

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Duke Energy Ohio, Inc., for an Increase in Electric Distribution Rates.)))	Case No. 17-32-EL-AIR
In the Matter of the Application of Duke Energy Ohio, Inc., for Tariff Approval.))	Case No. 17-33-EL-ATA
In the Matter of the Application of Duke Energy Ohio, Inc., for Approval to Change Accounting Methods.)))	Case No. 17-34-EL-AAM
In the Matter of the Application of Duke Energy Ohio, Inc., for Approval to Modify Rider PSR.)))	Case No. 17-872-EL-RDR
In the Matter of the Application of Duke Energy Ohio, Inc., for Approval to Amend Rider PSR.)))	Case No. 17-873-EL-ATA
In the Matter of the Application of Duke Energy Ohio, Inc., for Approval to Change Accounting Methods.)))	Case No. 17-874-EL-AAM
In the Matter of the Application of Duke Energy Ohio, Inc., 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.)))))))))	Case No. 17-1263-EL-SSO
In the Matter of the Application of Duke Energy Ohio, Inc., for Authority to Amend its Certified Supplier Tariff, P.U.C.O. No. 20.))))	Case No. 17-1264-EL-ATA
In the Matter of the Application of Duke Energy Ohio, Inc., for Authority to Defer Vegetation Management Costs.)))	Case No. 17-1265-EL-AAM

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

PREFILED TESTIMONY IN RESPONSE TO OBJECTIONS TO THE STAFF
REPORT

OF

DORIS MCCARTER
RATES AND ANALYSIS DEPARTMENT
CAPITAL RECOVERY AND FINANCIAL ANALYSIS DIVISION
PUBLIC UTILITIES COMMISSION OF OHIO

STAFF EXHIBIT ____

July 2, 2018

1 **Name and Employer**

2

3 1. Q. Please state your name and business address.

4 A. My name is Doris McCarter. My business address is 180 East Broad
5 Street, Columbus, Ohio 43215.

6

7 2. Q. By whom are you employed and in what capacity?

8 A. I am employed by the Public Utilities Commission of Ohio (PUCO or
9 Commission). I am Chief of the Capital Recovery and Financial Analysis
10 Division within the Rates and Analysis Department.

11

12 **Academic Background and Professional Experience**

13

14 3. Q. Please briefly describe your educational and professional background.

15 A. I received a Masters in Public Administration from Columbia University. I
16 have been employed by the PUCO since December, 1989 in various
17 capacities; Commissioner Aide to Commissioner Richard M. Fanelly,
18 Utility Specialist 2 in the Telecommunications Division of the Utilities
19 Department, and Deputy Director of the Service Monitoring and
20 Enforcement Department.

21

22 4. Q. Please describe your responsibilities.

1 A. I have oversight of the distribution investment riders. My duties also
2 include establishing policies, practices, and procedures for the Division’s
3 regulatory analysts who conduct audits and investigations of public utility
4 companies subject to the jurisdiction of the PUCO. I have overall
5 responsibility for certain aspects of the Staff’s revenue requirement
6 determination during rate setting investigations. The calculation of
7 depreciation expense, accumulated depreciation reserve and cost of capital
8 are under my purview. I also have overall responsibility for management
9 and operations reviews, corporate separation compliance, financing
10 approvals, and the administration of the significantly excessive earnings
11 test for electric distribution companies.

12
13 5. Q. Have you testified in previous cases at the PUCO?

14 A. Yes. I have testified in numerous cases before the PUCO, including
15 distribution rate proceedings and Standard Service Offer (SSO) hearings.

16
17 **Purpose of Testimony**

18
19 6. Q. What is the purpose of your testimony?

20 A. The purpose of my testimony is to address the objections related to the
21 recovery mechanism of the Distribution Capital Investment Rider (DCI),

1 the Regulatory Mandate Rider (RMR), and the accelerated recovery of the
2 Echelon Meters.

3
4 **Responses to the Objections related to the DCI and RMR**

5
6 7. Q. In its First Objection, the Ohio Consumers' Counsel (OCC) states that it
7 has a statutory-based concern regarding the appropriateness of addressing
8 the DCI in the rate case.¹ Can Staff address these concerns?

9 A. Because this is a matter involving a statutory interpretation, Staff is not
10 responding to the legal question as part of this testimony. Staff notes that
11 Duke's DCI has been addressed in Case No. 17-1263-EL-SSO.

12
13 8. Q. In its First Objection, OCC also objects to the revenue caps recommended
14 by Staff stating that Staff should have considered the impact that the caps
15 will have on customers' bills and the overall affordability of Duke's retail
16 rates.² Does Staff have a response to this objection?

17 A. The way in which the DCI revenue caps were calculated is as a percentage
18 growth based upon the base distribution revenue requirement authorized in
19 this case. The DCI revenue caps are therefore based not solely upon a
20 company's desired budget and its ability to raise capital to fund any

¹ See *In the Matter of the Application of Duke Energy Ohio, Inc. for an Increase in Electric Distribution Rates*, Case No. 17-32-EL-AIR, et al., Objections to the Staff Report by OCC at 5 (Oct. 26, 2017) (*Duke Rate Case*).

² *Id.*

1 particular investment level, but also upon how much a customer’s bill may
2 increase due to distribution plant spending. As such, the caps balance the
3 level of distribution investments with the amount that will appear on a
4 customer’s bill.

5
6 9. Q. In the Retail Energy Supply Association’s (RESA) Objection No. 5, it
7 seeks clarification on whether the words, “Staff does not recommend...”
8 equates to Staff being neutral on whether the Commission rejects or accepts
9 Duke’s proposed RMR.³

10 A. To be clear, Staff does not support Duke’s proposed RMR. Staff also notes
11 that the RMR was expressly removed from Duke’s SSO request in the
12 pending Stipulation in Case No. 17-1263-EL-SSO.

13
14 **Responses to Objection related to Depreciation**

15 10. Q. In Objection 2, OCC objects to Staff’s recommendation to accelerate the
16 amortization of Duke’s current AMI meters, arguing that the installation of
17 the technology was not prudent and that the costs should be excluded from
18 rate base.⁴ How does Staff respond?

³ *Duke Rate Case*, Objections to the Staff Report by RESA at Objection No. 5 (Oct. 26, 2017).

⁴ *Duke Rate Case*, Objections to the Staff Report by OCC at 7 (Oct. 26, 2017).

1 A. Staff set the cost of the meters on an accelerated recovery schedule based
2 on the Commission’s decision to allow recovery of those costs.⁵ Because
3 the Echelon Meter is being removed and that meter type would no longer
4 be available for additional installation, Staff set the account as a dying
5 account with an accelerated recovery period.

6

7 11. Q. Does this conclude your testimony?

8 A. Yes it does. However, I reserve the right to submit supplemental testimony
9 as described herein, as new information subsequently becomes available or
10 in response to positions taken by other parties.

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⁵ See *In the Matter of the Application of Duke Energy Ohio, Inc. to Adjust Rider DR-IM and Rider AU for 2010 SmartGrid Costs and Mid-Deployment Review*, Case No. 10-2326-GE-RDR, Opinion and Order (June 13, 2012).

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the Pre-filed Testimony in Response to Objections to the Staff Report of Doris McCarter has been served upon the below-named counsel via electronic mail, this 2nd day of July, 2018.

/s/ Steven L. Beeler

Steven L. Beeler

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Summary: Testimony Prefiled Testimony in Response to Objections to the Staff Report of Doris McCarter electronically filed by Ms. Tonnetta Scott on behalf of PUC