

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke Energy Ohio, Inc.,) Case No. 17-32-EL-AIR
for an Increase in Electric Distribution Rates.)

In the Matter of the Application of Duke Energy Ohio, Inc.,) Case No. 17-33-EL-ATA
for Tariff Approval.)

In the Matter of the Application of Duke Energy Ohio, Inc.,) Case No. 17-34-EL-AAM
for Approval to Change Accounting Methods.)

In the Matter of the Application of Duke Energy Ohio, Inc.,) Case No. 17-872-EL-RDR
for Approval to Modify Rider PSR.)

In the Matter of the Application of Duke Energy Ohio, Inc.,) Case No. 17-873-EL-ATA
for Approval to Amend Rider PSR.)

In the Matter of the Application of Duke Energy Ohio, Inc.,) Case No. 17-874-EL-AAM
for Approval to Change Accounting Methods.)

In the Matter of the Application of Duke Energy Ohio, Inc.,) Case No. 17-1263-EL-SSO
for Authority to Establish a Standard Service Offer Pursuant)
to Section 4928.143, Revised Code, in the Form of an Electric)
Security Plan, Accounting Modifications and Tariffs for)
Generation Service.)

In the Matter of the Application of Duke Energy Ohio, Inc.,) Case No. 17-1264-EL-ATA
for Authority to Amend its Certified Supplier Tariff, P.U.C.O.)
No. 20.)

In the Matter of the Application of Duke Energy Ohio, Inc.,) Case No. 17-1265-EL-AAM
for Authority to Defer Vegetation Management Costs.)

In the Matter of the Application of Duke Energy Ohio, Inc., to) Case No. 16-1602-EL-ESS
Establish Minimum Reliability Performance Standards)
Pursuant to Chapter 4901:1-10, Ohio Administrative Code.)

SUPPLEMENTAL DIRECT TESTIMONY OF
JAMES A. RIDDLE
SUPPORTING OBJECTIONS TO STAFF'S REPORT
ON BEHALF OF
DUKE ENERGY OHIO, INC.

<input type="checkbox"/>	Management policies, practices, and organization
<input type="checkbox"/>	Operating income
<input type="checkbox"/>	Rate Base
<input type="checkbox"/>	Allocations
<input type="checkbox"/>	Rate of return
<input checked="" type="checkbox"/>	Rates and tariffs
<input checked="" type="checkbox"/>	Other: Rate Case Drivers

June 6, 2018

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I. INTRODUCTION AND PURPOSE

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

2 A. My name is James A. Riddle, and my business address is 139 E. 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 Rates and
6 Regulatory Strategy Manager. DEBS provides various administrative and other
7 services to Duke Energy Ohio, Inc., (Duke Energy Ohio or Company) and other
8 affiliated companies of Duke Energy Corporation (Duke Energy).

9 **Q. ARE YOU THE SAME JAMES A. RIDDLE WHO FILED DIRECT**
10 **TESTIMONY IN THESE PROCEEDINGS?**

11 A. Yes.

12 **Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL DIRECT**
13 **TESTIMONY?**

14 A. The purpose of my Supplemental Direct Testimony is to support the Company's
15 objections to certain findings contained in the Report by Staff of the Public
16 Utilities Commission of Ohio (Staff) issued in these proceedings on September
17 26, 2017 (Staff Report).

II. OBJECTIONS SPONSORED BY WITNESS

18 **Q. PLEASE DESCRIBE THE COMPANY'S OBJECTION NUMBER 21.**

19 A. Duke Energy Ohio objects to Staff's recommendation that the current fixed
20 customer charges in the various tariffs be maintained at the current level. This is

1 in direct violation of the Commission's directive to utilize straight-fixed-variable
2 rate designs.

3 Further, Staff misinterprets the Company's proposed rate design and the
4 underlying costs recovered by that design. As I stated in my direct testimony, the
5 proposed customer charge for Rate RS is specifically designed to recover the
6 fixed costs of serving the customers within that rate class; "...the proposed
7 customer charge is \$22.77 per month, which reflects the monthly fixed costs
8 associated with serving residential customers (see Schedule E-3.1)." The
9 proposed customer charge for Rate RS, as well as the other rate classes, is
10 designed to recover the fixed customer costs and only the fixed customer costs.
11 By definition, it is not designed to recover any demand-related costs whatsoever.

12 Finally, Staff ignores the fact that the proposed customer charge of \$6.00
13 for Rate RS does not account for the Company's proposal that rider related fixed
14 charges also be recovered in the customer charge. From my direct testimony,
15 "...there are two riders that are also billed on a fixed basis: Rider DR-IM,
16 currently \$6.28 per bill but adjusting to \$4.84 on April 1, 2017; and Rider DCI,
17 currently 7.976% of base distribution charges. When DCI is applied to the \$6.00
18 customer charge, it adds \$0.48 in fixed charges. Therefore, current fixed charges
19 are \$11.32 (\$6.00+\$4.84+\$0.48) compared to \$22.77." Staff's proposal of a \$6.00
20 customer charge is actually a 47 percent reduction in the current fixed charges
21 under Rate RS.

22 Duke Energy Ohio witness James E. Ziolkowski provides further
23 discussion of this issue in his Supplemental Direct Testimony.

III. CONCLUSION

1 **Q. DOES THIS CONCLUDE YOUR PRE-FILED SUPPLEMENTAL DIRECT**
2 **TESTIMONY?**

3 **A. Yes.**

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in

Case No(s). 17-0032-EL-AIR, 17-0033-EL-ATA, 17-0034-EL-AAM, 17-0872-EL-RDR, 17-0873-EL-ATA, 1

Summary: Testimony Supplemental Direct Testimony of James A. Riddle Supporting
Objections to Staff's Report on Behalf of Duke Energy Ohio, Inc. electronically filed by Mrs.
Adele M. Frisch on behalf of Duke Energy Ohio, Inc. and D'Ascenzo, Rocco O and Kingery,
Jeanne W and Watts, Elizabeth H