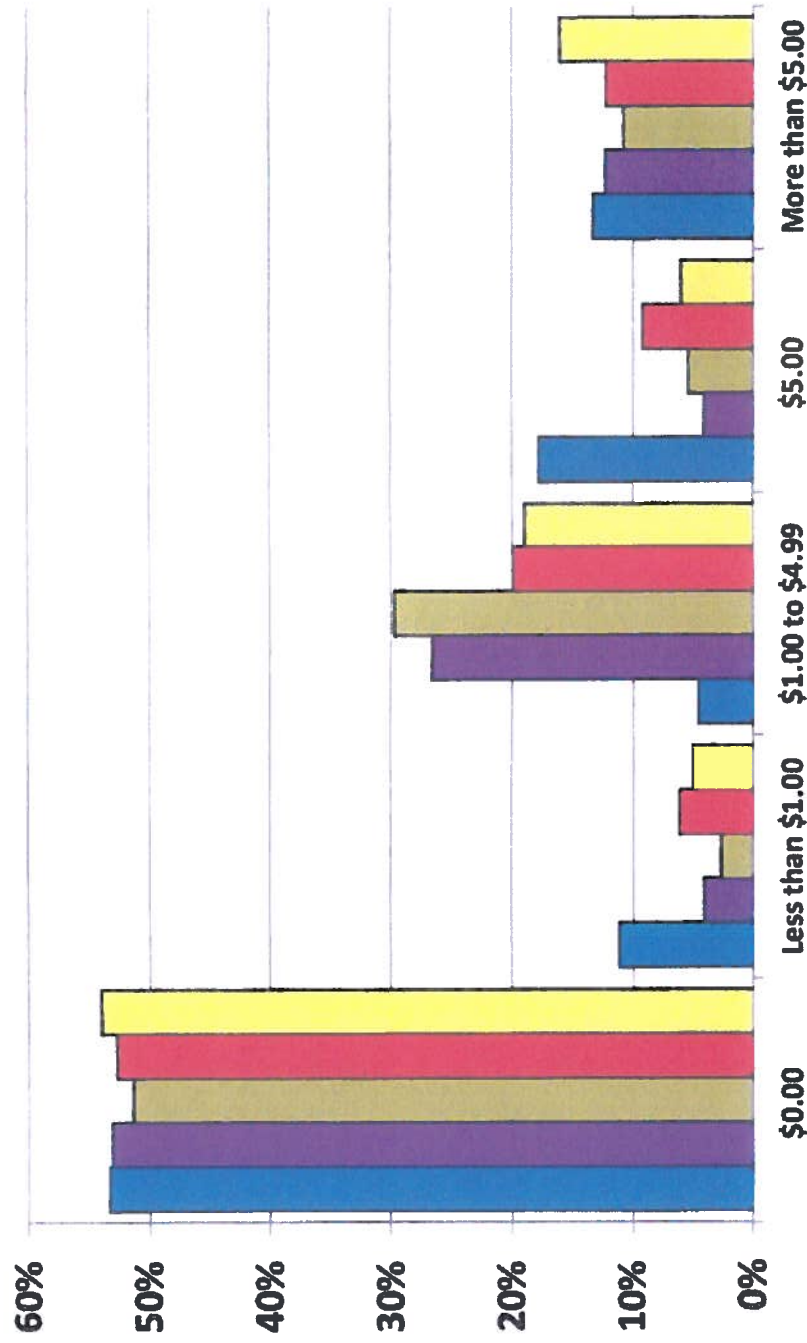


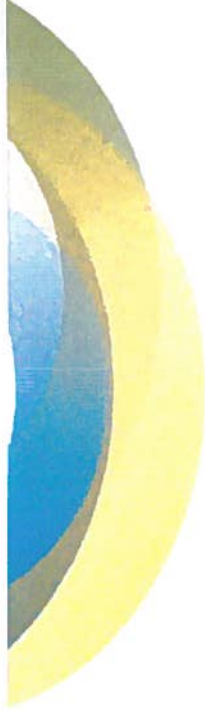


During a specified period of system stress, such as a hot summer day, what is the maximum amount that you would be willing to pay and have included in your electric bill in order to avoid a 2 hour electric service outage to your residence?

Regulated Customers

■ Q2-12 ■ Q3-12 ■ Q4-12* ■ YE-12 ■ Q1-13

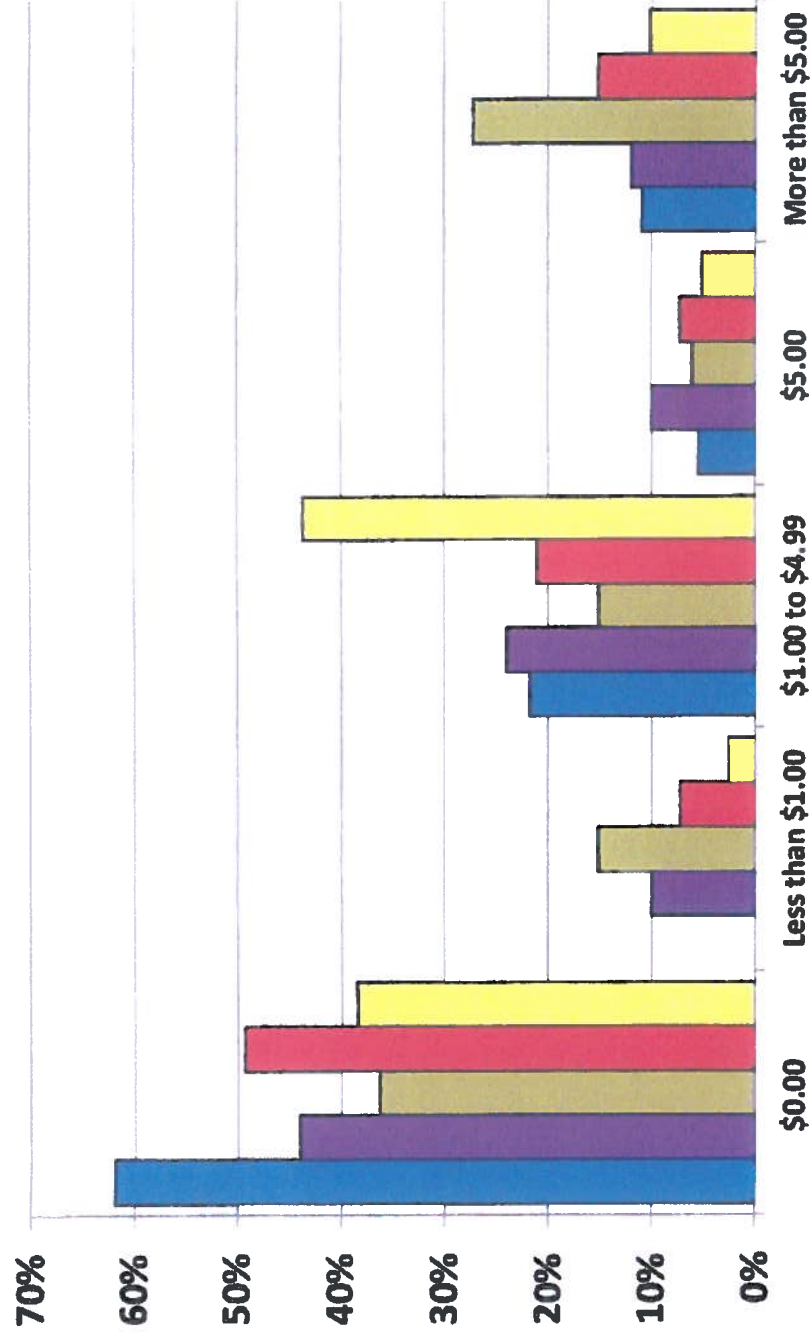


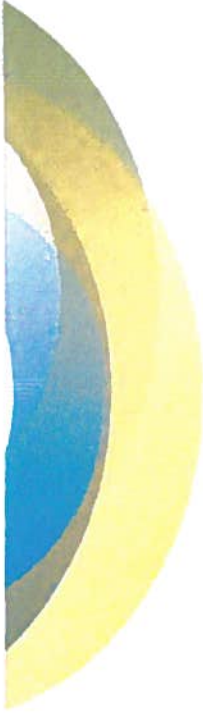


During a specified period of system stress, such as a hot summer day, what is the maximum amount that you would be willing to pay and have included in your electric bill in order to avoid a 2 hour electric service outage to your residence?

Non-Regulated Customers

■ Q2-12 ■ Q3-12 ■ Q4-12* ■ YE-12 ■ Q1-13

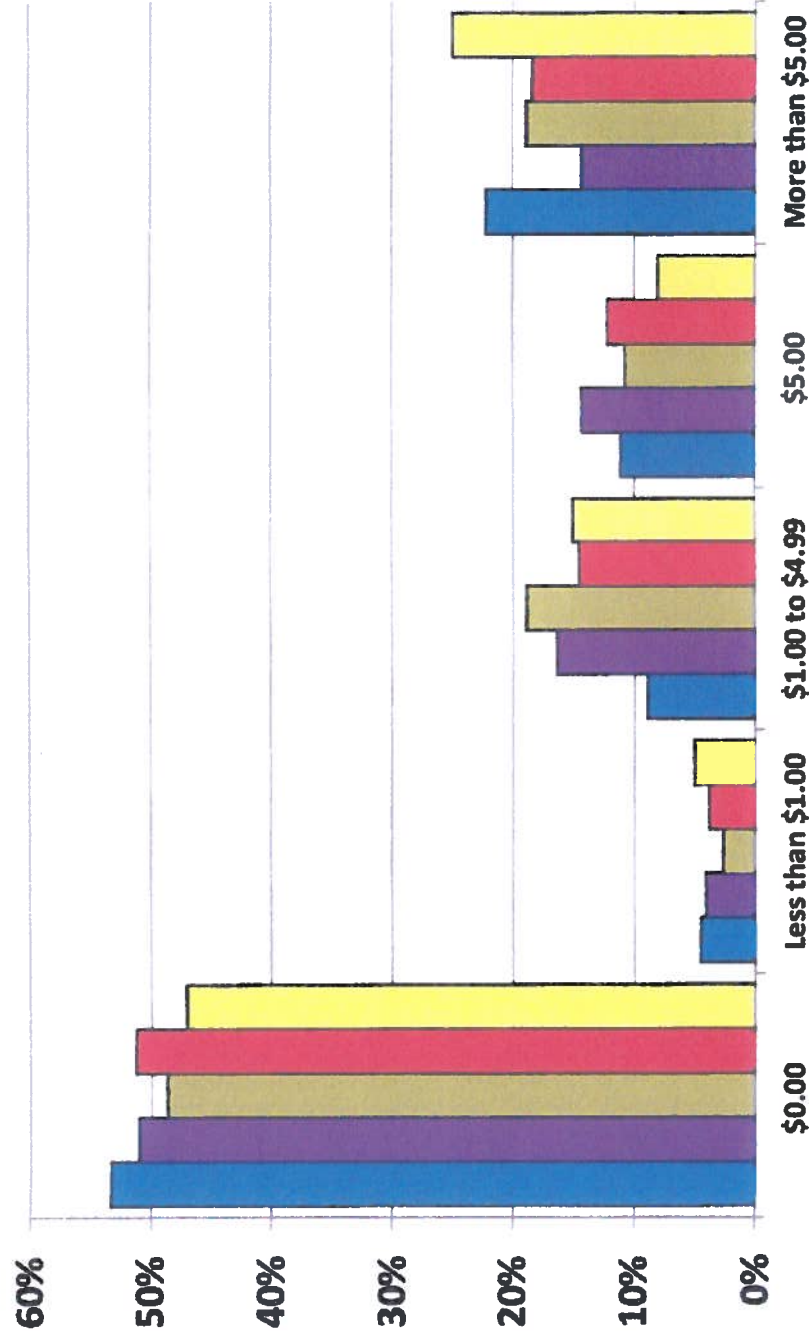


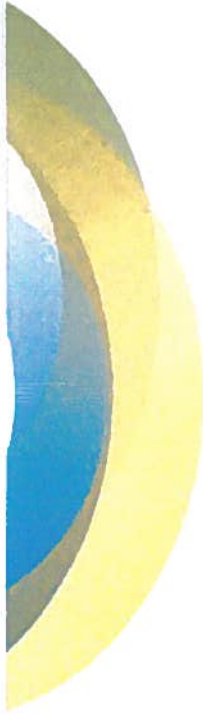


During a specified period of system stress, such as a hot summer day, what is the maximum amount that you would be willing to pay and have included in your electric bill in order to avoid a 4 hour electric service outage to your residence?

Regulated Customers

■ Q2-12 ■ Q3-12 ■ Q4-12* ■ YE-12 ■ Q1-13

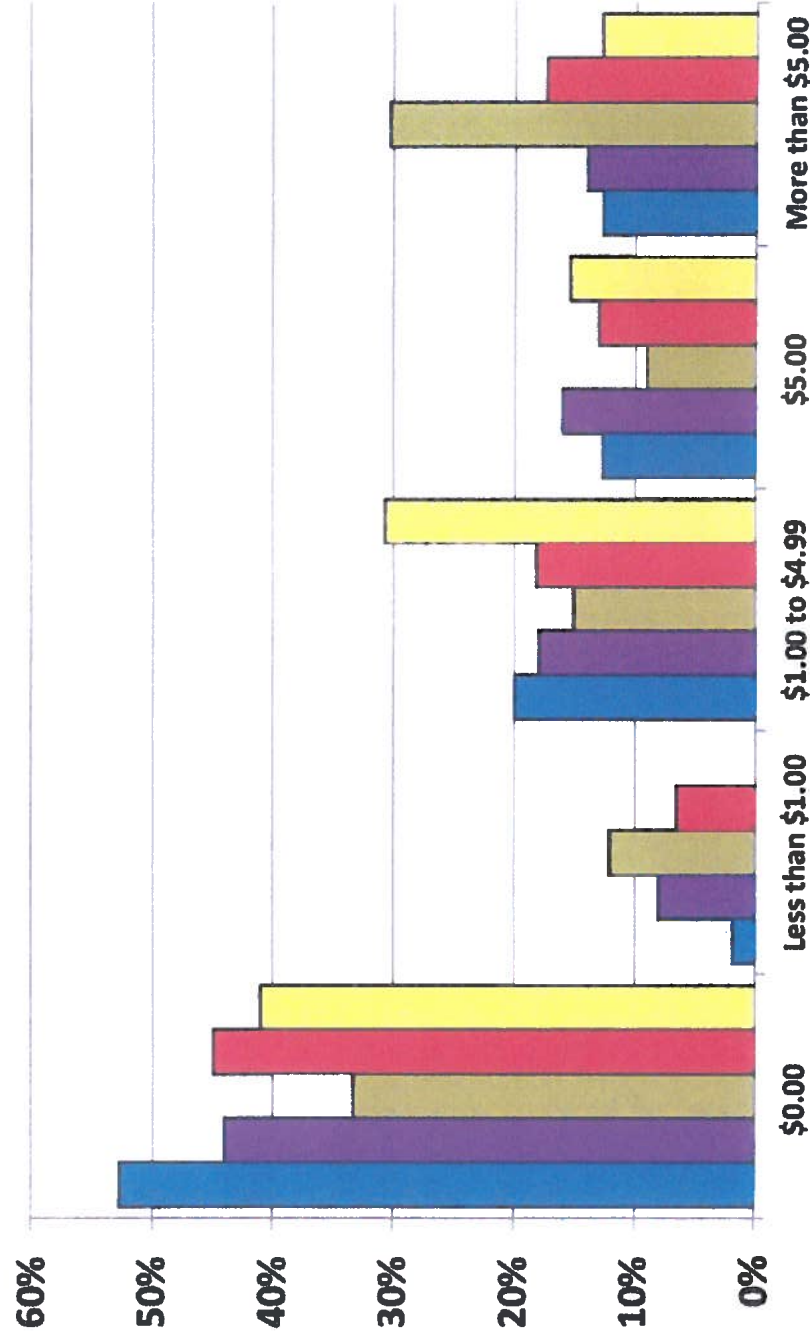


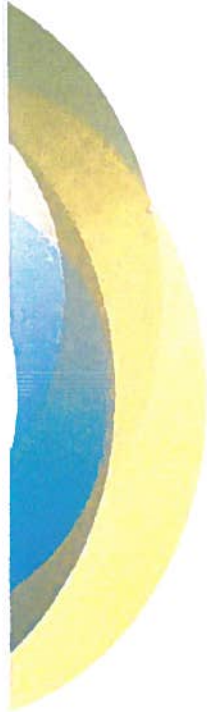


During a specified period of system stress, such as a hot summer day, what is the maximum amount that you would be willing to pay and have included in your electric bill in order to avoid a 4 hour electric service outage to your residence?

Non-Regulated Customers

■ Q2-12 ■ Q3-12 ■ Q4-12* ■ YE-12 ■ Q1-13

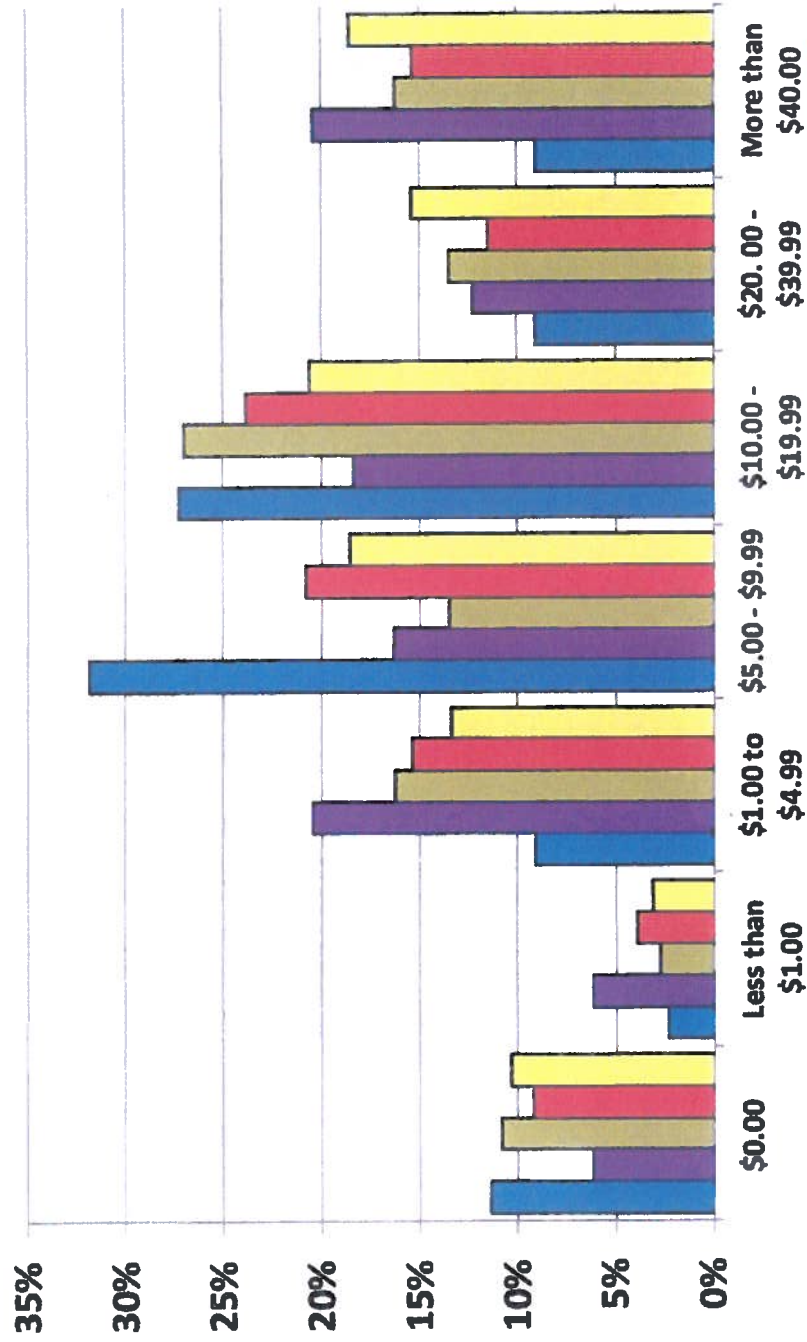


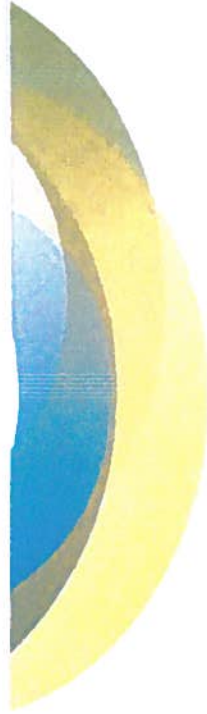


How much of a credit to your electric bill would you require from the utility to allow the electric company to interrupt service to your residence for 1 hour?

Regulated Customers

■ Q2-12 ■ Q3-12 ■ Q4-12* ■ YE-12 ■ Q1-13

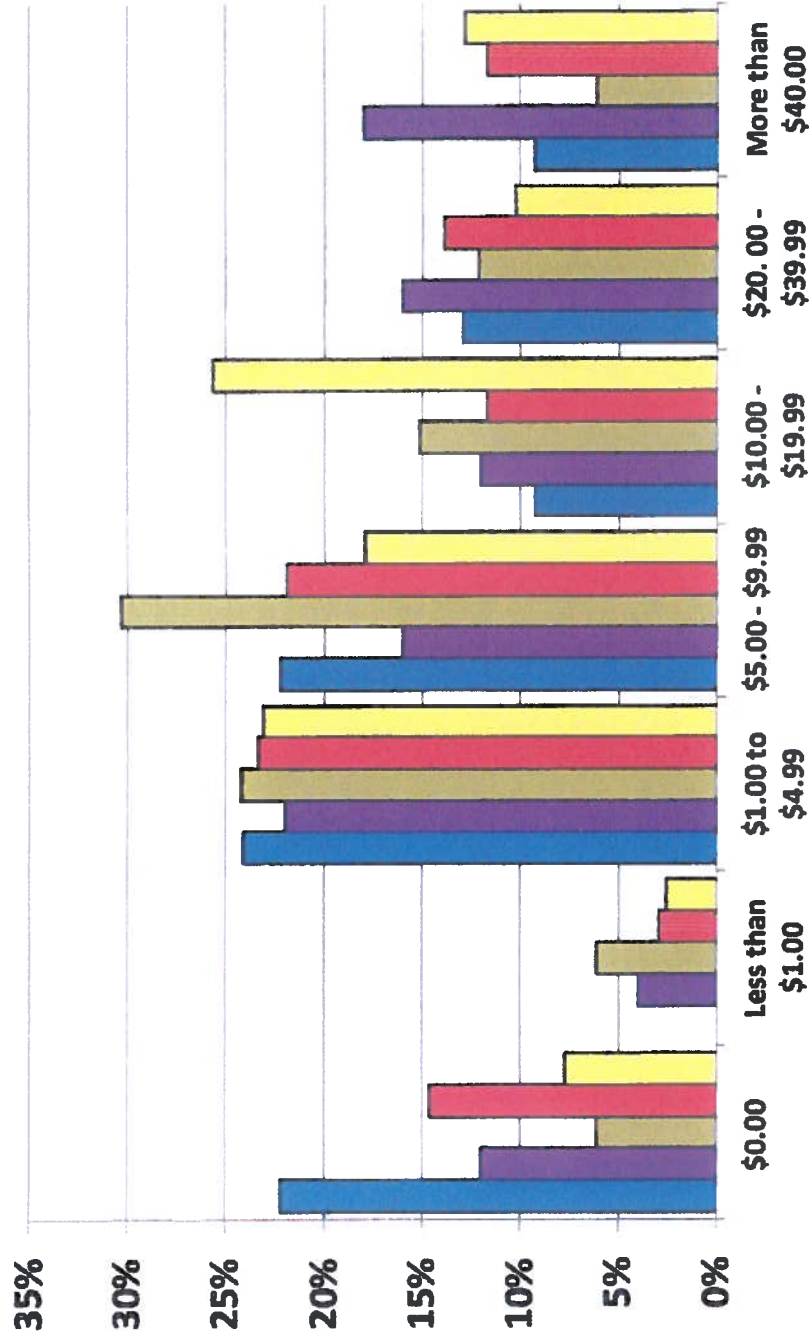




How much of a credit to your electric bill would you require from the utility to allow the electric company to interrupt service to your residence for 1 hour?

Non-Regulated Customers

■ Q2-12 ■ Q3-12 ■ Q4-12* ■ YE-12 ■ Q1-13

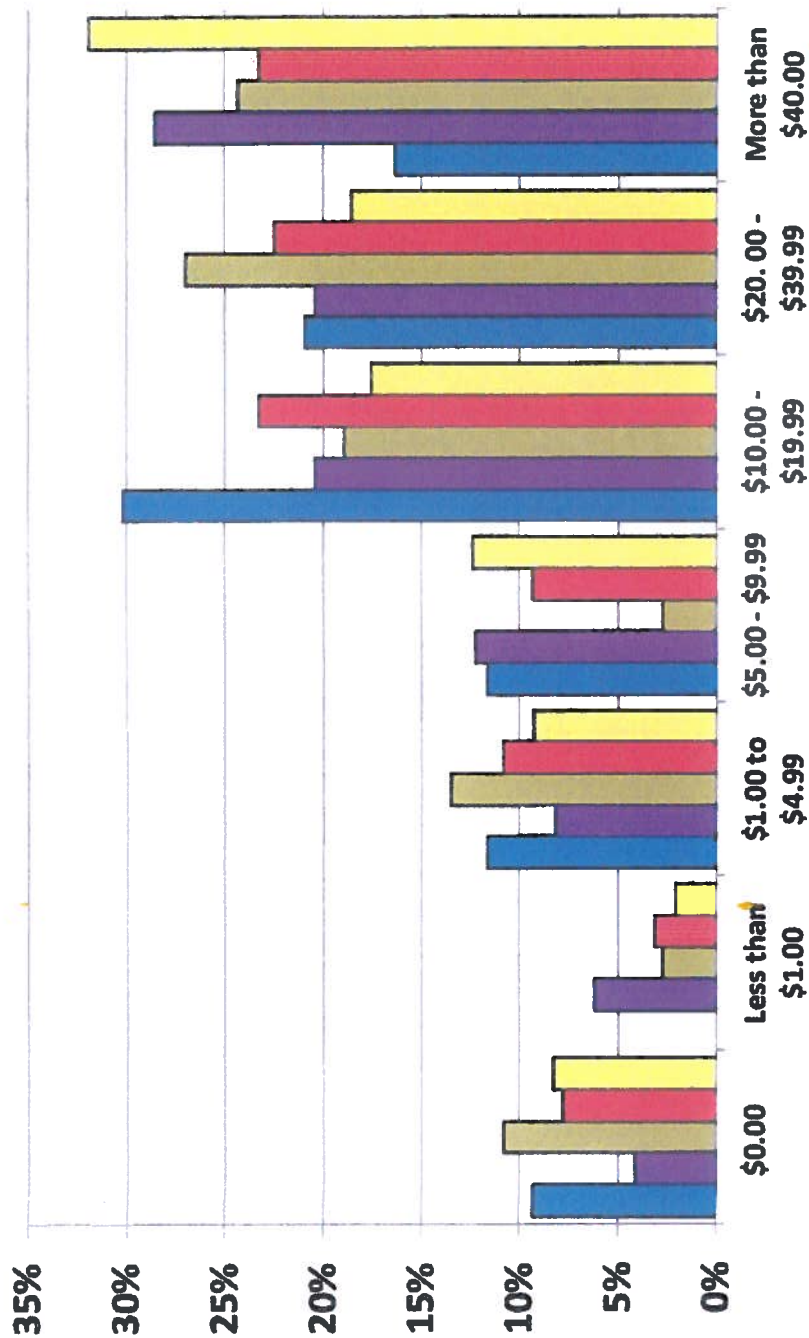


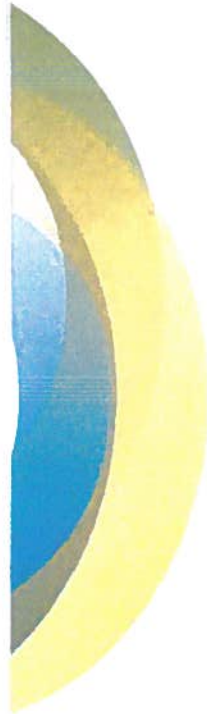


How much of a credit to your electric bill would you require from the utility to allow the electric company to interrupt service to your residence for 2 hours?

Regulated Customers

■ Q2-12 ■ Q3-12 ■ Q4-12* ■ YE-12 ■ Q1-13

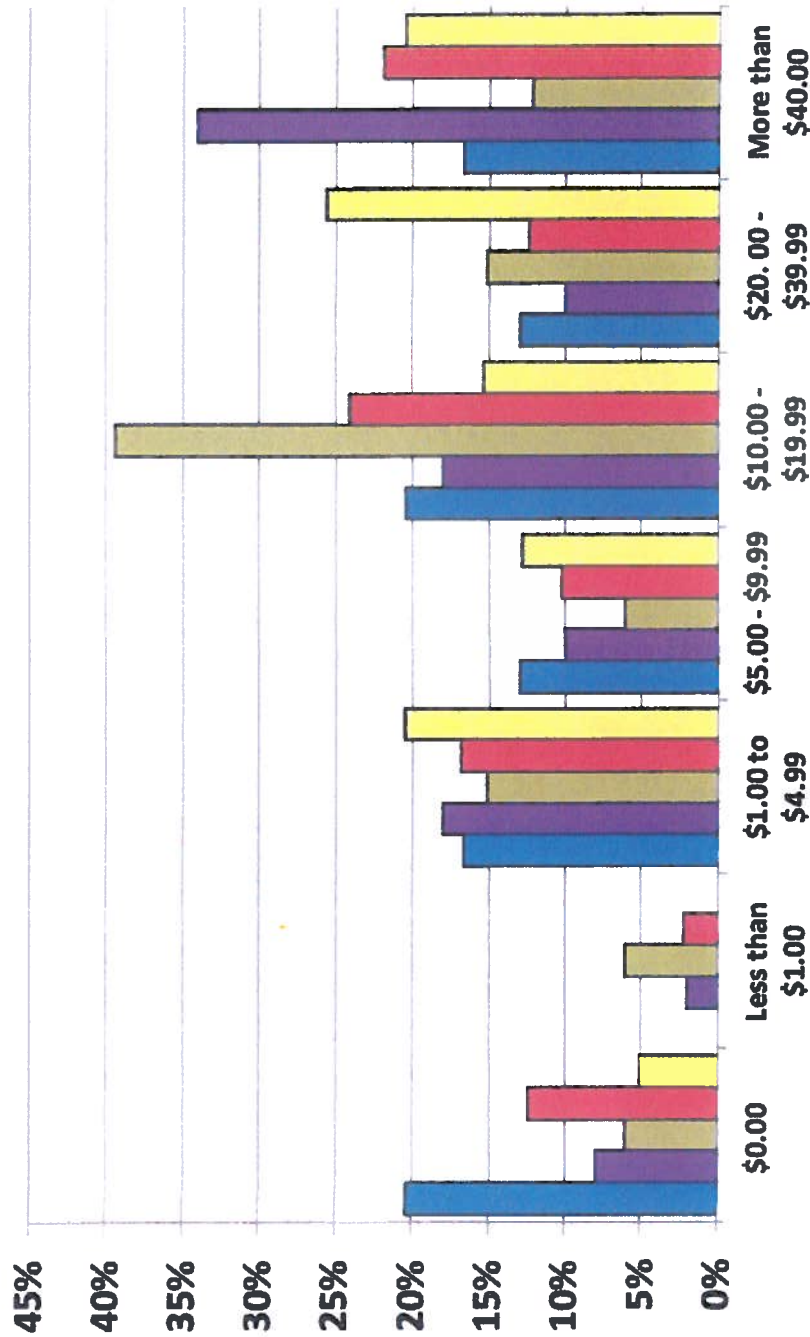


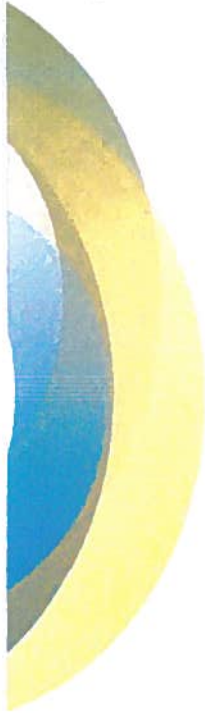


How much of a credit to your electric bill would you require from the utility to allow the electric company to interrupt service to your residence for 2 hours?

Non-Regulated Customers

■ Q2-12 ■ Q3-12 ■ Q4-12* ■ YE-12 ■ Q1-13

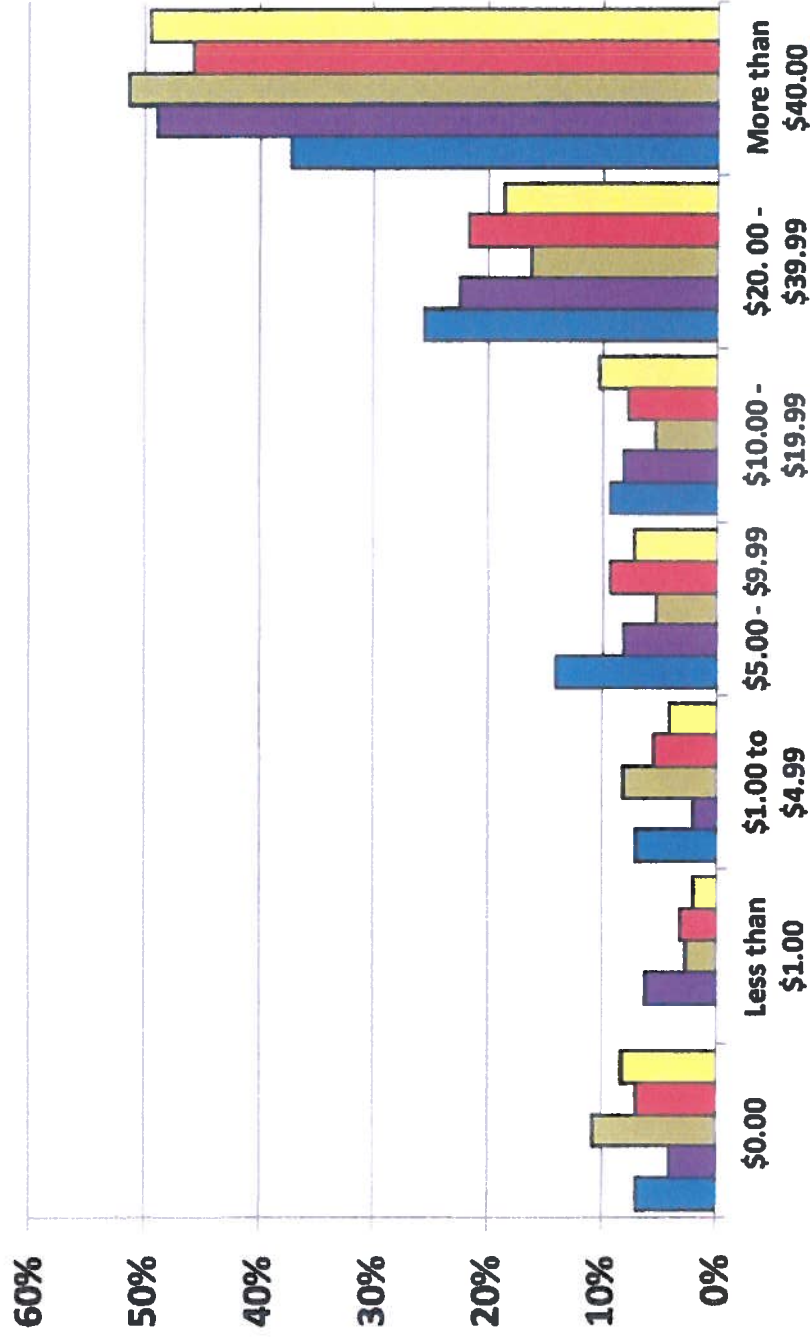


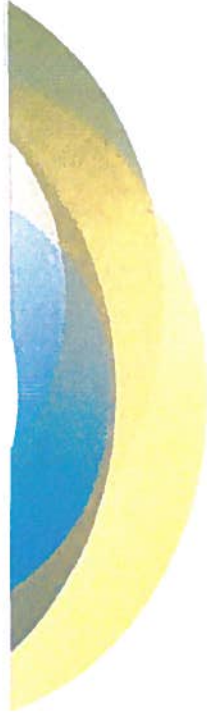


How much of a credit to your electric bill would you require from the utility to allow the electric company to interrupt service to your residence for 4 hours?

Regulated Customers

■ Q2-12 ■ Q3-12 ■ Q4-12* ■ YE-12 ■ Q1-13

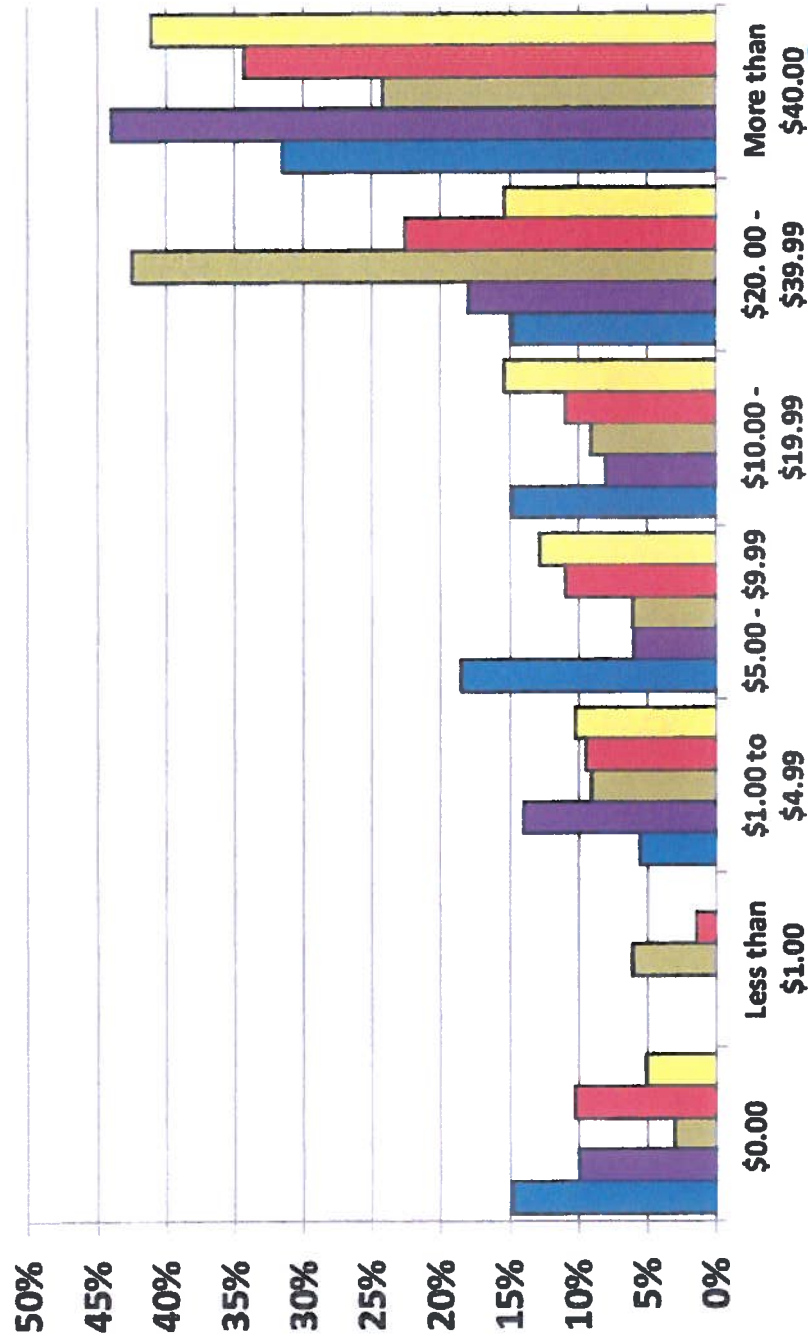


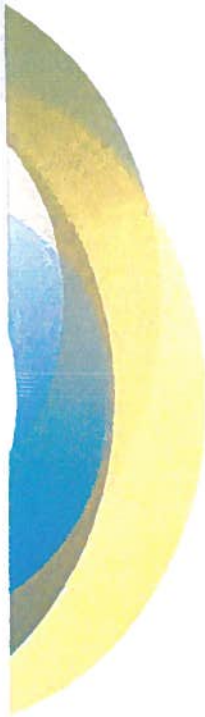


How much of a credit to your electric bill would you require from the utility to allow the electric company to interrupt service to your residence for 4 hours?

Non-Regulated Customers

■ Q2-12 ■ Q3-12 ■ Q4-12* ■ YE-12 ■ Q1-13

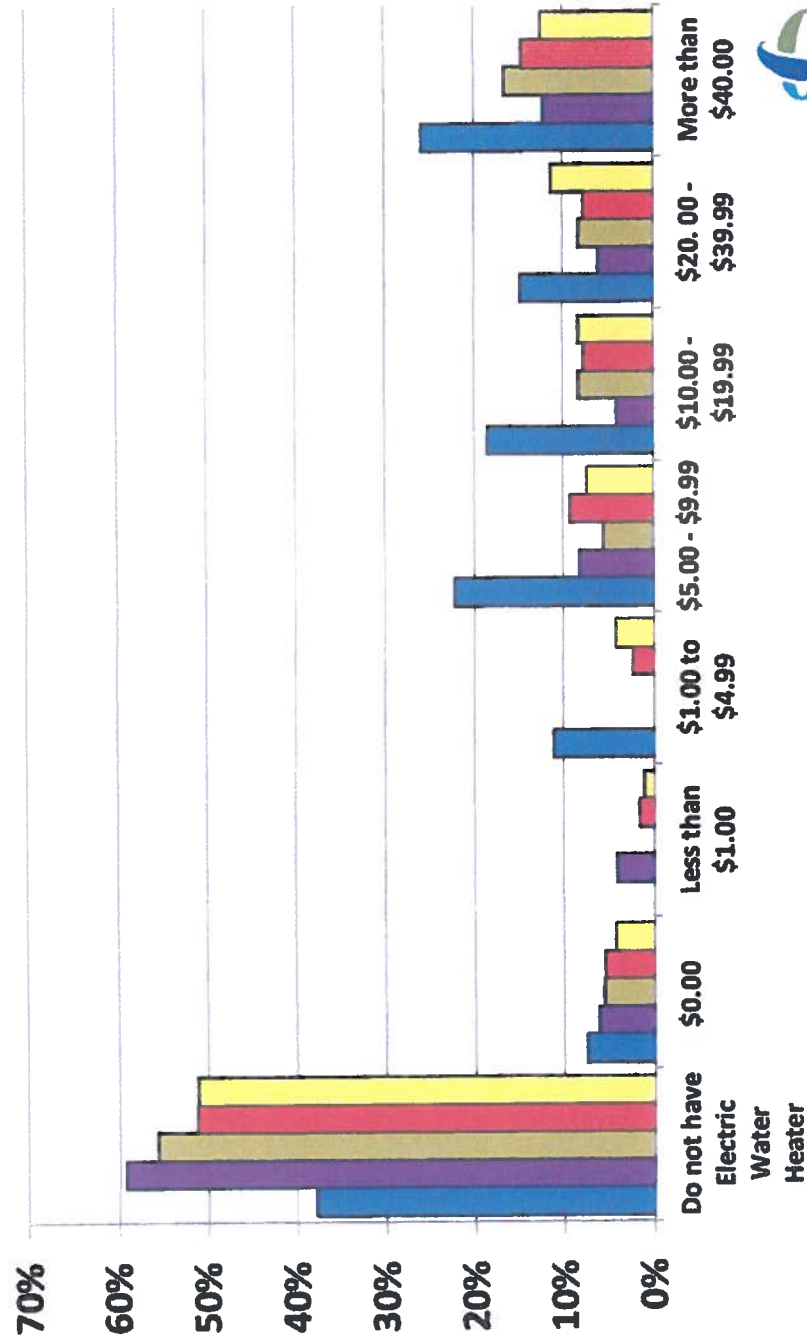




How much of a credit to your electric bill would you require from the utility to allow the electric company to control the operation of the hot water heater within your residence during a time when its system is under stress?

Regulated Customers

■ Q2-12 ■ Q3-12 ■ Q4-12* ■ YE-12 ■ Q1-13

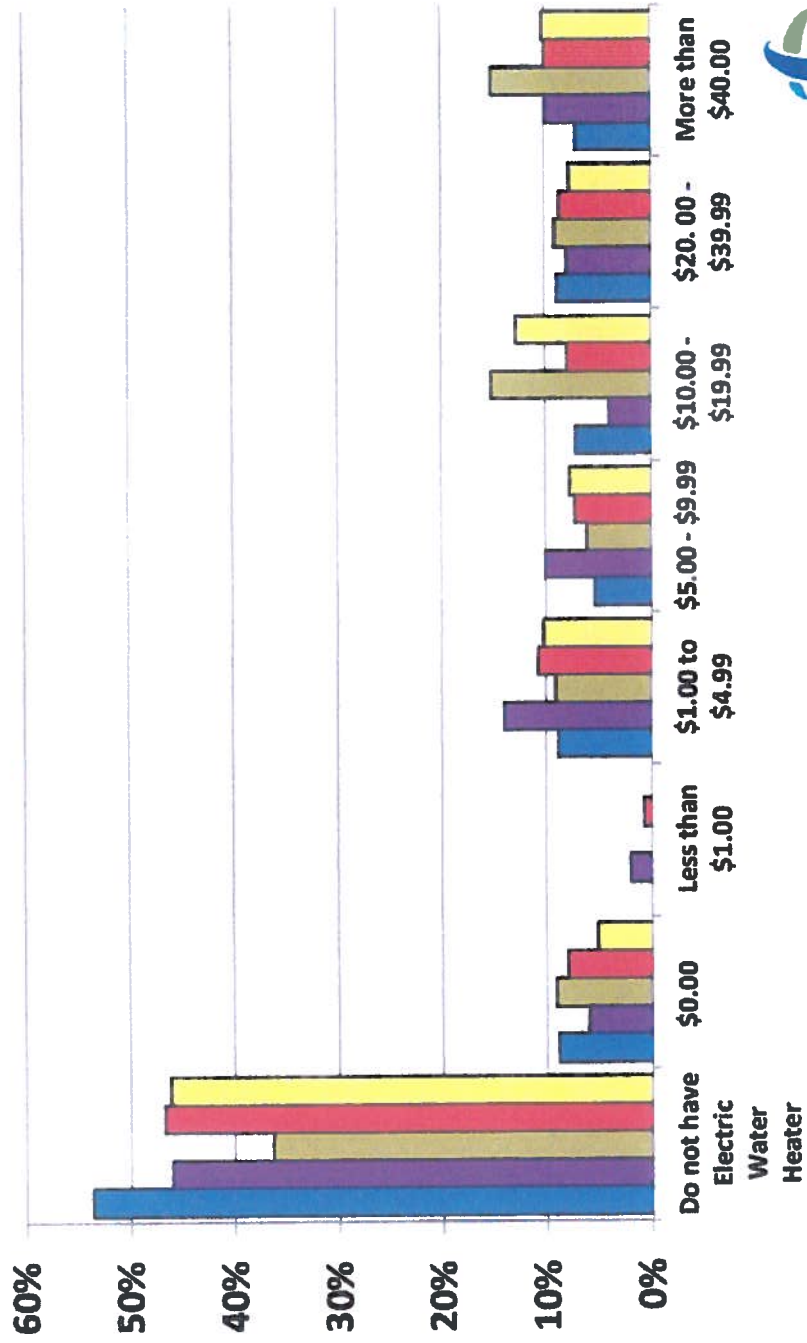




How much of a credit to your electric bill would you require from the utility to allow the electric company to control the operation of the hot water heater within your residence during a time when its system is under stress?

Non-Regulated Customers

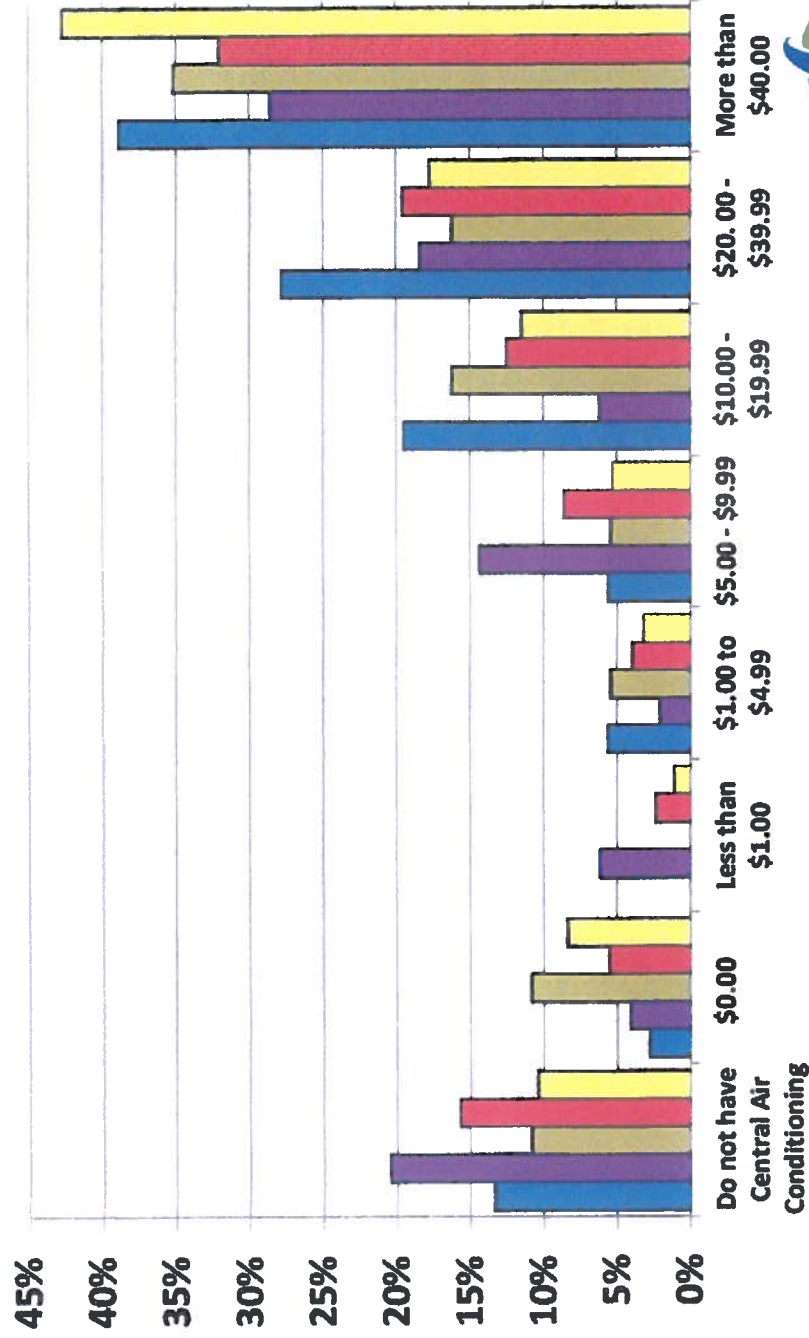
■ Q2-12 ■ Q3-12 ■ Q4-12* ■ YE-12 ■ Q1-13

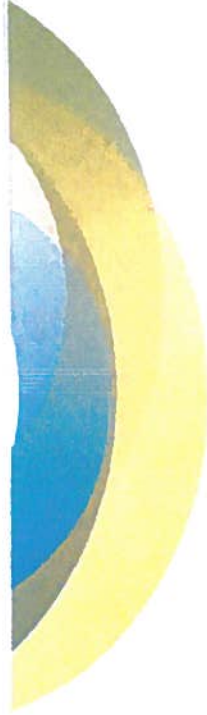


How much of a credit to your electric bill would you require from the utility to allow the electric company to control the operation of the central air conditioning within your residence during a time when its system is under stress?

Regulated Customers

■ Q2-12 ■ Q3-12 ■ Q4-12* ■ YE-12 ■ Q1-13

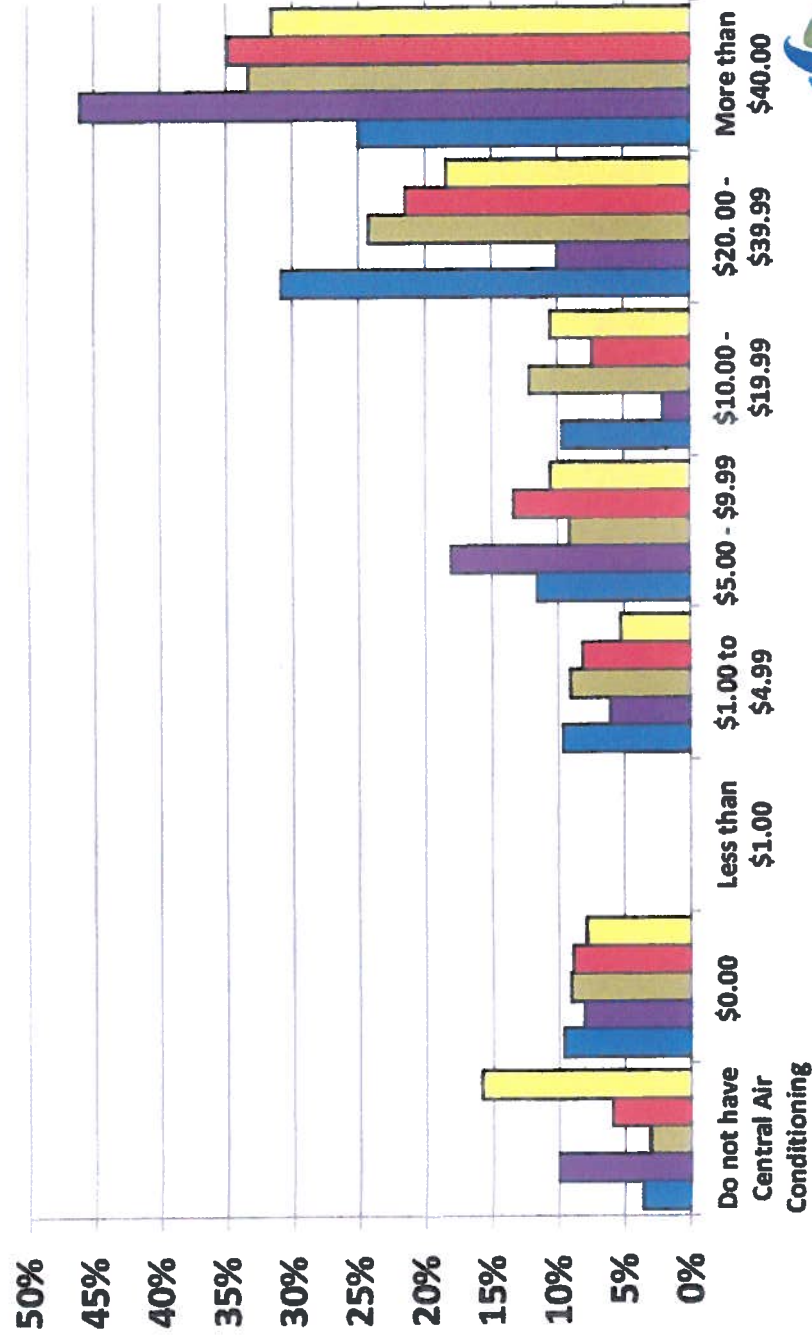


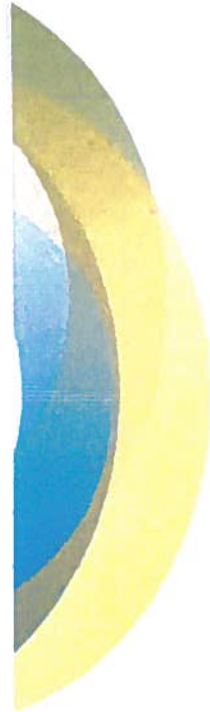


How much of a credit to your electric bill would you require from the utility to allow the electric company to control the operation of the central air conditioning within your residence during a time when its system is under stress?

Non-Regulated Customers

■ Q2-12 ■ Q3-12 ■ Q4-12* ■ YE-12 ■ Q1-13

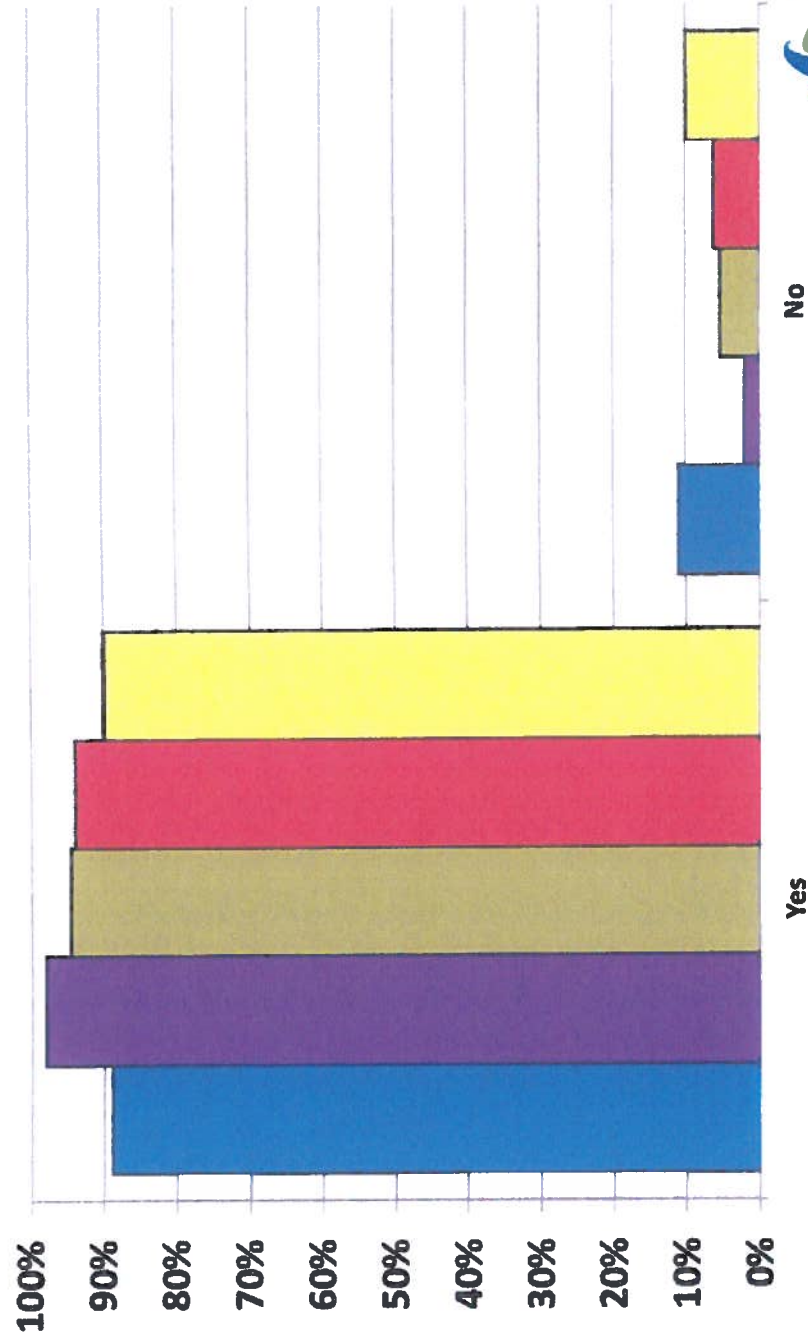




During a time when your electric company's system is under stress and the company calls on its customers to conserve electric, would you be willing to take measures to conserve your household electric usage?

Regulated Customers

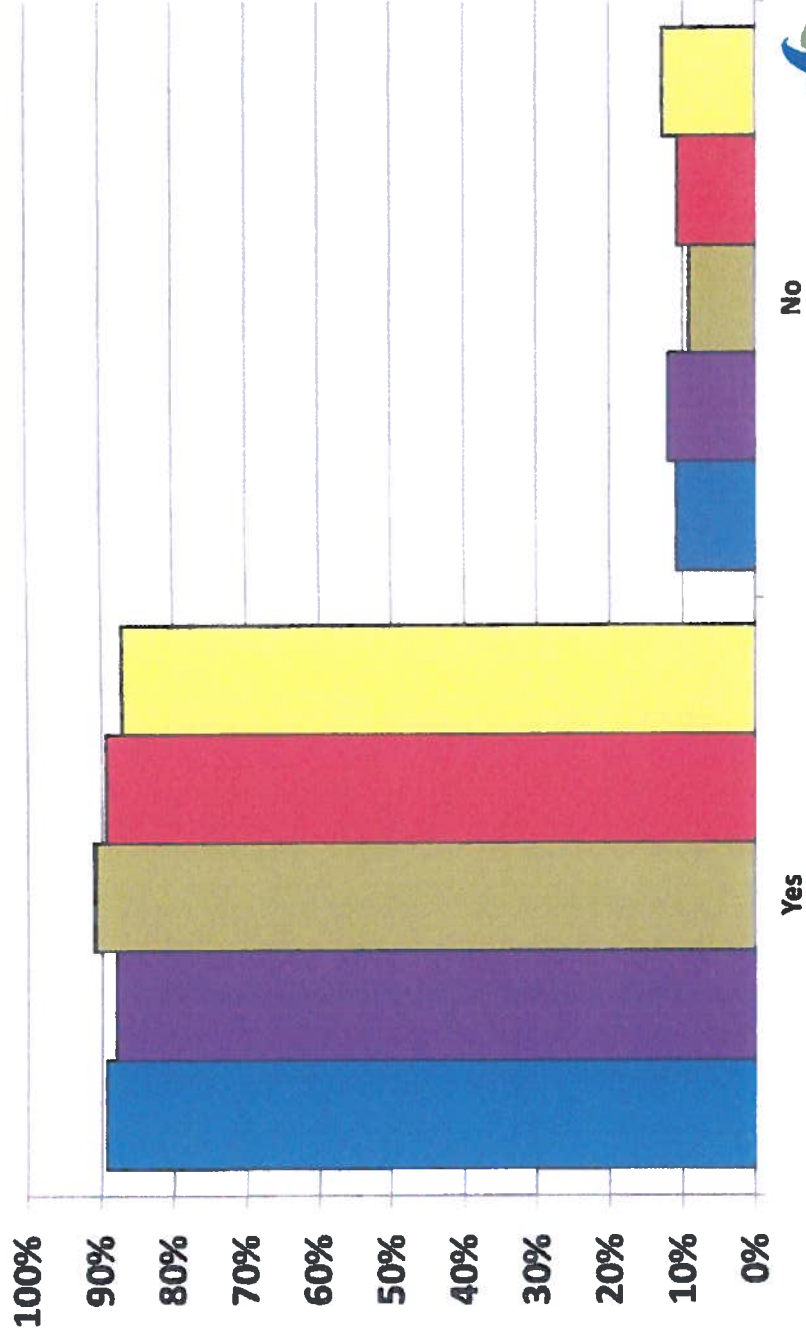
■ Q2-12 ■ Q3-12 ■ Q4-12* ■ YE-12 ■ Q1-13

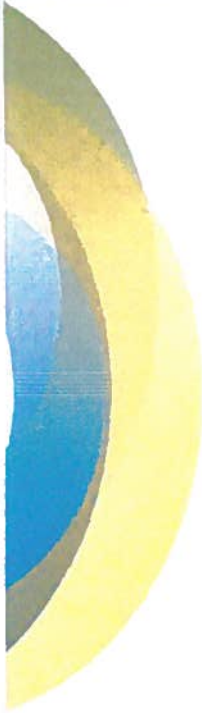


During a time when your electric company's system is under stress and the company calls on its customers to conserve electric, would you be willing to take measures to conserve your household electric usage?

Non-Regulated Customers

■ Q2-12 ■ Q3-12 ■ Q4-12* ■ YE-12 ■ Q1-13

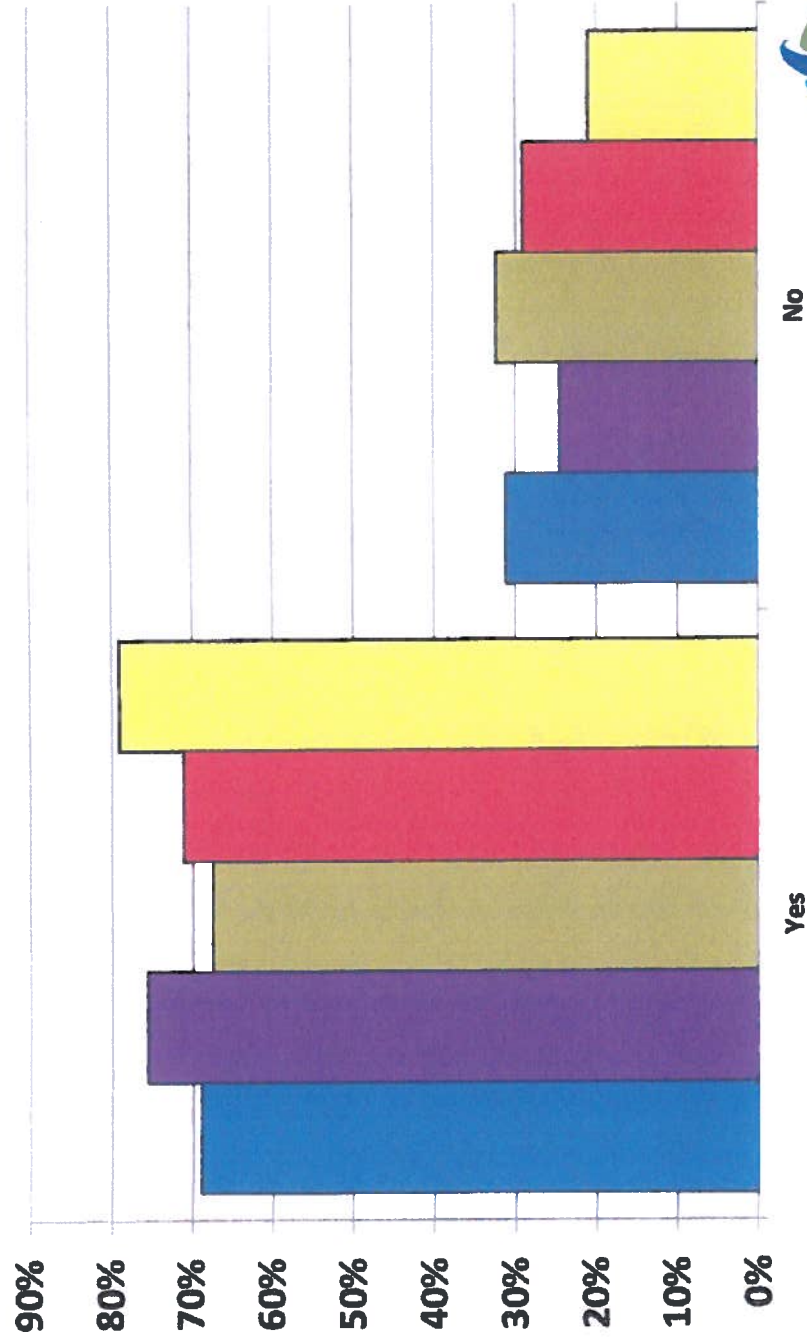


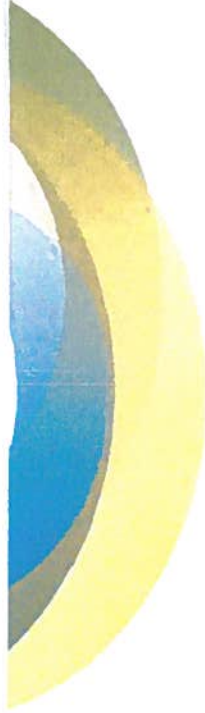


In helping with your energy conservation, would you be interested in new technology that lets you automate the settings for air conditioning or different appliances to reduce electricity use when the cost to produce and deliver electricity is high?

Regulated Customers

■ Q2-12 ■ Q3-12 ■ Q4-12* ■ YE-12 ■ Q1-13

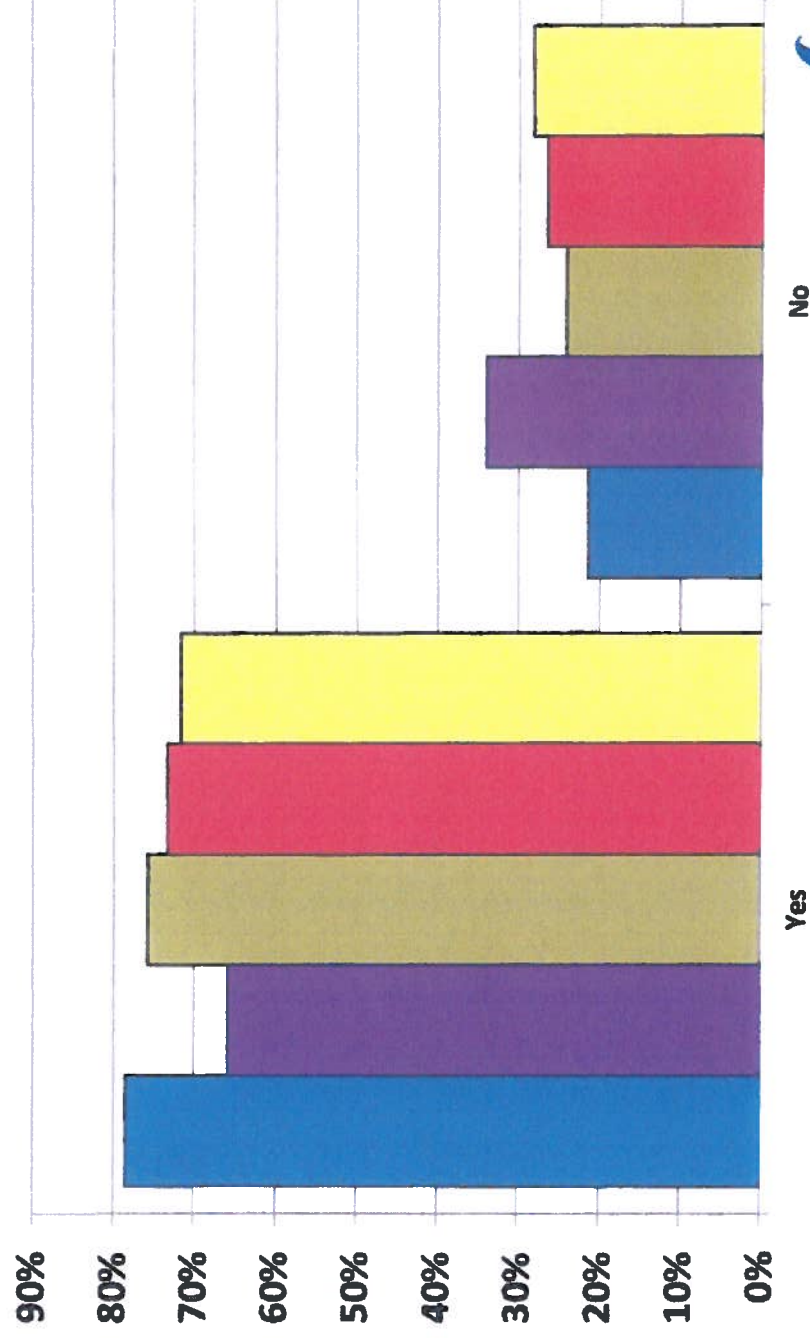




In helping with your energy conservation, would you be interested in new technology that lets you automate the settings for air conditioning or different appliances to reduce electricity use when the cost to produce and deliver electricity is high?

Non-Regulated Customers

■ Q2-12 ■ Q3-12 ■ Q4-12* ■ YE-12 ■ Q-13



This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

6/28/2013 10:16:28 AM

in

Case No(s). 13-1539-EL-ESS

Summary: Application Duke Energy Ohio, Inc. Customer Perception Survey, Residential electronically filed by Ms. Elizabeth H Watts on behalf of Duke Energy Ohio, Inc.

**Duke Energy Ohio
Case No. 14-841-EL-SSO, 14-842-EL-ATA
OCC Fourteenth Set Interrogatories
Date Received: September 2, 2014**

OCC-INT-14-388

REQUEST:

Referring to Duke's response to OCC-INT-234, please explain how the PUCO survey does not meet the standards that Duke employs in administering surveys?

RESPONSE:

The surveys relied upon by the Company are done by J.D. Power, a global market research company. The survey administered by the Company at Staff's direction is one that was created by the Commission Staff. The Company has relied on J.D. Power for a number of years and prefers to continue doing so for consistency. However, the survey developed with Staff is used as required by the Commission's regulations.

PERSON RESPONSIBLE: Marc Arnold

Duke Energy Ohio
Case No. 14-841-EL-SSO, 14-842-EL-ATA
OCC Eleventh Set Interrogatories
Date Received: August 5, 2014

OCC-INT-11-308

REQUEST:

Has Duke conducted any customer surveys to determine to what extent customers are willing to pay higher rates in order to get better service quality?

RESPONSE:

No.

PERSON RESPONSIBLE:

Marc Arnold

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

9/26/2014 2:16:09 PM

in

Case No(s). 14-0841-EL-SSO, 14-0842-EL-ATA

Summary: Testimony Direct Testimony of James D. Williams on Behalf of the Office of the Ohio Consumers' Counsel electronically filed by Ms. Deb J. Bingham on behalf of Grady, Maureen R. Ms.