BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Ohio)	
Edison Company, The Cleveland Electric)	
Illuminating Company, and The Toledo)	
Edison Company for Authority to Provide)	Case No. 14-1297-EL-SSO
for A Standard Service offer pursuant to)	
R.C. 4928.143 In The Form of An Electric)	
Security Plan.)	

REHEARING DIRECT TESTIMONY OF DANIEL J. DUANN, Ph.D.

On Behalf of
The Office of the Ohio Consumers' Counsel
10 West Broad Street, Suite 1800

10 West Broad Street, Suite 1800 Columbus, Ohio 43215-3485

June 22, 2016

LIST OF ATTACHMENTS

Attachment DJD-1

Attachment DJD-2

1	<i>Q1</i> .	PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND POSITION.
2	<i>A1</i> .	My name is Daniel J. Duann. My business address is 10 West Broad Street, Suite
3		1800, Columbus, Ohio, 43215-3485. I am a Principal Regulatory Analyst with
4		the Office of the Ohio Consumers' Counsel ("OCC").
5		
6	<i>Q2</i> .	PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND
7		PROFESSIONAL EXPERIENCE.
8	A2.	I received my Ph.D. degree in public policy analysis from the Wharton School,
9		University of Pennsylvania. I also have a M.S. degree in energy management and
10		policy from the University of Pennsylvania, and a M.A. degree in economics from
11		the University of Kansas. I completed my undergraduate study in business
12		administration at the National Taiwan University, Taiwan, Republic of China. I
13		was conferred by the Society of Utility and Regulatory Financial Analysts as a
14		Certified Rate of Return Analyst in April 2011.
15		
16		I was a Utility Examiner II in the Forecasting Section of the Ohio Division of
17		Energy, Ohio Department of Development, from 1983 to 1985. The Forecasting
18		Section was later transferred to the Public Utilities Commission of Ohio
19		("Commission" or "PUCO"). From 1985 to 1986, I was an Economist with the
20		Center of Health Policy Research at the American Medical Association in
21		Chicago. In late 1986, I joined the Illinois Commerce Commission as a Senior
22		Economist at its Policy Analysis and Research Division. I was employed as a
23		Senior Institute Economist at the National Regulatory Research Institute

1		("NRRI") at The Ohio State University from 1987 to 1995. My work at NRRI
2		involved many areas of utility regulation and energy policy. I was an independent
3		business consultant from 1996 to 2007.
4		
5		I joined the OCC in January 2008 as a Senior Regulatory Analyst. I was
6		promoted to my current position in November 2011. My responsibilities are to
7		assist the OCC by participating in various regulatory proceedings before the
8		PUCO. These proceedings include rate cases, alternative regulation, standard
9		service offer, fuel cost recovery, and other types of filings by Ohio's electric, gas,
10		and water companies.
11		
12	Q3.	HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY OR TESTIFIED
13		BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO?
14	<i>A3</i> .	Yes. I have submitted expert testimony on behalf of the OCC before the PUCO in
15		a number of cases involving electric, gas, and water utilities. A list of these cases
16		is included in Attachment DJD-1.
17		
18	Q4.	WHAT ARE YOUR QUALIFICATIONS IN REGARD TO YOUR
19		TESTIMONY IN THIS PROCEEDING?
20	A4.	I am a trained economist with over 25 years of experience in studying and
21		analyzing the regulation of public utilities in the United States. A list of my
22		selected professional publications is included in Attachment DJD-2. I have
23		directly participated in many public utility proceedings in Ohio and Illinois. For

1		example, I have reviewed almost all Significantly Excessive Earnings Test
2		("SEET") filings by the major electric distribution utilities in Ohio. I have
3		participated extensively in the SEET Workshop proceeding (Case No. 09-786-EL-
4		UNC) and the 2009 AEP Ohio SEET review (Case No. 10-1261-EL-UNC). I
5		have also testified in the 2010 AEP Ohio SEET proceeding (Case No. 11-4571-
6		EL-UNC) and the FirstEnergy ESP III proceeding ² (Case No. 12-1230-EL-SSO).
7		
8	Q5.	WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS
9		PROCEEDING?
9 10	A5.	The purpose of my testimony is to explain and support OCC's position regarding
	A5.	
10	A5.	The purpose of my testimony is to explain and support OCC's position regarding
10 11	A5.	The purpose of my testimony is to explain and support OCC's position regarding the proposed exclusion of all revenues and expenses associated with Retail Rate
101112	A5.	The purpose of my testimony is to explain and support OCC's position regarding the proposed exclusion of all revenues and expenses associated with Retail Rate Stability Rider ("RRS Rider") in the annual Significantly Excessive Earnings Test
10111213	A5.	The purpose of my testimony is to explain and support OCC's position regarding the proposed exclusion of all revenues and expenses associated with Retail Rate Stability Rider ("RRS Rider") in the annual Significantly Excessive Earnings Test ("SEET") in the Modified RRS Proposal. ³ The Modified RRS Proposal and its
10 11 12 13 14	A5.	The purpose of my testimony is to explain and support OCC's position regarding the proposed exclusion of all revenues and expenses associated with Retail Rate Stability Rider ("RRS Rider") in the annual Significantly Excessive Earnings Test ("SEET") in the Modified RRS Proposal. ³ The Modified RRS Proposal and its supporting testimony were submitted by the Ohio Edison Company ("Ohio
10 11 12 13 14 15	A5.	The purpose of my testimony is to explain and support OCC's position regarding the proposed exclusion of all revenues and expenses associated with Retail Rate Stability Rider ("RRS Rider") in the annual Significantly Excessive Earnings Test ("SEET") in the Modified RRS Proposal. ³ The Modified RRS Proposal and its supporting testimony were submitted by the Ohio Edison Company ("Ohio Edison"), The Cleveland Electric Illuminating Company ("CEI"), and The Toledo

¹ In the Matter of the 2010 Annual Filing of Columbus Southern Power Company and Ohio Power Company Required by Rule 4901:1-35-10, Ohio Administrative Code, Case Nos. 11-4571-EL-UNC and 11-4572-EL-UNC (October 12, 2011).

² In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company for Authority to Establish a Standard Service Offer Pursuant to R.C. 4928.141 in the Form of an Electric Security Plan, Case No. 12-1230-EL-SSO (May 21, 2012).

³ See In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company for Authority to Establish a Standard Service Offer Pursuant to R.C. 4928.141 in the Form of an Electric Security Plan, Case No. 14-1297-EL-SSO, Rehearing Testimony of Eileen M. Mikkelsen at 18 (May 2, 2016).

Q6. PLEASE SUMMARIZE YOUR FINDINGS.

1

2 **A6.** Based on my review of the relevant material, my experience as a regulatory 3 economist, and my understanding of the regulatory construct of utility service (in 4 particular the Standard Service Offer) in Ohio, I conclude the following: 5 (1) All the revenues and expenses (if any) associated with Rider RRS, if such a rider is approved, is an "adjustment" 6 7 resulting from an approved Electric Security Plan ("ESP") 8 of the Utilities. As an adjustment, the PUCO must consider 9 it when it conducts its annual examination of the utility 10 earnings under SEET. 11 (2) The proposed exclusion of Rider RRS revenues and 12 expenses (if any) in the annual SEET review of the Utilities is inconsistent with Ohio law⁴ and prior Commission 13 14 orders, including the SEET Workshop proceeding of Case 15 No. 09-786-EL-UNC. FirstEnergy has offered no valid 16 reason to treat these revenues and expenses (if any) as a 17 special item to be excluded from the SEET calculation.⁵ 18 The proposed exclusion of Rider RRS revenues and (3) 19 expenses in the annual SEET review does not benefit the 20 customers of the Utilities and is not in public interest.

⁴ R.C. 4928.143 (F).

⁵ Ohio law and Commission precedents allow certain exclusions. For example, the revenue, expenses, or earnings of any affiliate or parent company, and the gains or write-offs of asset sales and other types of one-time events are typically excluded in the SEET test. But, as discussed later, the Rider RRS-related revenues and expenses do not fit these exclusions.

1 *Q7*. WHAT IS YOUR UNDERSTANDING OF THE SEET-RELATED 2 EXCLUSION PROVISION PROPOSED BY FIRSTENERGY? 3 *A7*. FirstEnergy's witness, Eileen M. Mikkelsen, testified that Modified Rider RRS will no longer be revenue neutral to Ohio Edison, CEI, and Toledo Edison.⁶ 4 5 Under the Modified RRS Proposal, the Utilities will collect and keep all revenues 6 and expenses (if any) associated with Rider RRS. All the charges or credits 7 collected by the Utilities will not be transferred to FirstEnergy Solution Corp. 8 through a power purchase agreement as proposed in the original ESP IV. Instead, 9 all the Rider RRS charges collected and credits debited will stay with the Utilities, 10 and be reflected in their annual financial statements. 11 12 In Mikkelsen's testimony, FirstEnergy further claims that "Therefore, an essential 13 element of the Companies' Proposal is that all revenues and expenses associated 14 with Rider RRS should be excluded from the Companies' SEET calculation as a 15 special item, consistent with the Commission's Order in Case No. 09-786-EL-*UNC.* "7 Presumably, under the Modified RRS Proposal (as explained by 16 17 FirstEnergy's witness, Mikkelsen), all revenues or expenses (if any) collected 18 through the Rider RRS by the three electric utilities (Ohio Edison, CEI, and 19 Toledo Edison) will not be included in calculating the net incomes for SEET 20 purpose of the three electric utilities.

⁶ Ibid.

⁷ Ibid.

1 FirstEnergy does not explain why this proposed exclusion of Rider RRS revenues 2 and expenses is consistent with the Commission's Order in Case No. 09-786-EL-3 UNC. Certain exclusions to the net earnings used to calculate the return on equity 4 ("ROE") for SEET purpose are allowed. For example, the earnings from offsystem sales can be excluded on a case-by-case basis. 8 Also, an adjustment 5 6 (exclusion) to a utility's net income, as a result of SEET refund, can be made in the year when the adjustment is made. However, it is quite clear that the 7 exclusion of revenues and expenses for SEET purpose should generally be limited 8 9 to those associated with non-recurring, special, and extraordinary items. 10 Specifically, the Commission finds that: 11 "Accordingly, for the SEET calculation, the earned return will equal the 12 electric utility's profits after deduction of all expenses, including taxes, 13 minority interest, and preferred dividends, paid or accumulated, and 14 excluding any non-recurring, special, and extraordinary items (emphasis added). 10 15 16 17 There is no valid explanation from FirstEnergy or any other party that the 18 proposed Rider RRS-related revenues and expenses are non-recurring, special or 19 extraordinary items and should be excluded for SEET purpose.

⁸ In the Matter of the Investigation into the Development of the Significantly Excessive Earnings Test Pursuant to Amended Substitute Senate Bill 221 for Electric Utilities, Case No. 09-786-EL-UNC, Finding and Order (June 30, 2010) at 9.

⁹ Id. at 15.

¹⁰ Id. at 18.

1	<i>Q8</i> .	DUES YOUR TESTIMONY IMPLY OR ASSUME APPROVAL OF THE
2		MODIFIED RIDER RRS?
3	A8.	No. My testimony does not imply or assume that the Modified Rider RRS
4		should be approved. My testimony only addresses how the applicable
5		revenues and expenses should be treated for SEET-related purposes if the
6		Modified Rider RRS is approved by the Commission. Other OCC
7		witnesses will provide their opinions regarding the legality, state policy,
8		the costs and benefits (if any), and other issues associated with the
9		Modified Rider RRS.
10		
11	<i>Q9</i> .	IS THE PROPOSED RIDER RRS, IF APPROVED BY THE COMMISSION,
12		AN ESP "ADJUSTMENT"?
13	A9.	Yes. I am advised by counsel, that if approved by the Commission, the modified
14		Rider RRS, is an adjustment resulting from an ESP as referenced in the Ohio
15		Revised Code 4928.143(F). Accordingly, all the revenues and expenses (if any)
16		associated with this particular ESP adjustment should be included in the annual
17		SEET review and eligible for refund to customers. In other words, all the
18		revenues and expenses (if any) associated with the Modified Rider RRS should be
19		included in calculating the annual net incomes of the three electric distribution
20		utilities. The net income is then used to calculate the return on equity (calculated
21		as net income divided by shareholders' equity).

1	<i>Q10</i> .	DO YOU AGREE WITH THE UTILITIES' ASSERTION THAT ALL
2		REVENUES AND EXPENSES ASSOCIATED WITH RIDER RRS SHOULD
3		BE TREATED AS A SPECIAL ITEM AND BE EXCLUDED FROM THE
4		SEET CALCULATION?
5	A10.	No. I do not agree with the Utilities' assertion that all revenues and
6		expenses associated with the proposed Rider RRS should be treated as a
7		special item and be excluded from the SEET calculation. Based on my
8		own experience of participating in many SEET-related proceedings before
9		the PUCO, it is quite clear that adjustments (if any) to the revenues and
10		expenses for SEET calculation are generally limited to extraordinary,
11		special, one-time-only events such as gains and write-offs associated with
12		asset disposition or regulatory events or earnings from affiliated
13		companies.
14		
15		There is no valid reason to treat a rider, such as the proposed Rider RRS,
16		that will collect charges from customers or render credits to customers
17		over an extended period of time (in this particular instance, eight years) as
18		a special item or one-time event. The proposed Rider RRS is also a
19		recurring mechanism over the eight-year term of the ESP that is estimated
20		to collect very significant amounts of revenue from customers and it is
21		wrong to classify it as a special item or one-time event. The revenues and
22		expenses associated with the proposed Rider RRS should be treated
23		similar to the revenues and expenses of other regular (recurring) and

1 continuous riders. The revenues and expenses (if any) associated with 2 Rider RRS, along with other riders, are all providing regular and 3 continuous revenue streams (positive or negative) to the Utilities. They 4 (RRS revenues and expenses) should be included in calculating the annual 5 net income and return on equity for SEET purposes. 6 7 There are several examples of these regular and continuous revenue 8 streams collected by the electric utilities through various riders. For 9 example, in the FirstEnergy ESP III proceeding (Case No. 12-1230-EL-SSO), the PUCO approved a stipulation that specifically noted "Any 10 11 charges billed through Rider DCR will be included as revenue in the 12 return on equity calculation for purpose of SEET and will be considered an adjustment eligible for refund."11 Rider DCR refers to the Delivery 13 14 Capital Recovery Rider currently collected by Ohio Edison, CEI and 15 Toledo Edison. Two additional examples are the Service Stability Rider 16 ("SSR") currently collected by The Dayton Power and Light Company 17 and the Retail Stability Rider ("RSR") currently being collected by AEP Ohio. 12 The revenues collected through these two stability-type riders are 18 19 not excluded for the annual SEET calculations by Dayton Power and Light

and AEP Ohio.

20

¹¹ PUCO Case No. 12-1230-EL-SSO, Stipulation and Recommendation at 23 (April 23, 2012).

¹² See PUCO Case No. 12-426-EL-SSO and PUCO Case No. 11-0346-EL-SSO.

1		There is no difference between the proposed Rider RRS, Rider DCR,
2		Rider SSR, and Rider RSR in terms of the permanency and regularity of
3		collection by the electric distribution utilities. The revenues collected
4		through the three riders were not treated as special items and were not
5		excluded from the annual SEET calculation. The same regulatory
6		treatment should apply to the proposed Modified Rider RRS. It should be
7		recognized as part of the earnings calculation under the annual SEET
8		review.
9		
10	Q11.	IS THE EXCLUSION OF ALL REVENUES AND EXPENSES ASSOCIATED
11		WITH RIDER RRS, AS PROPOSED IN THE MODIFIED RRS PROPOSAL,
12		CONSISTENT WITH COMMISSION ORDERS IN PRIOR SEET
13		PROCEEDINGS?
14	A11.	No. The proposed exclusion of Rider RRS revenues and expenses is inconsistent
15		with prior Commission orders. I am familiar with the applicable law regarding
16		the SEET (R.C. 4928.143 (F)) and the prior Commission decisions on SEET-
17		related issues. I have participated extensively in the SEET Workshop proceeding
18		(Case No. 09-786-EL-UNC) and I have testified in two SEET-related proceedings
19		before the Commission. I am not aware of any PUCO orders, in particular the
20		SEET Workshop of Case No. 09-786-EL-UNC, that support the exclusion of the
21		revenues and expenses associated with a regular and continuous rider, such as the
22		proposed Modified Rider RRS, in the annual SEET calculation.

1	<i>Q12</i> .	WILL THE PROPOSED EXCLUSION OF ALL REVENUES AND
2		EXPENSES ASSOCIATED WITH RIDER RRS FOR SEET CALCULATION
3		BENEFIT THE CUSTOMERS?
4	A12.	No. The proposed exclusion of Rider RRS-related revenues and expenses for
5		SEET purpose will harm the customers. The proposed exclusion will potentially
6		deprive the customers of receiving a refund (or a credit) in a circumstance when
7		the Utilities may have significantly excessive earnings over the next eight years as
8		a result of the approved ESP. If the proposed exclusion of Rider RRS-related
9		revenues and expenses for SEET calculation were adopted, the SEET-adjusted
10		incomes of the Utilities will likely be lower than they otherwise will be. The
11		SEET-adjusted returns on equity ("ROEs" which are calculated from dividing net
12		incomes by shareholders' equities) of the Utilities will also be lower than they
13		otherwise will be. In comparing an artificially-lowered SEET-adjusted ROE with
14		a SEET ROE threshold, an electric utility, such as Ohio Edison, that actually has
15		significantly excessive earnings, may be found to have no significantly excessive
16		earnings. Thus, if the proposed exclusion is adopted, the customers who may be
17		entitled a return of the significantly excessive earnings (due to the annual SEET
18		review) will not receive such a refund or credit.
19		
20		The annual SEET review, as envisioned by the Ohio General Assembly, provides
21		an important and essential protection for Ohio's electricity customers against
22		unjust and unreasonable rates under an ESP. The annual SEET review ensures
23		that any significantly excessive earnings resulting from an ESP will be returned to

1		customers who paid excessive rates in the first place. The annual SEET review is
2		a customer protection tool mandated to the Commission to essentially "rectify" a
3		prior decision on an ESP that resulted in significantly excessive earnings to the
4		regulated utility. If a large amount of regular and continuous revenues resulting
5		from an integral part of an ESP, such as the Modified Rider RRS, were excluded
6		for SEET calculation, the protection afforded to the utility customers through the
7		annual SEET review, as envisioned in Ohio Revised Code, will be rendered
8		useless or severely diluted at best.
9		
10	Q13.	DO YOU HAVE ANY ADDITIONAL RECOMMENDATIONS ON THE
11		MODIFIED RIDER RRS THAT WILL PROTECT CUSTOMERS AND
12		SERVE THE PUBLIC INTEREST?
12 13	A13.	SERVE THE PUBLIC INTEREST? Yes. I do have one additional recommendation. As discussed by other OCC
	A13.	
13	A13.	Yes. I do have one additional recommendation. As discussed by other OCC
13 14	A13.	Yes. I do have one additional recommendation. As discussed by other OCC witnesses, the PUCO should not approve the Modified Rider RRS for various
131415	A13.	Yes. I do have one additional recommendation. As discussed by other OCC witnesses, the PUCO should not approve the Modified Rider RRS for various reasons. But, if the PUCO is determined to allow the Modified Rider RRS to go
13 14 15 16	A13.	Yes. I do have one additional recommendation. As discussed by other OCC witnesses, the PUCO should not approve the Modified Rider RRS for various reasons. But, if the PUCO is determined to allow the Modified Rider RRS to go forward, I recommend that the PUCO order Modified Rider RRS to be collected
13 14 15 16 17	A13. Q14.	Yes. I do have one additional recommendation. As discussed by other OCC witnesses, the PUCO should not approve the Modified Rider RRS for various reasons. But, if the PUCO is determined to allow the Modified Rider RRS to go forward, I recommend that the PUCO order Modified Rider RRS to be collected
13 14 15 16 17		Yes. I do have one additional recommendation. As discussed by other OCC witnesses, the PUCO should not approve the Modified Rider RRS for various reasons. But, if the PUCO is determined to allow the Modified Rider RRS to go forward, I recommend that the PUCO order Modified Rider RRS to be collected subject to refund.
13 14 15 16 17 18		Yes. I do have one additional recommendation. As discussed by other OCC witnesses, the PUCO should not approve the Modified Rider RRS for various reasons. But, if the PUCO is determined to allow the Modified Rider RRS to go forward, I recommend that the PUCO order Modified Rider RRS to be collected subject to refund. PLEASE EXPLAIN WHY YOUR RECOMMENDATION WILL PROTECT

1	interest and to protect customers from paying unjust and unreasonable rates. ¹³ In
2	order to achieve this goal, it is essential that the Commission order the Utilities to
3	collect all Rider RRS revenues subject to refund.
4	
5	I was advised by counsel that the Modified Rider RRS is equivalent to a financial
6	integrity or a stability-type charge. Counsel advised that Modified Rider RRS
7	would not likely survive a legal review by the Ohio Supreme court based on the
8	Court's recent decisions related to AEP Ohio and Dayton Power & Light
9	Company ("DP&L"). 14
10	
11	It also seems that most parties in this proceeding agree (even the Utilities
12	themselves) that customers will likely pay millions of dollars to the Utilities under
13	Modified Rider RRS at least in the next few years. That is the time when the
14	PUCO's decision on the Modified Rider RRS is likely to be appealed. The
15	financial risk to the customers in the absence of "collection subject to refund" is
16	very high at least in those first few years.
17	
18	If the Modified Rider RRS revenues are being collected by the Utilities without
19	the requirement of "collection subject to refund," any reversal by the Ohio
20	Supreme will likely not make customers whole for amounts paid. Without the

¹³ See for example, the state electric services policy includes ensuring that reasonably priced retail electric service is made available to consumers in the state of Ohio. R.C. 4928.02(A).

¹⁴ See Supreme Court of Ohio, *In re Application of Columbus S. Power Co.*, No. 2016-Ohio-1608, and *In re: Application of Dayton Power and Light Co.*, No 2016-3490.

1		protection of "collection subject to refund" as I recommend here, the Utilities'
2		customers would likely not get their money back even if the Modified Rider RRS
3		is later found to be unreasonable or unjustified.
4		
5		In this proceeding, the least the PUCO should do is to order Modified Rider RRS
6		revenues to be collected subject to refund if it decides to approve the Modified
7		Rider RRS.
8		
9	Q15.	WILL YOUR RECOMMENDATION CREATE UNDUE FINANCIAL
10		HARDSHIP ON THE UTILITIES?
11	A15.	No. I do not believe this requirement of "collection subject to refund" if ordered
12		by PUCO will create undue financial hardship on the Utilities.
13		
14		First of all, the Utilities are still collecting Modified Rider RRS revenues
15		(assuming it is approved) while the Commission's order is being appealed.
16		Consequently, there is no cash flow issue resulting from the requirement of
17		"collection subject to refund." Second, FirstEnergy has not demonstrated or
18		quantified the costs associated with providing the financial hedge under Modified
19		Rider RRS. In fact, in its discovery response to OCC, FirstEnergy only indicated
20		that it would be responsible for the costs to provide the hedging function of Rider
21		RRS. ¹⁵ These costs are limited to: the costs incurred to prepare the rider, the
22		costs associated with the rider audit, and the cost for any credits under Rider

¹⁵ See FirstEnergy's discovery responses to OCC Set 21, INT-10.

RRS. 16 I do not believe these costs are sufficiently substantial or relevant to the 1 2 extent of creating undue financial hardship if Modified Rider RRS is collected 3 subject to refund. 4 5 *Q16*. WILL YOUR RECOMMENDATION CREATE UNDUE UNCERTAINTY OR 6 CONTINGENCY ON THE FINANCIAL STATEMENTS OF THE 7 **UTILITIES?** A16. 8 No. I do not believe this requirement will create an undue uncertainty or 9 contingency on the financial statements of the Utilities. It is not uncommon for a 10 publicly-traded company (especially a highly regulated public utility) to list and 11 discuss contingencies that may result from litigation, regulatory actions, and 12 changes in technology and marketplaces. 13 14 The requirement of collecting Rider RRS revenues subject to refund by the PUCO 15 will undoubtedly be listed and discussed in the financial statements of the 16 Utilities. But this contingency resulting from the requirement of "collection 17 subject to refund" is necessary for the protection of customers. It is bad 18 regulatory policy to put priority of preserving the financial performance of a 19 utility via unwarranted charges over the interests of customers in paying 20 reasonable and just rates.

¹⁶ Id.

1 Q17. DOES THIS CONCLUDE YOUR TESTIMONY?

- 2 A17. Yes. However, I reserve the right to supplement my testimony in the event that
- 3 additional testimony is filed, or if new information or data in connection with this
- 4 proceeding becomes available.

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing *Rehearing Direct Testimony of Daniel J. Duann, Ph.D. on Behalf of the Office of the Ohio Consumers' Counsel's*, was served via electronic transmission to the persons listed below on this 22nd day of June 2016.

/s/ Larry Sauer

Larry Sauer Deputy Consumers' Counsel

SERVICE LIST

mkurtz@BKLlawfirm.com burkj@firstenergycorp.com kboehm@BKLlawfirm.com cdunn@firstenergycorp.com jkylercohn@BKLlawfirm.com jlang@calfee.com

stnourse@aep.com talexander@calfee.com
mjsatterwhite@aep.com dakutik@jonesday.com

yalami@aep.com sam@mwncmh.com
ghull@eckertseamans.com fdarr@mwncmh.com
dparram@taftlaw.com mpritchard@mwncmh.com
Schmidt@sppgrp.com cmooney@ohiopartners.org
ricks@ohanet.org callwein@keglerbrown.com

ricks@ohanet.org callwein@keglerbrown.com
mkl@smxblaw.com joliker@igsenergy.com
gas@smxblaw.com mswhite@igsenergy.com
wttpmlc@aol.com Bojko@carpenterlipps.com
lhawrot@spilmanlaw.com ghiloni@carpenterlipps.com

dwilliamson@spilmanlaw.combarthroyer@aol.comblanghenry@city.cleveland.oh.usathompson@taftlaw.comhmadorsky@city.cleveland.oh.usChristopher.miller@icemiller.com

kryan@city.cleveland.oh.us Gregory.dunn@icemiller.com
mdortch@kravitzllc.com Jeremy.grayem@icemiller.com
rparsons@kravitzllc.com blanghenry@city.cleveland.oh.us
gkrassen@bricker.com hmadorsky@city.cleveland.oh.us
dstinson@bricker.com kryan@city.cleveland.oh.us

dborchers@bricker.com tdougherty@theOEC.org
DFolk@akronohio.gov jfinnigan@edf.org

mkimbrough@keglerbrown.com
sechler@carpenterlipps.com
gpoulos@enernoc.com

Marilyn@wflawfirm.com
todonnell@dickinsonwright.com
matt@matthewcoxlaw.com

dwolff@crowell.com mfleisher@elpc.org

rlehfeldt@crowell.com drinebolt@ohiopartners.org
rkelter@elpc.org meissnerjoseph@yahoo.com
evelyn.robinson@pjm.com LeslieKovacik@toledo.oh.gov

mhpetricoff@vorys.com mjsettineri@vorys.com glpetrucci@vorys.com

Attorney Examiners:

Gregory.price@puc.state.oh.us Mandy.willey@puc.state.oh.us Megan.addison@puc.state.oh.us trhayslaw@gmail.com
Jeffrey.mayes@monitoringanalytics.com
msoules@earthjustice.org
sfisk@earthjustice.org
Thomas.mcnamee@ohioattorneygeneral.gov
Thomas.lindgren@ohioattorneygeneral.gov
Steven.beeler@ohioattorneygeneral.gov

Daniel J. Duann, Ph.D. List of Testimonies Filed Before PUCO

- 1. Application of The Dayton Power and Light Company for Approval of Its Electric Security Plan, Case No. 08-1094-EL-SSO (January 26, 2009).
- 2. Application of Ohio American Water Company to Increase Its Rates for Water and Sewer Service Provided to Its Entire Service Area, Case No. 09-391-WS-AIR (January 4,2010).
- 3. 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).
- 4. 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).
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Daniel J. Duann, Ph.D. List of Professional Publications

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Summary: Testimony Rehearing Direct Testimony of Daniel J. Duann, Ph.D., on behalf of the Office of the Ohio Consumers' Counsel electronically filed by Ms. Gina L Brigner on behalf of Sauer, Larry S Mr.