

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke	:	Case Nos.	14-457-EL-RDR
Energy Ohio, Inc., for Recovery of	:		15-534-EL-RDR
Program Cost, Lost Distribution Revenue	:		
and Performance Incentives Related to its	:		
Energy Efficiency and Demand Response.	:		

Prepared Testimony
of
Patrick Donlon
Rates and Analysis Department

Staff Exhibit _____

February 19, 2016

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

2 A. My name is Patrick Donlon and my business address is 180 East Broad
3 Street, Columbus, Ohio 43215.
4

5 2. Q. By whom and in what capacity are you employed?

6 A. I am employed by the Public Utilities Commission of Ohio (PUCO) as the
7 Director of the Rates and Analysis Department.
8

9 3. Q. How long have you been in your present position?

10 A. I assumed my present position in November 2014.
11

12 4. Q. What are your responsibilities in your current position?

13 A. In my current position, I am responsible for managing the Rates and
14 Analysis Department of the PUCO.
15

16 5. Q. Will you describe briefly your educational and business background?

17 A. I received a Bachelor of Science degree in Accounting with a minor in
18 Economics Management from Ohio Wesleyan University in 2000. In 2010,
19 I earned a Master of Business Administration degree from Franklin Uni-
20 versity. I worked for American Electric Power (AEP) for just under ten
21 years in two stints with the company serving in various roles. I started with
22 the PUCO in August 2012 as a Public Utilities Administrator 2 of the Rates

1 Division of the Utilities Department, and served as the Interim Director of
2 the Energy and Environmental Department in May 2014 until assuming my
3 current role.
4

5 6. Q. Have you previously provided testimony before the PUCO?

6 A. Yes, I provided testimony in various electric standard service offer cases,
7 gas and electric rate cases and natural gas cost recovery cases.
8

9 7. Q. What is the purpose of your testimony in this proceeding?

10 A. The purpose of my testimony is to support the Stipulation and Recom-
11 mendation (Stipulation) between the PUCO Staff (Staff) and Duke Energy
12 Ohio (Duke) in Case Nos. 14-457-EL-RDR and 15-534-EL-RDR. My
13 testimony will confirm that the Stipulation complies with the PUCO's
14 three-part test for evaluating a settlement agreement.
15

16 8. Q. What are the components of the PUCO's three-part test?

17 A. A stipulation before the PUCO must (i) be the product of serious bargaining
18 among capable, knowledgeable parties; (ii) not violate any important regu-
19 latory principle or practice; and (iii) as a package, benefit ratepayers and the
20 public interest.
21
22

1 9. Q. Please identify the signatory parties to the Stipulation.

2 A. The Stipulation has been signed by Staff and Duke and was filed with the
3 PUCO in Case Nos. 14-457-EL-RDR and 15-534-EL-RDR on January 6,
4 2016.

5

6 10. Q. Please summarize the terms of the Stipulation.

7 A. The Stipulation addresses issues surrounding Duke's energy efficiency and
8 peak demand reduction (EE/PDR) portfolio applications as summarized
9 below:

- 10 • Duke will recover \$19.75 million in shared savings for the calendar
11 years 2013 and 2014;
- 12 • For calendar years 2015 and 2016, Duke will not be eligible for any
13 shared savings;
- 14 • Beginning in 2017, Duke will not be eligible for shared savings in any
15 year in which it has used its bank savings to comply with the state man-
16 date;
- 17 • Staff accepts Duke's application for recovery of program costs and lost
18 distribution revenues as filed on March 28, 2014 in Case No. 14-457-
19 EL-EDR;
- 20 • Staff will file its audit findings within six months of the filing of the
21 Stipulation (January 6, 2016) for Case No. 15-534-EL-EDR;

- Duke's EE programs for calendar years 2013-2016 shall remain subject to the PUCO's evaluation, measurement, and verification process, however those findings shall not affect the shared savings values agreed to in this Stipulation;
- Duke will retire 150,000 megawatts of its banked energy savings that have never been used in the past, for purposes of determining Duke's incentive;
- Staff and Duke will work together to develop a mutually agreeable timeline for completion of the audits for the remaining two years of the Duke's existing EE/PDR portfolio.

11. Q. Does the Stipulation represent the product of serious bargaining among capable, knowledgeable parties?

A. Yes. The signatory parties were parties to a prior stipulation that established Duke's portfolio plan and the associated recovery/incentive mechanism, are knowledgeable of regulatory matters before the PUCO, regularly participate in rate proceedings, employ experts in the industry and are represented by experienced and competent counsel.

The terms of the Stipulation represent serious bargaining between the parties to find a mutually acceptable resolution to the issues addressed in the Stipulation for all parties. Through the Stipulation, concessions were made

1 by both parties to mitigate the litigation risk inherent in this proceeding and
2 any future appeal.

3
4 12. Q. Does the Stipulation violate any important regulatory principle or practice?

5 A. No. Based on my experience, involvement in this proceeding and review of
6 the Stipulation, I believe that it complies with all relevant and important
7 regulatory principles and practices.

8
9 13. Q. Does the Stipulation benefit consumers and the public interest?

10 A. Yes. The Stipulation resolves how Duke will address the calculation of
11 shared savings concerning its EE/PDR portfolio going forward. This issue
12 would have created additional litigation and possible appeals, as well as the
13 potential for increased shared savings to which Duke could have been enti-
14 tled. In order for Duke to be eligible for shared savings, Duke will need to
15 over comply with the state's energy efficiency mandates on an annual basis,
16 providing additional energy efficiency savings to consumers. Additionally,
17 the Stipulation caps the shared savings exposure to consumers at \$19.75
18 million for the calendar years of 2013-2016. This stipulated exposure cap
19 provides up front certainty to the consumers that litigation would not have
20 afforded them.

1 14. Q. Do you believe the Stipulation meets the three-part test regarding consider-
2 ation of a stipulation and therefore should be adopted by the PUCO?

3 A. Yes.

4

5 15. Q. Does this conclude your testimony?

6 A. Yes.

PROOF OF SERVICE

I hereby certify that a true copy of the foregoing **Prepared Testimony of Patrick Donlon** submitted on behalf of the Staff of the Public Utilities Commission of Ohio, was served via electronic mail upon the following Parties of Record, this 19th day of February, 2016.

/s/ John H. Jones

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Summary: Testimony Prepared Testimony of Patrick Donlon submitted by Assistant Attorney General John Jones on behalf of the Staff of the Public Utilities commission of Ohio.
electronically filed by Kimberly L Keeton on behalf of Public Utilities Commission of Ohio