

**BEFORE**

**THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Annual Application of )  
Duke Energy Ohio, Inc. for an Adjustment ) Case No. 15-1904-GA-RDR  
to Rider AMRP Rates. )

In the Matter of the Application of Duke )  
Energy Ohio, Inc. for Tariff Approval. ) Case No. 15-1905-GA-ATA  
)

## DIRECT TESTIMONY OF

PEGGY A. LAUB

**ON BEHALF OF**

**DUKE ENERGY OHIO, INC.**

February 22, 2016

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**I. INTRODUCTION AND PURPOSE**

1   **Q.   PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2   A.   My name is Peggy A. Laub and my business address is 139 East Fourth Street,  
3       Cincinnati, Ohio 45202.

4   **Q.   BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5   A.   I am employed by the Duke Energy Business Services LLC (DEBS) as Director,  
6       Rates and Regulatory Planning for Duke Energy Ohio, Inc., (Duke Energy Ohio  
7       or Company) and Duke Energy Kentucky, Inc. DEBS provides various  
8       administrative and other services to Duke Energy Ohio and other affiliated  
9       companies of Duke Energy Corporation (Duke Energy).

10  **Q.   PLEASE SUMMARIZE YOUR EDUCATION AND PROFESSIONAL**  
11  **QUALIFICATIONS.**

12  A.   I received a Bachelor of Business Administration degree, with a major in  
13       accounting, from the University of Cincinnati. I began my career with The  
14       Cincinnati Gas & Electric Company, the predecessor of Duke Energy Ohio, in the  
15       Accounting Department in 1981. I worked in various departments including Tax,  
16       Regulated Business Unit's financial group, and Fixed Assets. In May 2006,  
17       following the merger with Duke Energy Corporation, I transferred to the Midwest  
18       US Franchised Electric & Gas accounting group. In November 2008, I  
19       transferred to the Midwest wholesale accounting group as Manager of Wholesale  
20       and Bulk Power Marketing accounting. In May 2010, I transferred to the Rate  
21       Department and to my current position as Director, Rates and Regulatory  
22       Planning in the Ohio/Kentucky Rate Department.

1   **Q.   PLEASE SUMMARIZE YOUR DUTIES AS DIRECTOR, RATES AND**  
2   **REGULATORY PLANNING.**

3   A.   As Director, I am responsible for the preparation of financial and accounting data  
4       used in Duke Energy Ohio and Duke Energy Kentucky, Inc., retail rate filings and  
5       changes in various other rate recovery mechanisms.

6   **Q.   HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PUBLIC**  
7   **UTILITIES COMMISSION OF OHIO?**

8   A.   Yes. I have previously testified in a number of cases before the Public Utilities  
9       Commission of Ohio (Commission) and other regulatory commissions.

10  **Q.   WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

11  A.   I will explain the updated schedules filed by Duke Energy Ohio in this proceeding  
12       for both the Accelerated Main Replacement Program (AMRP) and the Riser  
13       Replacement Program (RRP). I will also support the reasonableness of Duke  
14       Energy Ohio's request for revised Rider AMRP rates.

## II.   EXPLANATION OF SCHEDULES

15  **Q.   PLEASE EXPLAIN SCHEDULES 1 AND 2.**

16  A.   Schedules 1 and 2 provide the annualized revenue requirement for Duke Energy  
17       Ohio's revised Rider AMRP rates based on the Net Rate Base of the AMRP  
18       (Schedule 1) and the RRP (Schedule 2) at December 31, 2015. The information on  
19       these schedules is supported by various schedules from Schedules 3 through 20.

20  **Q.   PLEASE EXPLAIN SCHEDULES 3-A AND 3-B.**

21  A.   Schedules 3-A and 3-B provide actual plant additions by month from January 2015  
22       through December 2015 to calculate the balance at December 31, 2015. Schedules

1 3-A and 3-B provide information for the AMRP. There are no current year additions  
2 for the RRP.

3 **Q. PLEASE EXPLAIN SCHEDULES 4-A AND 4-B.**

4 A. Schedules 4-A and 4-B provide the AMRP actual cost of removal by month from  
5 January 2015 through December 2015 to calculate the balance at December 31,  
6 2015.

7 **Q. PLEASE EXPLAIN SCHEDULES 5-A AND 5-B.**

8 A. Schedules 5-A and 5-B provide the AMRP actual original cost retired by month  
9 from January 2015 through December 2015 to calculate the balance at December 31,  
10 2015.

11 **Q. PLEASE EXPLAIN SCHEDULES 6-A, 6-B, AND 7.**

12 A. Schedules 6-A, 6-B and 7 provide actual provision for depreciation from January  
13 2015 through December 2015 to calculate the balance at December 31, 2015.  
14 Schedules 6-A and 6-B provide information for the AMRP and Schedule 7  
15 provides information for the RRP.

16 **Q. PLEASE EXPLAIN SCHEDULES 8-A, 8-B, AND 9.**

17 A. Schedules 8-A, 8-B, and 9 provide the PISCC activity by month from January  
18 2015 through December 2015 to calculate the balance at December 31, 2015.  
19 These schedules also provide the actual Post In-Service Company Charges  
20 (PISCC) amortization from January 2015 through December 2015 to calculate the  
21 balance at December 31, 2015. Additionally, the Net PISCC Regulatory Asset for  
22 the periods is provided. Schedules 8-A and 8-B provide information for the  
23 AMRP and Schedule 9 provides information for the RRP.

1   **Q.     PLEASE EXPLAIN SCHEDULES 10-A, 10-B, AND 11.**

2   A.   Schedules 10-A, 10-B, and 11 provide the calculation of deferred taxes on  
3       liberalized depreciation for actual deferred taxes for vintage 2012, 2013, 2014,  
4       and 2015 to calculate the balance at December 31, 2015. These deferred taxes are  
5       calculated only on the plant in-service added through the AMRP and the RRP  
6       since the date certain in the Company's last gas base rate case. Schedules 10-A  
7       and 10-B provide information for the AMRP. Schedule 11 provides information  
8       for the RRP.

9   **Q.     PLEASE EXPLAIN SCHEDULE 12.**

10  A.   Schedule 12 provides the calculation of the annualized depreciation expense  
11       associated with additions, based on actual AMRP additions from the date certain  
12       of the Company's last gas base rate case through 2015. Schedule 12 provides  
13       information for the AMRP. There are no current year additions for RPP, so no  
14       schedule is provided.

15  **Q.     PLEASE EXPLAIN SCHEDULE 13.**

16  A.   Schedule 13 provides the calculation of the annualized reduction in depreciation  
17       expense associated with retirements based on actual AMRP retirements from the  
18       date certain of the Company's last gas base rate case through 2015.

1   **Q.    PLEASE EXPLAIN SCHEDULES 14.**

2   A.    Schedule 14 provides a calculation of the annualized amortization of the PISCC  
3        accrued from the date certain of the Company's last gas base rate case through  
4        2015 for AMRP.

5   **Q.    PLEASE EXPLAIN SCHEDULE 15.**

6   A.    Schedule 15 demonstrates that there are \$312,532 of savings included in the  
7        Company's filing. In Case No. 10-2788-GA-RDR, the Company committed to  
8        savings for year 2015 of \$929,670. Schedule 15 shows the calculated increase of  
9        \$459,299 when comparing the last rate case, Case No. 07-589-GA-AIR, *et al.* to  
10       the most recent rate case, Case No. 12-1685-GA-AIR, *et al.* The difference  
11       between the \$929,670 and \$617,138 is a guaranteed savings amount of \$312,532,  
12       as shown on Schedule 15 and on the revenue requirement page, Schedule 1 for  
13       this Application. This schedule does not include any expenses for the Integrity  
14       Management Program.

15   **Q.    PLEASE EXPLAIN SCHEDULE 16.**

16   A.    Schedule 16 provides actual camera work expenses by month for the twelve  
17        months ended December 31, 2015.

18   **Q.    PLEASE EXPLAIN SCHEDULES 17 AND 18.**

19   A.    Schedules 17 and 18 provide the calculation of the annualized property tax  
20        expense based on actual additions and retirements to plant in-service from the  
21        date certain of the Company's last gas base rate case through 2015. This  
22        calculation follows the process used in Duke Energy Ohio's Annual Report to the  
23        Ohio Department of Taxation to determine the Net Property Valuation and uses

1 the latest known average property tax rate per \$1,000 of valuation. Schedule 17  
2 provides information for the AMRP and Schedule 18 provides information for the  
3 RRP.

4 **Q. PLEASE EXPLAIN SCHEDULE 19.**

5 A. Schedule 19 provides the Rider AMRP charge by rate class using the allocation  
6 percentages for the AMRP and the RRP included in the Stipulation and  
7 Recommendation approved by the Commission in Case No. 12-1685-GA-AIR, *et*  
8 *al.*; the number of customer bills for the twelve months ended December 31,  
9 2015; Mcf Sales to Interruptible Transportation customers for the twelve months  
10 ended December 31, 2015; and the annualized AMRP and RRP revenue  
11 requirement as calculated on Schedules 1 and 2. The Rider AMRP Rate Cap for  
12 2015 for Residential customers in accordance with the Stipulation and  
13 Recommendation is \$4.00 per month.

14 **Q. PLEASE EXPLAIN SCHEDULE 20.**

15 A. Schedule 20 provides the aged survivors of mains and services as of December  
16 31, 2015.

### **III. REASONABLENESS OF REQUESTED INCREASE**

17 **Q. ARE YOU FAMILIAR WITH THE STIPULATION AND**  
18 **RECOMMENDATION FILED WITH THE COMMISSION ON APRIL 2,**  
19 **2013, AND APPROVED BY THE COMMISSION IN ITS OPINION AND**  
20 **ORDER ON NOVEMBER 13, 2103, IN CASE NO. 12-1685-GA-AIR, *et al.*?**

21 A. Yes.



1 Q. IN YOUR OPINION, HAS THE COMPANY STAYED UNDER THE RATE  
2 CAPS ESTABLISHED IN THAT BASE RATE CASE PROCEEDING?

3 A. Yes.

4 Q. HAVE YOU REVIEWED DUKE ENERGY OHIO'S APPLICATION IN  
5 THESE PROCEEDINGS?

6 A. Yes.

7 Q. DO YOU HAVE AN OPINION REGARDING WHETHER DUKE  
8 ENERGY OHIO'S REQUEST FOR NEW RIDER AMRP RATES IS  
9 REASONABLE?

10 A. Yes.

11 Q. PLEASE STATE YOUR OPINION.

12 A. Duke Energy Ohio's rate request is fair and reasonable. I believe that the costs of  
13 service are properly allocated to customer classes and the rate design was properly  
14 performed in accordance with the terms and conditions of the Stipulation and  
15 Recommendation. The proposed Rider AMRP rates are within the rate caps  
16 established in the Stipulation and Recommendation in Case No. 12-1685-GA-  
17 AIR, *et al.*

#### IV. CONCLUSION

18 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

19 A. Yes.

**This foregoing document was electronically filed with the Public Utilities**

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**Case No(s). 15-1904-GA-RDR, 15-1905-GA-ATA**

Summary: Testimony Direct Testimony of Peggy A. Laub on Behalf of Duke Energy Ohio, Inc. electronically filed by Mrs. Adele M. Frisch on behalf of Duke Energy Ohio, Inc. and Kingery, Jeanne W and Spiller, Amy B