

**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

DAVID M. LIPTHRATT
RATES AND ANALYSIS DEPARTMENT
RESEARCH AND POLICY 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 David M. Liphtratt. My address is 180 East Broad Street,
5 Columbus, Ohio 43215-3793

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 (the Commis-
9 sion or PUCO) as the Chief of the Research and Policy Division of the
10 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 earned a Bachelor of Arts Degree that included a Major in Political
16 Science and a Minor in History from the University of Georgia. Subse-
17 quently, I earned a Masters in Public Administration Degree with a focus
18 on public budgeting and finance and policy analysis from the University of
19 Georgia. In addition, I earned a post-baccalaureate Certificate of Account-
20 ing Concentration at Columbus State Community College. I am a Certified
21 Public Accountant (Ohio License # CPA.48876). Moreover, I have
22 attended various seminars and rate case training programs sponsored by this

1 Commission, professional trade organizations, and the utility industry com-
2 munity.

3
4 4. Q. Please describe your work experience.

5 A. I have previously served as a Budget/Management Analyst for the Ohio
6 Office of Budget and Management and a Fiscal Officer for the Ohio
7 Department of Commerce. I have served as a Public Utilities Administrator
8 with the PUCO before being promoted to my current position. In each of
9 these roles I have been responsible for various accounting and financial-
10 related tasks and responsibilities.

11
12 5. Q. Have you testified in previous cases at the PUCO?

13 A. Yes.

14
15 **Purpose of Testimony**

16
17 6. Q. What is the purpose of your testimony in this proceeding?

18 A. I will be addressing the following objections:

- 19 • The Office of the Ohio Consumers' Counsel's ("OCC") Objection
20 Nos. 4 and 16; and
21 • The Retail Energy Supply Association's ("RESA") Objections Nos.
22 1 and 2.

1 **Responses to the Objections**

2
3 7. Q. Please generally describe the objections you are addressing.

4 A. The OCC’s Objection No. 4 claims the Staff Report erred by increasing test
5 year operating expenses by \$67,787 for generation related net metering
6 costs.

7
8 The OCC’s Objection No. 16 claims the Staff Report should have verified
9 that the expenses in the test year are not also being collected from
10 customers through Rider DR-IM.¹

11
12 RESA’s Objection No.1 objects Staff’s recommended revenue
13 requirements based on Staff’s acceptance of Duke Energy Ohio, Inc.’s
14 (“Duke” or “Company”) Cost of Service Study (“COSS”).² RESA’s
15 Objection No. 2 is to Staff’s calculation of rate base and operating income
16 based on Staff’s acceptance of Duke’s COSS.

17
18 8. Q. What are your responses to these objections?

19 A. In response to OCC’s objection No. 4, as part of the Stipulation and
20 Recommendation, the \$67,787 associated with net metering costs was

¹ *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 15 (Oct. 26, 2017) (Duke Rate Case).*

² *Duke Rate Case, Objections to Staff Report by RESA at Objection No. 1 (Oct. 26, 2017).*

1 removed from test year operating expenses in calculating the revenue
2 requirement.

3
4 In response to OCC's objection No. 16, Staff did verify that the expenses in
5 the test year were not also being collected from customers through Rider
6 DR-IM. The DR-IM rates in effect during the test year were for smart grid
7 related expenses associated with calendar year 2014. These amounts were
8 verified as part of Staff's audit in Case No. 15-883-GE-RDR.³ Once base
9 rates go into effect, Rider DR-IM rates will be set to zero and the rider
10 eliminated in order to roll smart grid costs into base rates.

11
12 In response to RESA's objections, for purposes of calculating the revenue
13 requirement, rate base, and operating income, Staff utilized the Company's
14 COSS as reviewed by Staff Witness Goins. Any questions on the COSS
15 should be addressed to Staff Witness Goins.

16
17
18 9. Q. Does this conclude your testimony?

³ See *In the Matter of the Application of Duke Energy Ohio, Inc., to Adjust Rider DR-IM and Rider AU for 2014 Grid Modernization Costs*, Case No. 15-883-GE-RDR, Staff Review and Recommendation (Nov. 13, 2015).

1 A. Yes it does. However, I reserve the right to incorporate new information
2 that may subsequently become available through outstanding discovery or
3 otherwise.

4

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 David M. Lipthrott 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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This foregoing document was electronically filed with the Public Utilities

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7/2/2018 9:03:25 AM

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 Prefiled Testimony in Response to Objections to the Staff Report of David M. Liphtratt electronically filed by Ms. Tonnetta Scott on behalf of PUC