

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Annual Application of)
Duke Energy Ohio, Inc. for an Adjustment) Case No. 15-1990-GA-RDR
to Rider ASRP Rates.)

DIRECT TESTIMONY OF

LISA D. STEINKUHL

ON BEHALF OF

DUKE ENERGY OHIO, INC.

March 1, 2016

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I. INTRODUCTION AND PURPOSE

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

2 A. My name is Lisa D. Steinkuhl 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 Rates &
6 Regulatory Strategy Manager. DEBS is a service company that provides various
7 administrative and other services to Duke Energy Ohio, Inc., (Duke Energy Ohio
8 or the Company) and other affiliated companies of Duke Energy Corporation
9 (Duke Energy).

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

12 A. I received a Bachelor's Degree in Mathematics from Western Kentucky
13 University in Bowling Green, Kentucky. After completing my Bachelor's
14 Degree, I received a Post Baccalaureate Certificate in Professional Accountancy
15 from the University of Southern Indiana in Evansville, Indiana. I became a
16 Certified Public Accountant (CPA) in the State of Ohio in 1993. After receiving
17 my Post Baccalaureate Certificate in 1988, I was employed by small public
18 accounting firms. I was hired by Cinergy Services, Inc., the predecessor of
19 DEBS, in 1996, as a tax accountant. I held various positions with Cinergy
20 Services, Inc., including responsibilities in Regulated Business Financial
21 Operations, Commercial Business Asset Management, and Budgets and
22 Forecasts. I joined the Rates Department in April 2006 as a Lead Rates Analyst

1 and have held my current position as Rates & Regulatory Strategy Manager since
2 January 2014.

3 **Q. PLEASE SUMMARIZE YOUR RESPONSIBILITIES AS RATES &**
4 **REGULATORY STRATEGY MANAGER.**

5 A. As Rates & Regulatory Strategy Manager, I am responsible for the preparation of
6 financial and accounting data used in Duke Energy Ohio and Duke Energy
7 Kentucky, Inc., retail rate filings and changes in various other rate recovery
8 mechanisms.

9 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PUBLIC**
10 **UTILITIES COMMISSION OF OHIO?**

11 A. Yes. I have previously filed testimony in Case No. 08-218-GA-GCR.

12 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THESE**
13 **PROCEEDINGS?**

14 A. I will explain the updated schedules filed by Duke Energy Ohio in these
15 proceedings for the Accelerated Service Line Replacement Program (ASRP). I
16 will also support the reasonableness of Duke Energy Ohio's request for revised
17 Rider ASRP rates.

II. EXPLANATION OF SCHEDULES

18 **Q. PLEASE EXPLAIN SCHEDULE 1.**

19 A. Schedule 1 provides the annualized revenue requirement for Duke Energy Ohio's
20 revised Rider ASRP rates based on the Net Rate Base at December 31, 2015. The
21 information on these schedules is supported by various schedules from Schedules 2
22 through 11.

1 **Q. PLEASE EXPLAIN SCHEDULES 2-A AND 2-B.**

2 A. Schedules 2-A and 2-B provide actual plant additions by month from January 2015
3 through December 2015 to calculate the balance at December 31, 2015.

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

5 A. Schedules 3-A and 3-B provide the ASRP actual cost of removal by month from
6 January 2015 through December 2015 to calculate the balance at December 31,
7 2015.

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

9 A. Schedules 4-A and 4-B provide the ASRP actual original cost retired by month from
10 January 2015 through December 2015 to calculate the balance at December 31,
11 2015.

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

13 A. Schedules 5-A and 5-B provide actual provision for depreciation from January
14 2015 through December 2015 to calculate the balance at December 31, 2015.

15 **Q. PLEASE EXPLAIN SCHEDULES 6-A AND 6-B.**

16 A. Schedules 6-A and 6-B provide the PISCC activity by month from January 2015
17 through December 2015 to calculate the balance at December 31, 2015. These
18 schedules also provide the actual Post In-Service Company Charges (PISCC)
19 amortization from January 2015 through December 2015 to calculate the balance
20 at December 31, 2015. Additionally, the Net PISCC Regulatory Asset for the
21 periods is provided.

1 **Q. PLEASE EXPLAIN SCHEDULE 7.**

2 A. Schedule 7 provides the calculation of deferred taxes on liberalized depreciation
3 for actual deferred taxes for vintage 2015 to calculate the balance at December 31,
4 2015. These deferred taxes are calculated only on the plant in-service added
5 through the ASRP from January 2015 through December 2015.

6 **Q. PLEASE EXPLAIN SCHEDULE 8.**

7 A. Schedule 8 provides the calculation of the annualized depreciation expense
8 associated with additions, based on actual ASRP additions from January 2015
9 through December 2015.

10 **Q. PLEASE EXPLAIN SCHEDULE 9.**

11 A. Schedule 9 provides a calculation of the annualized amortization of the PISCC
12 accrued from January 2015 through December 2015 for ASRP.

13 **Q. PLEASE EXPLAIN SCHEDULE 10.**

14 A. Schedule 10 provides actual reconnaissance work expenses and meter location
15 expenses by month for the twelve months ended December 31, 2015.

16 **Q. PLEASE EXPLAIN SCHEDULE 11.**

17 A. Schedule 11 provides the calculation of the annualized property tax expense based
18 on actual additions and retirements to plant in-service from January 2015 through
19 December 2015. This calculation follows the process used in Duke Energy
20 Ohio's Annual Report to the Ohio Department of Taxation to determine the Net
21 Property Valuation and uses the latest known average property tax rate per \$1,000
22 of valuation.

1 **Q. PLEASE EXPLAIN SCHEDULE 12.**

2 A. Schedule 12 provides the Rider ASRP charge by rate class using the allocation
3 percentages for the ASRP included in the Stipulation and Recommendation
4 approved by the Public Utilities Commission of Ohio in Case No. 12-1685-GA-
5 AIR, *et al.*; the number of customer bills for the twelve months ended December
6 31, 2015; Mcf Sales to Interruptible Transportation customers for the twelve
7 months ended December 31, 2015; and the annualized ASRP revenue requirement
8 as calculated on Schedule 1. The Rider ASRP Rate Cap for 2015 for Residential
9 customers is \$1.00 per month.

III. REASONABLENESS OF REQUESTED INCREASE

10 **Q. HAVE YOU REVIEWED DUKE ENERGY OHIO'S APPLICATION IN**
11 **THESE PROCEEDINGS?**

12 A. Yes.

13 **Q. DO YOU HAVE AN OPINION REGARDING WHETHER DUKE**
14 **ENERGY OHIO'S REQUEST FOR NEW RIDER ASRP RATES IS**
15 **REASONABLE?**

16 A. Yes.

17 **Q. PLEASE STATE YOUR OPINION.**

18 A. Duke Energy Ohio's rate request is fair and reasonable. I believe that the costs of
19 service are properly allocated to customer classes and the rate design was properly
20 performed such that the Company will recover its revenue requirement related to
21 the ASRP.

IV. CONCLUSION

1 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

2 **A. Yes.**

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