

**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

KRYSTINA SCHAEFER
GRID MODERNIZATION & SECURITY DIVISION
RATES AND ANALYSIS DEPARTMENT
PUBLIC UTILITIES COMMISSION OF OHIO

STAFF EXHIBIT ____

July 2, 1018

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

2 A. My name is Krystina Schaefer. My business address is 180 East Broad
3 Street, Columbus, Ohio 43215.

4
5 2. Q. By whom are you employed?

6 A. I am employed by the Public Utilities Commission of Ohio (PUCO or
7 Commission) as Chief of the Grid Modernization and Security Division
8 within the Rates and Analysis Department.

9
10 3. Q. Would you briefly state your educational and work experience?

11 A. I received a Bachelor of Science degree in Political Science with a minor in
12 Business from The Ohio State University, a Master of City and Regional
13 Planning degree from The Ohio State University, and a Master of Business
14 Administration degree from Capital University.

15 In September of 2010, I joined the PUCO full-time as a Utility Analyst in
16 the Efficiency and Renewables Division of the Energy and Environment
17 (E&E) Department. In March of 2011, I was promoted to a Public Utilities
18 Administrator 1 position in the Facilities, Siting and Environmental
19 Analysis Division of the E&E Department. In August of 2014, I was
20 promoted to a Public Utilities Administrator 2 position in the Forecasting,
21 Markets and Corporate Oversight Division of the Rates and Analysis

1 Department. Most recently, in February of 2017, I was promoted to my
2 current position.

3
4 4. Q. What is the purpose of your testimony?

5 A. The purpose of my testimony is to address a number of objections to the
6 findings included in the Staff Report.¹ Specifically, I will be addressing the
7 1st objection made by the Environmental Defense Fund, Environmental
8 Law & Policy Center, Natural Resources Defense Council, and Ohio
9 Environmental Council (collectively, the Environmental Intervenors); the
10 3rd and 4th objections made by the Retail Energy Supply Association
11 (RESA); and the 3rd (“C”), 5th (E.1.), 6th (E.2), and 7th (F) objections made
12 by Interstate Gas Supply, Inc. (IGS).

13
14 5. Q. Please describe the 1st objection made by the Environmental Intervenors.

15 A. The Environmental Intervenors stated that the Staff Report did not
16 recommend that Duke Energy Ohio (Duke or the Company) implement
17 Green Button² “Connect My Data”, which is a standard that enables retail
18 electricity customers to authorize the release of customer energy usage data
19 to third parties, either through a one-time data transfer or on an ongoing

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., Staff Report (Sept. 26, 2017) (*Duke Rate Case*).

² See Green Button Data, available at <http://www.greenbuttondata.org/>.

1 basis.³ For this reason, the Environmental Intervenors believe the Staff
2 Report is unjust and unreasonable.

3
4 6. Q. Does the Staff of the PUCO (Staff) agree with the objection made by the
5 Environmental Intervenors regarding Green Button?

6 A. No. Staff recognizes that providing access to customer energy usage data
7 for retail customers and third parties, including competitive retail electric
8 service providers, is an important measure to ensure that the benefits
9 associated with smart meters are maximized. However, Staff notes that a
10 Stipulation and Recommendation (Stipulation) was filed in the current
11 cases that advances smart meter data access. Specifically, the Stipulation
12 establishes a new non-bypassable rider, Rider PF, which is intended to
13 support the modernization of energy delivery infrastructure, along with the
14 development of innovative products and services for retail electric
15 customers.⁴ There are three components of Rider PF:

- 16 ■ The first component is a placeholder to recover costs associated with
17 the implementation of directives resulting from PowerForward, the
18 Commission's initiative to review the latest in technological and
19 regulatory innovation that could serve to enhance the customer
20 electricity experience.

³ *Duke Rate Case*, Objections to the Staff Report by the Environmental Intervenors at 1 (Oct. 26, 2017).

⁴ *Duke Rate Case*, Stipulation and Recommendation at 16-18 (April 13, 2018).

- 1 ▪ The second component will recover costs associated with the
2 communications infrastructure needed to support the Company's
3 AMI transition and enhancements to the ability of competitive retail
4 electric service (CRES) providers, and potentially other third parties,
5 to access and utilize customer energy usage data (CEUD) made
6 available through smart meters.
- 7 ▪ The third component is a placeholder to recover costs associated
8 with an infrastructure modernization plan to be filed by the
9 Company in a future case. The plan will include a proposal to
10 upgrade the Company's Customer Information System (CIS).

11 The Commission's PowerForward initiative is still underway, in that the
12 Commissioners are currently drafting a policy document culminating from
13 a series of workshops on a range of grid modernization topics. However,
14 Staff notes that during phase three of the workshops (PowerForward:
15 Ratemaking & Regulation), there was a panel devoted to the need for and
16 accessibility of customer energy usage data.⁵ The Green Button standard
17 was discussed within the context of several speaker presentations. As such,
18 Staff anticipates that the policy document will include specific directives
19 regarding data access for customers and third parties.

⁵ See PowerForward: Ratemaking and Regulation, available at <https://www.puco.ohio.gov/industry-information/industry-topics/powerforward/phase-3-ratemaking-and-regulation/>.

1 Further, the second component of Rider PF requires the Company to file an
2 application in an electric rider (EL-RDR) case for the costs associated with
3 providing the data enhancements for CRES providers listed in Attachment
4 F of the Stipulation, along with the costs of the communications
5 infrastructure needed to support the AMI transition.⁶ In addition, if a non-
6 CRES third party is interested in receiving customer energy usage data, the
7 Company is required to develop a proposal to provide retail customers with
8 the ability to authorize the release of customer energy usage data to third
9 parties. To the extent the Environmental Intervenors believe this proposal
10 should include an evaluation of Green Button “Connect My Data”, Staff
11 encourages the Environmental Intervenors to provide input into the electric
12 rider case, once it is initiated.

13
14 7. Q. Please describe the 3rd objection made by RESA and the 3rd objection (C)
15 made by IGS.

16 A. Both RESA and IGS objected to Staff’s recommendation in the Staff
17 Report⁷ that, “the Company continue to offer a time-differentiated rate to
18 residential customers until such time the Commission has made a
19 determination that time-of-day rates are available to customers in the retail

⁶ *Duke Rate Case*, Stipulation and Recommendation at 16-17

⁷ *Duke Rate Case*, Objections to the Staff Report by RESA at Objection No. 3; Objections to the Staff Report by IGS at 10-11 (Oct. 26, 2017).

1 marketplace.”⁸ IGS further objected that the Staff Report failed to
2 recommend that generation-related time-differentiated rates should be
3 based on wholesale market prices and not recovered through distribution
4 rates.⁹

5
6 8. Q. Does Staff agree with the objections made by RESA and IGS, regarding
7 time-differentiated rates?

8 A. No. As described in the Staff Report in this case, in Case No. 12-3151-EL-
9 COI, the Commission stated that: “EDUs time-differentiated rate pilot
10 programs should be made available to SSO customers until the market
11 sufficiently develops for CRES providers to begin offering this service.”¹⁰
12 As of now, Staff is unaware of any CRES providers offering time-
13 differentiated rates to residential customers in the Company’s service
14 territory. As referenced earlier, the Stipulation adopted in the current case
15 includes a number of provisions that will enable CRES providers to offer
16 additional products and services in the future, including time-differentiated
17 rates. However, until the market sufficiently develops, Staff believes that
18 the Company should continue to offer time-differentiated rates to
19 residential customers. Staff agrees that the rates for time-differentiated

⁸ *Duke Rate Case*, Staff Report at 21 (Sept. 26, 2017).

⁹ *Duke Rate Case*, Objections to the Staff Report by IGS at 11 (Oct. 26, 2017).

¹⁰ *In the Matter of the Commission’s Investigation of Ohio’s Retail Electric Service Market*, Case No. 12-3151-EL-COI, Finding & Order at 38 (March 26, 2014).

1 generation service should reflect wholesale market prices and should not be
2 recovered through distribution rates.

3
4 9. Q. Please describe the 5th (E.1.) and 6th (E.2.) objections made by IGS.

5 A. IGS objected to the Staff Report because it did not comprehensively
6 evaluate the Company's proposed Customer Information System (CIS),
7 including the ability of the proposed CIS to accommodate supplier
8 consolidated billing and non-commodity billing.¹¹ IGS also objected to the
9 Staff Report because it failed to address the Company's ability to provide
10 access to customer energy usage data.¹² Similarly, IGS objected to the
11 Staff Report because it did not require the Company to update its wholesale
12 settlement systems and processes to calculate the total hourly energy
13 obligation (THEO), peak load contribution (PLC), and network service
14 peak load (NSPL) values on an individual basis for all customers.¹³

15
16 10. Q. Does Staff agree with the objections made by IGS regarding the
17 Company's proposed CIS and access to customer energy usage data,
18 including the systems and processes for settling individual customer data,
19 i.e. THEO, PLC, and NSPL values?

¹¹ *Duke Rate Case*, Objections to the Staff Report by IGS at 16-17 (Oct. 26, 2017).

¹² *Id.* at 12-13.

¹³ *Id.* at 16.

1 A. Staff believes that these issues have been resolved or additional direction
2 has been provided by the Stipulation filed in the current case. As
3 mentioned earlier, the Stipulation establishes a new non-bypassable rider,
4 Rider PF, which includes three components.

5 The second component will recover costs associated with the
6 communications infrastructure needed to support the Company's AMI
7 transition and enhancements to the ability of CRES providers, and
8 potentially other third parties, to access and utilize customer energy usage
9 data (CEUD) made available through smart meters.¹⁴ The scope and
10 functionality of each of the enhancements to data access and utilization are
11 detailed in Attachment F of the Stipulation. This includes calculating and
12 settling individual THEO, PLC, and NSPL values for each customer,
13 instead of relying on generic load profiles, along with the enhancements
14 needed to provide access to the data for CRES providers.

15 Both the communications infrastructure and individual phases of data
16 access enhancements are subject to cost caps. Recovery of prudently
17 incurred costs associated with each individual phase of data access
18 enhancements will not be made available until the functionality detailed in
19 Attachment F is successfully implemented. Staff also has an opportunity to

¹⁴ *Duke Rate Case*, Stipulation and Recommendation at 16-17 (April 13, 2018).

1 hire a consultant to assist in the review of the functionality of the data
2 access enhancements.

3 Finally, the third component is a placeholder to recover costs associated
4 with an infrastructure modernization plan filed by the Company.¹⁵ The
5 plan will include a proposal to upgrade the CIS. Cost recovery for
6 component three will be subject to a hearing in a separate proceeding,
7 following an application by the Company. Staff recommends that IGS
8 provide input regarding the CIS within that case.

9
10 11. Q. Please describe the 4th objection made by RESA and the 6th (F) objection
11 made by IGS.

12 A. In the Staff Report, Staff recommended approval of the Company's
13 proposed LED Outdoor Lighting Electric Service tariff, which offers
14 service through Company-owned LED lighting fixtures.¹⁶ RESA and IGS
15 object to Staff's recommendation because they state that LED technology is
16 available in the competitive marketplace.¹⁷

17
18 12. Q. Does Staff agree with the objections made by RESA and IGS, regarding
19 LED street lighting?

¹⁵ *Id.*

¹⁶ *Duke Rate Case*, Staff Report at 21 (Sept. 26, 2017).

¹⁷ *Duke Rate Case*, Objections to the Staff Report by RESA at Objection No. 4; Objections to the Staff Report by IGS at 17 (Oct. 26, 2017).

1 A. No. Staff understands the premise for the objections. However, the
2 Company currently has street lighting service for other Company-owned
3 lighting fixtures using other lighting technologies, including: mercury
4 vapor, metal halide, and sodium vapor. Staff does not understand why
5 RESA and IGS would object to LED lighting services at the tariffed rate,
6 but has not objected to the other lighting services.

7

8 13. Q. Does this conclude your testimony?

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

CERTIFICATE OF SERVICE

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

/s/ Steven L. Beeler

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