

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Commission Review)
of the Capacity Charges of Ohio Power,) Case No. 10-2929-EL-UNC
Company and Columbus Southern Power)
Company.)

In the Matter of the Application of)
Columbus Southern Power Company and)
Ohio Power Company for Authority to) Case No. 11-346-EL-SSO
Establish a Standard Service Offer) Case No. 11-348-EL-SSO
Pursuant to §4928.143, Ohio Rev. Code,)
in the Form of an Electric Security Plan.)

In the Matter of the Application of)
Columbus Southern Power Company and) Case No. 11-349-EL-AAM
Ohio Power Company for Approval of) Case No. 11-350-EL-AAM
Certain Accounting Authority.)

In the Matter of the Application of)
Ohio Power Company to Adopt a) Case No. 14-1186-EL-RDR
Final Implementation Plan for the)
Retail Stability Rider.)

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

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

October 18, 2016

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LIST OF ATTACHMENTS

Attachment DJD-1

1 **I. OVERVIEW**

2

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

4 ***A1.*** My name is Daniel J. Duann. My business address is 10 West Broad Street, Suite
5 1800, Columbus, Ohio, 43215-3485. I am a Principal Regulatory Analyst with
6 the Office of the Ohio Consumers' Counsel ("OCC").

7

8 ***Q2. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND***
9 ***PROFESSIONAL EXPERIENCE.***

10 ***A2.*** I received my Ph.D. degree in Public Policy Analysis from the Wharton School,
11 University of Pennsylvania. I also have a M.S. degree in Energy Management
12 and Policy from the University of Pennsylvania, and a M.A. degree in Economics
13 from the University of Kansas. I completed my undergraduate study in Business
14 Administration at the National Taiwan University, Taiwan, Republic of China. I
15 was conferred by the Society of Utility and Regulatory Financial Analysts as a
16 Certified Rate of Return Analyst in April 2011.

17

18 I was a Utility Examiner II in the Forecasting Section of the Ohio Division of
19 Energy, Ohio Department of Development, from 1983 to 1985. The Forecasting
20 Section was later transferred to the Public Utilities Commission of Ohio
21 ("PUCO"). From 1985 to 1986, I was an Economist with the Center of Health
22 Policy Research at the American Medical Association in Chicago. In late 1986, I
23 joined the Illinois Commerce Commission as a Senior Economist at its Policy

1 Analysis and Research Division. I was employed as a Senior Institute Economist
2 at the National Regulatory Research Institute ("NRRI") at The Ohio State
3 University from 1987 to 1995. My work at NRRI involved many areas of utility
4 regulation and energy policy. I was an independent business consultant from
5 1996 to 2007.

6
7 I joined the OCC in January 2008 as a Senior Regulatory Analyst. I was
8 promoted to my current position in November 2011. My responsibilities are to
9 assist the OCC by participating in various regulatory proceedings before the
10 PUCO. These proceedings include rate cases, alternative regulation, standard
11 service offer, fuel cost recovery, cost of capital, and other types of proceedings by
12 Ohio's electric, gas, and water utilities.

13
14 ***Q3. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY OR TESTIFIED***
15 ***BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO?***

16 ***A3.*** Yes. I have submitted expert testimony on behalf of the OCC before the PUCO in
17 a number of cases. A list of these cases is included in Attachment DJD-1.

18
19 **II. PURPOSE AND CONCLUSIONS**

20
21 ***Q4. WHAT IS THE PURPOSE OF YOUR TESTIMONY?***

22 ***A4.*** The purpose of my testimony is to protect customers from paying hundreds of
23 millions of dollars in additional charges for capacity, and allow customers to

1 receive a refund if the Utility's earnings are judged to be “significantly excessive”
2 - - above the 12% Return on Equity (“ROE”) threshold. I explain and support
3 OCC’s position regarding these issues arising from two cases decided by the Ohio
4 Supreme Court (‘Court’) on April 21, 2016. In these cases, the Court affirmed
5 the PUCO’s orders in part, reversed them in part, and remanded them to the
6 PUCO. Hereafter, I will refer to the cases as the *ESP Order* decision¹ and the
7 *Capacity Cost* decision.²

8
9 Regarding the *ESP Order* decision, I will explain why the 12% Significantly
10 Excessive Earnings Test (“SEET”) earnings threshold adopted by the PUCO
11 regarding Ohio Power Company’s (“Ohio Power” or “AEP”) second Electric
12 Security Plan (“ESP”) is reasonable and should not be modified. As for the
13 *Capacity Cost* decision, I will explain why Ohio Power’s proposed recalculation
14 of the energy credit (and consequently the capacity cost) and its request to collect
15 increased capacity cost and carrying charges³ from customers reaching back to
16 September 2012 is retroactive ratemaking and unreasonable.

17
18 **Q5. PLEASE SUMMARIZE YOUR CONCLUSION.**

19 **A5.** My analysis and conclusions are focused on regulatory policy based on my
20 knowledge and 25 years’ experience as a regulatory economist. Regarding the

¹ See *In re Application of Columbus S. Power Co.*, Slip Opinion No. 2016-Ohio-1608 (April 21, 2016).

² See *In re Comm. Rev. of Capacity Charges of Ohio Power Co.*, Slip Opinion No. 2016-Ohio-1607 (April 21, 2016).

³ OCC witness, Lane Kollen will provide the estimate of the increased capacity costs and carrying charges. See PUCO Case Nos. 10-2929-EL-UNC et al., Direct Testimony and Exhibits of Lane Kollen at 4 (October 18, 2016).

1 Court's directive in the *ESP Order* decision, the Court did not require the PUCO
2 to adopt a different ROE threshold. The PUCO should not adopt a different ROE
3 threshold for SEET purpose. The 12% SEET ROE threshold⁴ is reasonable and
4 should apply to Ohio Power for the entire ESP period of 2012 to 2015.

5
6 Regarding the Court's directive in the *Capacity Cost* decision, the Court does not
7 require the PUCO to re-calculate the energy credit. The PUCO should not re-
8 calculate the energy credit. As OCC/OEG Witness Kollen testifies, there is ample
9 evidence in the record to substantiate the energy credit the PUCO authorized.⁵

10 Additionally, I see no language from the Court's Order in the *Capacity Cost* case
11 that requires or even suggests that the Retail Stability Rider ("RSR") deferral
12 balance should be adjusted to compensate Ohio Power for any change in capacity
13 costs.

14
15 Further, even if the PUCO calculates a new energy credit and the associated
16 capacity cost (which I recommend against), Ohio Power should be prohibited
17 from retroactively collecting from customers any increased capacity cost and
18 associated carrying charges for the period of September 2012 to May 2015. In
19 other words, the actual RSR deferral balance as of May 2015 (when Ohio Power's
20 prior ESP ended) should not be adjusted to account for any change in the energy

⁴ See PUCO Case Nos. 11-346-EL-SSO et al., Opinion and Order (August 8, 2012).

⁵ See PUCO Case Nos. 10-2929-EL-UNC et al., Direct Testimony and Exhibits of Lane Kollen (October 18, 2016).

1 credit, capacity costs, or carrying charges as Ohio Power proposes here. To do so
2 would violate the regulatory principle against retroactive ratemaking.
3

4 The RSR deferral balance should be reduced by refunding the non-deferral part of
5 the RSR revenues collected to customers as the Court ordered in the *ESP Order*
6 decision “to adjust the balance of its deferred capacity costs to eliminate the
7 overcompensation of capacity revenue recovered through the non-deferral part of
8 the RSR during the ESP.”⁶
9

10 Because the amount of RSR deferral reduction ordered by the Court (even by a
11 very conservative estimate) exceeded the current RSR deferral balance, the RSR
12 charge currently in place and being collected subject to refund by Ohio Power
13 should end immediately. All RSR revenue collected subject to refund since June
14 2016 by Ohio Power should be returned to customer. Specifically, the actual
15 amount of the Non-Deferral Portion of RSR Revenues collected from September
16 2012 to May 2015 was \$326,940,161.⁷ The actual RSR deferral balance (or
17 Capacity Deferral and Carrying Charge Balance) as of August 31, 2016 was
18 \$252,485,136.⁸

⁶ See *In re Application of Columbus S. Power Co.*, Slip Opinion No. 2016-Ohio-1608 at ¶ 40.

⁷ See PUCO Case Nos. 10-2929-EL-UNC et al., Direct Testimony of William A. Allen, Exhibit WAA-REM4 (October 4, 2016).

⁸ See Ohio Power Company’s Response to the Office of the Ohio Consumers’ Counsel’s Discovery Request RPD-3-022.

III. THE SIGNIFICANTLY EXCESSIVE EARNINGS TEST

***Q6. WHAT IS THE ANNUAL SIGNIFICANTLY EXCESSIVE EARNINGS TEST
REVIEW IN OHIO?***

A6. The annual SEET review is an essential part of the Standard Service Offer regulation in Ohio. As envisioned by the Ohio General Assembly, the annual SEET review provides important and essential protection for Ohio's electricity customers. The annual SEET review is intended to ensure that any "significantly excessive" earnings resulting from an ESP will be returned to customers who paid these excessive rates. The annual SEET review is a customer protection tool that the PUCO must use to "rectify" a prior ESP decision that caused customers to pay charges that resulted in the regulated electric utility (in this case Ohio Power) receiving significantly excessive earnings. The annual SEET review examines a regulated electric utility's total earnings (with the possibility of certain exclusions) considering all the rates, service terms, and conditions approved in an ESP.⁹

⁹ See R.C. 4928.143 (F).

1 **Q7. IN LIGHT OF THE COURT'S ESP ORDER DECISION, SHOULD THE 12%**
2 **ROE THRESHOLD BE MODIFIED TO ACCOMMODATE THE NEED TO**
3 **COMPARE OHIO POWER'S EARNINGS WITH THE EARNINGS OF**
4 **COMPARABLE PUBLICLY-TRADED COMPANIES DURING THE SAME**
5 **PERIOD OF TIME?**

6 **A7.** No. I do not believe a modification of the 12% ROE threshold is required by the
7 Court's directive in the *ESP Order* decision. The Court's *ESP Order* decision did
8 not mandate the PUCO to adopt a different ROE threshold. The Court noted that
9 "[t]he commission never offered a response to AEP's claims and thus failed to
10 explain its decision."¹⁰ Under the *ESP Order* decision, the PUCO only needs to
11 respond to AEP's claims and thus explain its decision in adopting a 12% ROE
12 threshold.

13
14 From a regulatory policy perspective, there is no inconsistency between a 12%
15 ROE threshold applicable every year during the ESP period and the need to
16 compare Ohio Power's ROE with the ROEs of comparable publicly traded
17 companies during the same period of time. The SEET review is an *annual*
18 comparison of Ohio Power's earnings with those of comparable public utilities.
19 The PUCO's order adopting the 12% ROE earnings threshold for the entire ESP
20 period does not change or eliminate this required *annual* review. The annual
21 review requirement does not mean that the ROE threshold for SEET purposes
22 should be re-set annually – it means that the PUCO should compare the utility's

¹⁰ See *In re Application of Columbus S. Power Co.*, Slip Opinion No. 2016-Ohio-1608 at ¶ 66.

1 earnings to the SEET threshold each year. As long as the ROE earnings threshold
2 adopted by the PUCO is reasonable, it can be applied annually during the entire
3 ESP period. There is no need for the PUCO to set a different ROE earnings
4 threshold for the purpose of SEET every year.

5
6 ***Q8. DO LONGSTANDING AND WELL-ESTABLISHED REGULATORY***
7 ***PRINCIPLES AND OHIO PRECEDENT SUPPORT THE PUCO'S***
8 ***ADOPTION OF THE 12% RETURN ON EQUITY THRESHOLD OVER THE***
9 ***ENTIRE ELECTRIC SECURITY PLAN PERIOD?***

10 ***A8.*** Yes. Both longstanding and well-established regulatory principles and PUCO
11 precedent support the adoption of an earnings threshold for SEET over an entire
12 ESP period. For example, in distribution rate cases, the regulatory agency (here,
13 the PUCO) always sets the ROE for calculating the annual revenue requirement
14 based on the expected returns earned by other comparable businesses with similar
15 risks during the same time period. But the ROE set in a rate case is not re-set
16 every year. The ROE adopted in a rate case will not be re-set until a new rate
17 case is filed and decided (often, several years later). For example, Ohio Power
18 has had a 10.3% ROE on its rate base since 2011, the last time the PUCO decided
19 a rate case filed by it.¹¹ The same regulatory principal can be applied here when
20 the PUCO is deciding the ROE earning threshold for SEET purposes.

21

¹¹ See PUCO Case Nos. 10-351-EL-AIR et al., Opinion and Order (December 14, 2011).

Precedent in Ohio also supports adopting an ROE earnings threshold for the entire ESP period. For example, the PUCO has adopted an ROE threshold of 12% for the entire second ESP period of Dayton Power and Light Company (“DP&L”). In that case, the PUCO explained that the purpose of adopting the 12% ROE threshold is “to ensure that DP&L does not reap disproportionate benefits from the ESP as a result of the approved SSR.”¹² The PUCO also indicated that “[t]he record of this case demonstrates that an ROE of 12 percent would be above the high end of the range of reasonableness (DP&L Ex. 4 at 2).”¹³ The PUCO also adopted a SEET ROE threshold of 15% for Duke Energy Ohio’s first¹⁴ and second¹⁵ ESPs, for a total period of six years.

Q9. SHOULD THE 12% RETURN ON EQUITY THRESHOLD BE MODIFIED IF IT IS A DEPARTURE FROM THE STATUTORY PROCESS OF COMPARING OHIO POWER’S EARNINGS WITH THE EARNINGS OF COMPARABLE PUBLICLY-TRADED COMPANIES DURING THE SAME PERIOD OF TIME?

A9. No. As discussed earlier, as a matter of regulatory policy and PUCO precedent, there is no inconsistency between using a 12% ROE earnings threshold over an entire ESP period and the need to compare Ohio Power’s earnings with other

¹² See PUCO Case Nos. 12-426-EL-SSO et al., Opinion and Order (September 4, 2013).

¹³ Id.

¹⁴ See PUCO Case Nos. 08-920-EL-SSO at al., Stipulation and Recommendation (October 27, 2008) and Opinion and Order (December 17, 2008).

¹⁵ See PUCO Case Nos. 11-3549-EL-SSO, et al., Stipulation and Recommendation (October 24, 2011) and Opinion and Order (November 22, 2011).

1 public companies annually. But even if there is a “departure from the statutory
2 process,”¹⁶ I do not believe the 12% ROE threshold should be modified. The
3 PUCO explained the reasons for adopting the 12% ROE earnings threshold for
4 Ohio Power.¹⁷ Specifically, the PUCO explained that:

5 In addition, in light of the fact that the Commission has established
6 a revenue target to be reached through the RSR in this proceeding,
7 the Commission finds that it is also appropriate to establish a
8 significantly excessive earnings test (SEET) threshold to ensure
9 that the Company does not reap disproportionate benefits from the
10 ESP. The evidence in the record demonstrates that a 12 percent
11 ROE would be at the high end of a reasonable range for return on
12 equity.¹⁸
13

14 The PUCO recognized that establishing a revenue target to be reached through the
15 RSR for Ohio Power in the ESP is a significant departure from well-established
16 and longstanding regulatory principles. As a result, the PUCO needed to choose
17 an available regulatory tool to balance adopting a rate mechanism aimed at
18 collecting target revenue for Ohio Power. The 12% ROE earnings threshold
19 adopted by the PUCO was such a regulatory tool.
20

21 In using the tool, it is apparent that the PUCO had two regulatory objectives in
22 adopting the RSR *as well as* the 12% ROE earnings threshold. On the one hand,
23 the PUCO wanted to protect customers by ensuring that Ohio Power did not reap
24 disproportionate benefits (that is significantly excessively annual earnings) from
25 the ESP. On the other hand, the PUCO intended to set an SEET ROE threshold

¹⁶ See e.g., In re: Application of Columbus S. Power Co., Slip Opinion No. 2016-Ohio-1608, ¶ 66.

¹⁷ See PUCO Case Nos. 11-346-EL-SSO et al, Opinion and Order at 37 (August 8, 2012).

¹⁸ Id.

1 that is at the high end of the reasonable range so that Ohio Power would not be
2 unreasonably “penalized” as a result of the SEET.

3
4 ***Q10. SHOULD THE 12% ROE THRESHOLD BE MODIFIED WHEN PART OF***
5 ***THE RETAIL STABILITY RIDER IS DISALLOWED AND ORDERED***
6 ***RETURNED TO CUSTOMERS BY THE OHIO SUPREME COURT?***

7 ***A10.*** No. The 12% ROE SEET threshold should not be modified even if part of RSR
8 revenue is to be returned to customers. The 12% ROE threshold should be
9 applicable to Ohio Power’s 2014 SEET application because Ohio Power has
10 collected all the RSR revenue during the entire ESP period of September 2012
11 through May 2015.¹⁹ Ohio Power has not indicated that it would restate its yearly
12 earnings in the ESP period to account for the Court’s *ESP Order* decision.
13 Because the reported (or per-book) earnings and the SEET-adjusted earnings filed
14 by Ohio Power for the years during the ESP period include all the RSR revenue
15 collected, the 12% ROE earnings threshold is a reasonable SEET earnings
16 threshold. Any modification of the previously approved ROE threshold of 12%
17 would result in a mismatch between the reported (and the SEET-adjusted)
18 earnings (which include the full RSR revenue collected) and a newly proposed
19 ROE earnings threshold (which may be based on part of RSR revenue being
20 excluded). This will upset the balance the PUCO intended in adopting both the
21 RSR and the 12% ROE earnings threshold.

¹⁹ The 2012 and 2013 SEET Applications of Ohio Power have been decided by the Commission. The 2014 and 2015 SEET Applications are pending. Ohio Power’s second ESP includes only the first five months of 2015, OCC takes no position regarding the SEET ROE threshold for the entire twelve months of 2015.

**IV. THE RETROACTIVE RATEMAKING IMPLICATIONS OF
RECALCULATING THE ENERGY CREDIT**

***Q11. WHAT IS YOUR UNDERSTANDING OF THE OHIO SUPREME COURT'S
DIRECTIVE REGARDING THE INPUTS USED IN CALCULATING THE
ENERGY CREDIT?***

A11. The Court said that “AEP is correct that the commission failed to address its arguments in any substantive manner. Accordingly, we remand the cause to correct this error.”²⁰ Obviously, “this error” refers to the PUCO’s failure to substantively address AEP’s argument regarding the inputs used in calculating the energy credit, not the amount of energy credit adopted by the PUCO. The Court did not require a re-calculation of the energy credit in the *Capacity Cost* decision. In fact, the Court actually explained that it “affirmed the PUCO’s decision that AEP is entitled to charge a cost-based state compensation mechanism and that the \$188.88 per megawatt-day rate is reasonable.”²¹ The \$188.88 per megawatt-day capacity cost, which the Court found to be reasonable, is derived from the energy credit (\$147.41 per megawatt-day) originally adopted by the PUCO in 2012,²² not from any “corrected” energy credit proposed by Ohio Power in 2012,²³ or in

²⁰ See *In re Comm. Rev. of Capacity Charges of Ohio Power Co.*, Slip Opinion No. 2016-Ohio-1607 at ¶ 51.

²¹ See *id.* at ¶ 39.

²² See PUCO Case No. 10-2929-EL-UNC, Opinion and Order (July 2, 2012).

²³ See PUCO Case No. 10-2929-EL-UNC, Rebuttal Testimony of William A. Allen (May 11, 2012).

1 2016.²⁴ Ohio Power should not be allowed to re-calculate the energy credit and
2 capacity costs.

3
4 ***Q12. PLEASE EXPLAIN THE REGULATORY PRINCIPLE OF***
5 ***PROHIBITING RETROACTIVE RATEMAKING AND ITS***
6 ***RELEVANCE IN THIS PROCEEDING.***

7 ***A12.*** The prohibition against retroactive ratemaking is a well-established and
8 longstanding regulatory principle of public utility regulation in the United States.
9 It was developed over a long period of time with different legal interpretations,
10 regulatory applications, and certain exceptions. The essence of this regulatory
11 principle is that the rates for utility services are prospective in nature and should
12 not be adjusted after the fact. One commonly used example is that the regulator
13 “may not adjust rates to compensate for past under recoveries or to penalize past
14 over recoveries.”²⁵

15
16 My testimony here will not address any legal issues regarding retroactive
17 ratemaking in Ohio. My focus is on the relevance of this regulatory principle to
18 the issues in this proceeding, namely Ohio Power’s proposal to recalculate the
19 energy credit and capacity costs, and then collect any increased capacity cost from
20 customers even though authority to collect the capacity cost/deferred capacity cost
21 expired on May 31, 2015.

²⁴ See PUCO Case Nos. 10-2929-EL-UNC et al., Direct Testimony of William A. Allen (October 4, 2016).

²⁵ See James H. McGrew, Basic Practice Series Federal Energy Regulatory Commission, Second Edition, American Bar Association (2009) at 101.

1 Because of the various regulatory applications and legal interpretations associated
2 with this well-established and longstanding regulatory principle, a regulatory
3 agency such as the PUCO has to apply this regulatory principle to the variety of
4 cases and utility rates consistently and fairly. For example, the PUCO cannot use
5 the prohibition against retroactive ratemaking to deny the return of \$368 million
6 of unjustified Provider of Last Resort charges to customers in an earlier case²⁶ and
7 disregard the prohibition against retroactive ratemaking for the RSR in this
8 proceeding. The customers of Ohio Power will be unfairly and substantially
9 harmed if the PUCO are inconsistent in their approach to retroactive ratemaking.

10
11 ***Q13. PLEASE EXPLAIN WHY OHIO POWER'S PROPOSAL ON***
12 ***RECALCULATING THE ENERGY CREDIT, THE CAPACITY COST, AND***
13 ***RETAIL STABILITY RIDER DEFERRAL BALANCE IS RETROACTIVE***
14 ***RATEMAKING AND SHOULD NOT BE ALLOWED.***

15 ***A13.*** As discussed above, the Court did not require the energy credit to be recalculated
16 and it should not be re-calculated. In this testimony, I am not commenting on the
17 methodology, the model, or the types of input data used by the PUCO Staff or
18 Ohio Power in calculating the energy credit (and consequently the capacity cost)
19 in PUCO Case No. 10-2929-EL-UNC. These issues were not within the scope of
20 what the Court required the PUCO to address.

²⁶ *In re Columbus S. Power Co.*, 138 Ohio St.3d 448.

1 Even if new (or corrected) energy credit and capacity cost were calculated by the
2 PUCO using whatever methods and input data it chooses to use, Ohio Power is
3 not entitled to retroactively collect any incremental deferred capacity cost (the
4 difference between the market price of capacity and the \$188.83 per megawatt-
5 day adopted by the PUCO) and associated carrying charges incurred (if any) for
6 the period of September 2012 to May 2015. After May 31, 2015, Ohio Power
7 was no longer providing “Fixed Resource Requirement Alternative” to
8 competitive retail electric service providers within its service territory and it did
9 not incur any deferred capacity cost after that day.²⁷

10

11 In summary, the regulatory principle of prohibiting retroactive ratemaking does
12 not allow Ohio Power to go back to September 2012 to re-calculate any
13 incremental deferred capacity cost and to collect these costs from its customers
14 now. The actual RSR deferral balance (the amount of yet-to-be collected deferred
15 capacity cost derived from the approved capacity cost of \$188.88 per megawatt-
16 day) as of May 2015 should not be retroactively adjusted to account for any
17 change in the energy credit, capacity cost, and carrying charges that are
18 determined at a much later date. Obviously, the RSR deferral balance should still
19 be reduced as ordered by the Court “to adjust the balance of its deferred capacity
20 costs to eliminate the overcompensation of capacity revenue recovered through

²⁷ *In the Matter of the Commission Review of the Capacity Charges of Ohio Power Company and Columbus Southern Power Company*, Case No. 10-2929-EL-UNC, Opinion and Order at 10 (July 2, 2012).

1 the non-deferral part of the RSR during the ESP.”²⁸ The amount of reduction in
2 RSR deferral balance should be at least \$326,940,161.²⁹

3

4 **V. CONCLUSION**

5

6 ***Q14. DOES THIS CONCLUDE YOUR TESTIMONY?***

7 ***A14.*** Yes. However, I reserve the right to supplement my testimony in the event that
8 additional testimony is filed, or if new information or data in connection with this
9 proceeding becomes available.

²⁸ See *In re Application of Columbus S. Power Co.*, Slip Opinion No. 2016-Ohio-1608 at ¶ 40.

²⁹ See PUCO Case Nos. 10-2929-EL-UNC et al., Direct Testimony of William A. Allen, Exhibit WAA-REM4 (October 4, 2016).

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing *Direct Testimony of Daniel J. Duann, Ph.D. on Behalf of the Office of the Ohio Consumers' Counsel*, was served via electronic transmission to the persons listed below on this 18th day of October 2016.

/s/ William J. Michael _____
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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).
5. *In the Matter of the Fuel Adjustment Clauses for Columbus Southern Power Company and Ohio Power Company*, Case Nos. 09-872-EL-FAC and 09-873-EL-FAC (August 16, 2010).
6. *In the Matter of the Application of Columbus Southern Power Company for Approval of an Electric Security Plan; an Amendment to its Corporate Separation Plan; and the Sale or Transfer of Certain Generating Asset (Remand)*, Case Nos. 08-917-EL-SSO et al (June 30, 2011).
7. *In the Matter of the Application of The East Ohio Gas Company d/b/a Dominion East Ohio for Approval of Tariffs to Modify and further Accelerate its Pipeline Infrastructure Replacement Program and to Recover the Associated Costs et al.*, Case Nos. 11-2401-GA-ALT and 08-169-GA-ALT (July 15, 2011).
8. *In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company for Authority to Establish a Standard Service Offer Pursuant to 4928.143, Ohio Rev. Code in the Form of an Electric Security Plan (ESP)*, Case Nos. 11-346-EL-SSO, et al (July 25, 2011).
9. *In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company for Authority to Merge and Related Approval (ESP Stipulation)*, Case Nos. 10-2376-EL-UNC, et al (September 27, 2011).
10. *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).
11. *In the Matter of the Application of Ohio American Water Company to Increase Its Rates for Water and Sewer Service Provided to Its Entire Service Area*, Case No. 11-4161-WS-AIR (March 1, 2012).

12. *In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company for Authority to Establish a Standard Service Offer Pursuant to 4928.143, Ohio Rev. Code in the Form of an Electric Security Plan (Modified ESP), Case Nos. 11-346-EL-SSO, et al (May 4, 2012).*
13. *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. § 4928.143 in the Form Of an Electric Security Plan, Case No. 12-1230-EL-SSO (May 21, 2012).*
14. *In the Matter of the Application of Duke Energy Ohio, Inc., for an Increase in Electric Distribution Rates, et al. Case Nos. 12-1682-EL-AIR (February 19, 2013).*
15. *In the Matter of the Application of Duke Energy Ohio, Inc., for an Increase in Gas Rates, Case Nos. 12-1685-GA-AIR, et al (February 25, 2013).*
16. *In the Matter of the Application of Dayton Power & Light Company for Authority to Establish a Standard Service Offer in the Form Of an Electric Security Plan Pursuant to R.C. 4928.143, Case No. 12-426-EL-SSO et al. (March 1, 2013).*
17. *In the Matter of the Application of The Dayton Power and Light Company for Authority to Recover of Certain Storm-related Service Restoration Costs, Case Nos. 12-3062-EL-RDR, et al. (January 31, 2014).*
18. *In the Matter of the Application of The Dayton Power and Light Company for Authority to Recover of Certain Storm-related Service Restoration Costs, Case Nos. 12-3062-EL-RDR, et al. (May 23, 2014).*
19. *In the Matter of the Application of Aqua Ohio, Inc. to Increase Its Rates and Charges for Its Waterworks Service, Case No. 13-2124-WW-AIR (August 4, 2014).*
20. *In the Matter of the Application Seeking Approval of Ohio Power Company's Proposal to Enter into an Affiliate Power Purchase Agreement for Inclusion in the Power Purchase Agreement Ride, Case No. 14-1693-EL-RDR, et al. (September 11, 2015).*
21. *In the matter of the Application of Duke Energy Ohio, Inc. for Approval of an Alternative Rate Plan Pursuant to R.C. 4929.05, Revised Code, for an Accelerated Service Line Replacement Program, Case No. 14-1622-GA-ALT (November 6, 2015).*
22. *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 (June 22, 2016).*

23. *In the Matter of the Application of Ohio Power Company for Administration of the Significantly Excessive Earnings Test for 2014 Under Section 4928.143 (F), Revised Code, and Rule 4901:1-35-10, Ohio Administration Code.* 15-1022-EL-UNC et al. (September 19, 2016).

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Summary: Testimony 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 Michael, William J. Mr.