

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Annual Application of)
Duke Energy Ohio, Inc. for an Adjustment) Case No. 16-2209-GA-RDR
to Rider AMRP Rates.)

In the Matter of the Application of Duke)
Energy Ohio, Inc. for Tariff Approval.) Case No. 16-2210-GA-ATA
)

DIRECT TESTIMONY OF

PEGGY A. LAUB

ON BEHALF OF

DUKE ENERGY OHIO, INC.

February 13, 2017

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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 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
16 Tax, the Regulated Business Unit's financial group, and Fixed Assets. In May
17 2006, following the merger with Duke Energy Corporation, I transferred to the
18 Midwest 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, 2016. The information on
19 these schedules is supported by various schedules from Schedules 3 through 14.

1 **Q. PLEASE EXPLAIN SCHEDULE 3.**

2 A. Schedule 3 provides actual provision for depreciation from January 2016 through
3 December 2016 to calculate the balance at December 31, 2016. This schedule
4 provides information for the AMRP.

5 **Q. PLEASE EXPLAIN SCHEDULES 4 and 5.**

6 A. Schedules 4 and 5 provide the PISCC activity by month from January 2016
7 through December 2016 to calculate the balance at December 31, 2016. These
8 schedules also provide the actual Post In-Service Company Charges (PISCC)
9 amortization from January 2016 through December 2016 to calculate the balance
10 at December 31, 2016. Additionally, the Net PISCC Regulatory Asset for the
11 periods is provided. Schedule 4 provides information for the AMRP and Schedule
12 5 provides information for the RRP.

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

14 A. Schedules 6-A, 6-B, and 7 provide the calculation of deferred taxes on liberalized
15 depreciation for actual deferred taxes for vintage 2012, 2013, 2014, and 2015 to
16 calculate the balance at December 31, 2016. These deferred taxes are calculated
17 only on the plant in-service added through the AMRP and the RRP since the date
18 certain in the Company's last gas base rate case. Schedules 6-A and 6-B provide
19 information for the AMRP. Schedule 7 provides information for the RRP.

1 **Q. PLEASE EXPLAIN SCHEDULE 8.**

2 A. Schedule 8 provides the calculation of the annualized reduction in depreciation
3 expense associated with retirements based on actual AMRP retirements from the
4 date certain of the Company's last gas base rate case through 2015.

5 **Q. PLEASE EXPLAIN SCHEDULE 9.**

6 A. Schedule 9 provides a calculation of the annualized amortization of the PISCC
7 accrued from the date certain of the Company's last gas base rate case through
8 2016 for AMRP.

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

10 A. Schedule 10 demonstrates that there are \$312,532 of savings included in the
11 Company's filing. In Case No. 10-2788-GA-RDR, the Company committed to
12 savings for year 2015 of \$929,670. Schedule 15 shows the calculated increase of
13 \$77,211 when comparing the last rate case, Case No. 07-589-GA-AIR, *et al.* to
14 the most recent rate case, Case No. 12-1685-GA-AIR, *et al.* The difference
15 between the \$929,670 and \$617,138 is a guaranteed savings amount of \$312,532,
16 as shown on Schedule 10 and on the revenue requirement page, Schedule 1 for
17 this Application. This schedule does not include any expenses for the Integrity
18 Management Program.

19 **Q. PLEASE EXPLAIN SCHEDULE 11.**

20 A. Schedule 11 provides actual camera work expenses by month for the twelve
21 months ended December 31, 2016.

1 **Q. PLEASE EXPLAIN SCHEDULES 12 AND 13.**

2 A. Schedules 12 and 13 provide the calculation of the annualized property tax
3 expense based on actual additions and retirements to plant in-service from the
4 date certain of the Company's last gas base rate case through 2015. This
5 calculation follows the process used in Duke Energy Ohio's Annual Report to the
6 Ohio Department of Taxation to determine the Net Property Valuation and uses
7 the latest known average property tax rate per \$1,000 of valuation. Schedule 12
8 provides information for the AMRP and Schedule 13 provides information for the
9 RRP.

10 **Q. PLEASE EXPLAIN SCHEDULE 14.**

11 A. Schedule 14 provides the Rider AMRP charge by rate class using the allocation
12 percentages for the AMRP and the RRP included in the Stipulation and
13 Recommendation approved by the Commission in Case No. 12-1685-GA-AIR, *et*
14 *al.*; the number of customer bills for the twelve months ended December 31,
15 2016; Mcf Sales to Interruptible Transportation customers for the twelve months
16 ended December 31, 2016; and the annualized AMRP and RRP revenue
17 requirement as calculated on Schedules 1 and 2. The Rider AMRP Rate Cap for
18 2016 for Residential customers in accordance with the Stipulation and
19 Recommendation is \$4.00 per month.

III. REASONABLENESS OF REQUESTED INCREASE

20 **Q. ARE YOU FAMILIAR WITH THE STIPULATION AND**
21 **RECOMMENDATION FILED WITH THE COMMISSION ON APRIL 2,**

1 2013, AND APPROVED BY THE COMMISSION IN ITS OPINION AND
2 ORDER ON NOVEMBER 13, 2103, IN CASE NO. 12-1685-GA-AIR, *et al.*?

3 A. Yes.

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

6 A. Yes.

7 Q. HAVE YOU REVIEWED DUKE ENERGY OHIO'S APPLICATION IN
8 THESE PROCEEDINGS?

9 A. Yes.

10 Q. DO YOU HAVE AN OPINION REGARDING WHETHER DUKE
11 ENERGY OHIO'S REQUEST FOR NEW RIDER AMRP RATES IS
12 REASONABLE?

13 A. Yes.

14 Q. PLEASE STATE YOUR OPINION.

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

IV. CONCLUSION

21 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

22 A. Yes.

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Case No(s). 16-2209-GA-RDR, 16-2210-GA-ATA

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