

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

- - -

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

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

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

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

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

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

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 : Case No. 17-1263-EL-SSO  
 Code, in the Form of an :  
 Electric Security Plan, :  
 Accounting Modifications, :  
 and Tariffs for Generation:  
 Services. :

1 In the Matter of the :  
2 Application of Duke Energy:  
3 Ohio, Inc., for Authority :  
4 to Amend its Certified : Case No. 17-1264-EL-ATA  
5 Supplier Tariff, P.U.C.O. :  
6 No. 20. :

7 In the Matter of the :  
8 Application of Duke Energy:  
9 Ohio, Inc., for Authority : Case No. 17-1265-EL-AAM  
10 to Defer Vegetation :  
11 Management Costs. :

12 In the Matter of the :  
13 Application of Duke Energy:  
14 Ohio, Inc., to Establish :  
15 Minimum Reliability : Case No. 16-1602-EL-ESS  
16 Performance Standards :  
17 Pursuant to Chapter :  
18 4901:1-10, Ohio :  
19 Administrative Code. :

20 - - -

21 PROCEEDINGS

22 before Mr. Nick Walstra and Ms. Stacie Cathcart,  
23 Attorney Examiners, at the Public Utilities  
24 Commission of Ohio, 180 East Broad Street, Room 11-A,  
25 Columbus, Ohio, called at 9:00 a.m. on Wednesday,  
July 11, 2018.

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VOLUME III

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1                   Wednesday Morning Session,  
2                   July 11, 2018.

3                   - - -

4                   EXAMINER WALSTRA: We'll go on the  
5 record.

6                   We are here for Day 3 of In Re: Duke  
7 Energy global stipulation.

8                   Before we delve too far into things,  
9 Ms. Fleisher, I think you have a pending motion?

10                  MS. FLEISHER: Your Honor, we move for  
11 admission of Jean-Luc Kreitner pro hac vice.

12                  EXAMINER WALSTRA: Any objections?

13                  MS. WATTS: No objections, your Honor.

14                  EXAMINER WALSTRA: Thank you. The motion  
15 will be granted.

16                  Welcome. If you could make an  
17 appearance.

18                  MR. KREITNER: Hi, there. My name is  
19 Jean-Luc Kreitner and I'm representing the  
20 Environmental Law & Policy Center.

21                  EXAMINER WALSTRA: Thank you.

22                  Nothing further?

23                  Duke, call your next witness.

24                  MS. WATTS: Thank you, your Honor. Duke  
25 Energy calls Karen M. Hayden. And are we on 13? I

1 think we are on 13.

2 EXAMINER WALSTRA: I think that's  
3 correct.

4 MS. WATTS: We would ask that  
5 Ms. Hayden's testimony be marked as Duke Energy Ohio  
6 Exhibit 13.

7 EXAMINER WALSTRA: So marked.

8 (EXHIBIT MARKED FOR IDENTIFICATION.)

9 (Witness sworn.)

10 EXAMINER WALSTRA: Thank you. Please  
11 take a seat.

12 MS. WATTS: And may we approach, your  
13 Honor?

14 EXAMINER WALSTRA: You may.

15 MS. WATTS: And, your Honor, Ms. Hayden  
16 has some corrections to her testimony. What we did,  
17 we took the relevant page out of her testimony and  
18 corrected the numbers and we have that page to  
19 distribute to make it easier for everyone to read the  
20 corrections.

21 EXAMINER WALSTRA: That's probably  
22 easier. Thank you.

23 MS. WATTS: Okay.

24 MS. BOJKO: Did you mark this separately?

25 MS. WATTS: I'm sorry, Kim?

1 MS. BOJKO: Did you mark it separately?

2 MS. WATTS: I did not.

3 MS. BOJKO: Okay.

4 MS. WATTS: Would your Honor like to have  
5 that page marked separately or otherwise people can  
6 make the corrections in the testimony in the existing  
7 exhibit.

8 EXAMINER WALSTRA: If she could describe  
9 the changes, and we have this page to go on.

10 MS. WATTS: Okay. Perfect. Thank you.

11 - - -

12 KAREN M. HAYDEN

13 being first duly sworn, as prescribed by law, was  
14 examined and testified as follows:

15 DIRECT EXAMINATION

16 By Ms. Watts:

17 Q. Would you state your name, please.

18 A. Karen M. Hayden.

19 Q. And Ms. Hayden, do you have before you  
20 what has now been marked Duke Ohio Energy Exhibit 13?

21 A. Yes.

22 Q. And is that the testimony you caused to  
23 be filed in this proceeding?

24 A. Yes.

25 Q. And do you have any additions or

1 corrections to that testimony?

2 A. Yes, I do. On page 6, lines 12 through  
3 15, there has been a change in the expected spend.

4 Q. And would you describe specifically those  
5 changes, please?

6 A. Okay. The number for 2018 is 21.8  
7 million. For 2019 it's 22.9 million. For 2020 it's  
8 24 million. For 2021 it's 25.2 million. For 2022  
9 it's 26.5 million. For 2023 it's 27.8 million. And  
10 for 2024 it's 29.2 million.

11 Q. Thank you.

12 If I were to ask you the questions  
13 contained in your direct testimony, would your  
14 responses be the same including those corrections?

15 A. Yes.

16 Q. And are they true and accurate to the  
17 best of your information?

18 A. Yes.

19 MS. WATTS: Ms. Hayden is available for  
20 cross.

21 EXAMINER WALSTRA: Thank you.

22 Anyone wishing to cross before we get to  
23 OCC?

24 All right. Go ahead.

25 MR. WOLTZ: Thank you, your Honor.

1                                   - - -

2                                   CROSS-EXAMINATION

3       By Mr. Woltz:

4               Q.     Good morning, Ms. Hayden.

5               A.     Good morning.

6               Q.     If we could start by looking at your  
7       testimony a little bit. I direct you to page 2,  
8       lines 1 through 3.

9               A.     Yes.

10              Q.     And there you say, "I am responsible for  
11     providing strategic direction in the execution of the  
12     vegetation management program for Duke  
13     Energy's Operations in Ohio, Indiana, Kentucky, North  
14     Carolina, South Carolina, and Florida"; is that  
15     correct?

16              A.     Yes.

17              Q.     As part of those responsibilities, would  
18     you be aware generally of how many full-time  
19     equivalent personnel are dedicated to perform  
20     vegetation management services in Duke Energy Ohio's  
21     region?

22              A.     Yes.

23              Q.     And of those employees would any of them  
24     also be working in the Kentucky region?

25              A.     Yes.

1           Q.    And of those same employees would any of  
2           them be working in the Indiana region?

3           A.    No.

4           Q.    And of those employees that are working  
5           both in the Kentucky and Ohio region, is there a way  
6           to cost allocate their expenses between both the  
7           Kentucky rates and Ohio rates?

8           A.    I am unsure how their payroll is set up.

9           Q.    Are you aware if the labor associated  
10          with those employees are -- that operate in Kentucky  
11          are represented in the base rates as proposed today?

12          A.    Which base rates? Kentucky's or Ohio's?

13          Q.    Ohio's base rates.

14          A.    Yes, they would have some representation  
15          in those base rates.

16          Q.    And would those representations include  
17          work they are doing in Kentucky?

18          A.    They should not, no.

19          Q.    You say "they should not." Do you know  
20          that they are not, though?

21          A.    I do not officially. I know that our  
22          payroll is probably set up that they are splitting  
23          between the two areas.

24          Q.    And if we could look at your testimony  
25          now at page 3, lines 4 to 7.



1           A.     Yes.

2           Q.     And you state here, "This integrated  
3     vegetation management program is essential in  
4     providing safe and reliable electric service by  
5     ensuring that trees and brush near or within  
6     right-of-ways are periodically trimmed or removed to  
7     help reduce potential outages and hazards near our  
8     facilities; is that correct?

9           A.     Yes.

10          Q.     As part of your responsibilities, are you  
11     familiar with the Customer Average Interruption  
12     Duration Index, otherwise known as CAIDI?

13          A.     Yes.

14          Q.     And as part of your responsibilities, are  
15     you also aware of the System Average Interruption  
16     Frequency Index, otherwise known as SAIFI?

17          A.     Yes.

18          Q.     And are you aware that Duke Energy Ohio  
19     has failed to meet its CAIDI standard in 2016?

20          A.     Yes.

21          Q.     And are you aware that Duke Energy Ohio  
22     has failed to meet its CAIDI standard in 2017?

23          A.     Yes.

24          Q.     Are you also aware that Duke Energy Ohio  
25     has failed to meet its SAIFI standard in 2017?

1 A. Yes.

2 Q. Thank you.

3 And if we could look back now to page 2  
4 of your testimony, lines 3 to 4.

5 A. Yes.

6 Q. Here you state, "The primary focus is to  
7 achieve the desired safety and reliability results,  
8 customer satisfaction, regulatory compliance and  
9 execution of the vegetation management workplan  
10 within financial constraints"; is that correct?

11 A. Correct.

12 Q. Can you describe the desired results in  
13 terms of safety?

14 A. In terms of safety?

15 Q. Correct.

16 A. That no one is injured.

17 Q. And what are your desired results in  
18 terms of reliability?

19 A. To meet the reliability indexes that the  
20 company sets.

21 Q. And what are your desired results in  
22 terms of customer satisfaction?

23 A. So we have multiple indexes that measure  
24 customer satisfaction, J.D. Power and Customer  
25 Perception Tracker, as well as PSE complaints. So we

1 work to limit the PSE complaints or resolve customer  
2 issues when we receive them.

3 Q. And if we could look again at page 3 of  
4 your testimony. We will be looking at lines 2 to 4.

5 A. Okay.

6 Q. Is it fair to describe this passage as  
7 you discussing monitoring and maintaining Duke Energy  
8 Ohio right-of-ways?

9 A. Yes.

10 Q. And are you -- do you know if Duke Energy  
11 Ohio uses the same or different monitoring or  
12 maintenance strategies for its distribution wires as  
13 it does its transmission wires?

14 A. I do not know.

15 Q. Under your responsibilities are you only  
16 in charge of the distribution wire vegetation  
17 management?

18 A. Yes.

19 Q. So you would have no knowledge as to Duke  
20 Energy Ohio's transition wire vegetation management  
21 procedures?

22 A. I have knowledge, but I don't control any  
23 of that.

24 Q. Can you explain how Duke Energy Ohio  
25 monitors its right-of-way as it applies to

1 distribution wires?

2 A. Yes. We survey each circuit in the year  
3 that it's due to see what needs to be done on those  
4 circuits. We also have a Power Quality and  
5 Reliability Group and we receive customer inquiries  
6 as to outages they may have experienced, as well as  
7 that PQ&R Group monitors for outages. So if there is  
8 an issue that is outside of the year that the circuit  
9 is going to be done, then we can address that with  
10 what we call reactive crews who would go in and hot  
11 spot that circuit.

12 Q. And with your knowledge of Duke Energy's  
13 transmission wire management program, would you say  
14 it is the same or similar?

15 A. I would not want to speak to that.

16 MS. WATTS: Objection. The witness  
17 testified she has no responsibility for transmission.

18 MR. WOLTZ: But the witness did testify  
19 she has general knowledge of the transmission wire  
20 vegetation management.

21 EXAMINER WALSTRA: Overruled.

22 A. Would you repeat the question?

23 Q. I think you had answered it --

24 A. I answered it.

25 Q. -- before the objection.

1           A.    Thank you.

2           Q.    Would you agree that changes in  
3 herbicides and clearing distance would have an impact  
4 on customer satisfaction?

5           MS. WATTS:  Objection as to form.

6           MR. WOLTZ:  I'll rephrase.

7           EXAMINER WALSTRA:  Thank you.

8           Q.    (By Mr. Woltz) Is it possible if Duke  
9 Energy Ohio was -- were to make a change in its  
10 strategies, it could have a negative impact on  
11 customers' satisfaction?

12           MS. WATTS:  Objection as to form.  
13 Counsel hasn't explained what kind of changes to  
14 strategies.

15           EXAMINER WALSTRA:  Can you be more  
16 specific?

17           MR. WOLTZ:  Yes.

18           Q.    (By Mr. Woltz) Has Duke Energy Ohio made  
19 any changes in regards of use of herbicides?

20           A.    In what period?

21           Q.    In the last five years has Duke Energy  
22 Ohio made any changes as to use of herbicides in its  
23 vegetation management program?

24           A.    We've increased the use of herbicides,  
25 yes.

1           Q.    Could the increase of -- use of  
2 herbicides in the last five years lead to a negative  
3 impact on customer satisfaction?

4           A.    I would have no way to gauge that.  It  
5 really depends on customer perception.  If they like  
6 the fact we're there trimming, then they're happy.  
7 If they don't like it, they don't like it.

8           Q.    And as you described the desired results  
9 of customer satisfaction earlier, I believe you spoke  
10 to surveys done of customers; is that correct?

11          A.    Correct.

12          Q.    Have you reviewed those surveys done to  
13 customers?

14          A.    Yes.

15          Q.    And as part of those surveys, does Duke  
16 Energy Ohio ask if customers are predisposed to have  
17 negative feelings towards herbicides?

18          A.    Not that I am aware of, no.  There are no  
19 specific questions related to that.

20          Q.    If Duke Energy Ohio was to make changes  
21 and increase the clearing distances from the wires,  
22 do you think that would impact customer satisfaction?

23          A.    I think the answer is the same as what I  
24 said for herbicide.  If they're -- if they like the  
25 fact we're clearing for power, they're happy.  If

1 they don't like the fact we're clearing for power,  
2 they're not happy.

3 Q. Could the potential use of herbicides or  
4 changing clearing distances affect property value for  
5 customers?

6 A. That's not my area of expertise. I would  
7 not know.

8 Q. Thank you.

9 If we could look now at page 3 of your  
10 testimony, lines 8 to 9.

11 A. Okay.

12 Q. Under this question you have posed here  
13 you discuss Duke Energy's Ohio vegetation management  
14 program as an overview, correct?

15 A. Lines 8 and 9 refer to the question.  
16 It's the particular lines below that that you are  
17 referring to?

18 Q. Correct. Just generally that question.

19 A. Yes.

20 Q. And in that question you cite Case No.  
21 09-807-EL-ESS. Are you familiar with that case?

22 A. Yes.

23 Q. Have you reviewed all the filings in that  
24 case?

25 A. No.

1           Q.    Have you reviewed any of the filings in  
2   that case?

3           A.    No.

4           Q.    What is your familiarity -- familiarity  
5   with that case?

6           A.    Only that it was approved and includes  
7   our vegetation management program.

8           Q.    And would you have reviewed the most  
9   recent approval of Duke's vegetation management  
10   program?

11           MS. WATTS:  Objection as to the use of  
12   the term "most recent."

13           Q.    Have you reviewed Case No. 16-915-EL-ESS?

14           A.    I don't know them by the numbers.  Is  
15   that the stipulation?

16           Q.    No, that would not be the stipulation.

17           A.    Then no.

18           Q.    Do you know if Duke Energy Ohio met its  
19   tree trimming goal for 2015?

20           A.    No, I don't know.

21           Q.    Would it surprise you to find out that  
22   Duke Energy Ohio did not meet its tree trimming goal  
23   for 2015?

24           A.    Yes, because as I'm aware of and I have  
25   been in the role since February 2017, it was 2016 and



1 2017 we didn't meet the goal.

2 MS. WATTS: And, your Honor, just for  
3 clarity of the record, I assume we're continuing to  
4 talk about distribution as opposed to transmission?

5 MR. WOLTZ: Correct.

6 Q. So then you did just state and are aware  
7 that Duke Energy Ohio did not meet its tree trimming  
8 goal in 2016 or 2017.

9 A. Correct.

10 Q. And if we could look now at page 10,  
11 line 4 of your testimony.

12 A. Could you repeat that?

13 Q. It will be page 4 and it's actually lines  
14 9 through 11, I apologize.

15 A. Thank you.

16 Q. Here you state, "In a typical year, the  
17 Company maintains approximately 25 percent of the  
18 distribution lines to maintain safe, reliable  
19 electric service by limiting contact between  
20 vegetation and power lines"; is that correct?

21 A. Yes.

22 Q. Would you know or are you aware -- I'm  
23 sorry. Let me rephrase that.

24 Are you aware if Duke Energy Ohio will be  
25 meeting its tree trimming goal for 2018?

1           A.    It's our intent to meet the tree trimming  
2 goal.

3           Q.    More than just your intent. Are you on  
4 track to meet the tree trimming goal in 2018?

5           A.    We are about 47 percent complete, so we  
6 are a little bit off track.

7           Q.    And your -- just so we're clear, the goal  
8 you are meeting still is under the four-year cycle;  
9 is that correct?

10          A.    Yes.

11          Q.    So Duke Energy Ohio has not already  
12 transitioned to the five-year cycle?

13          A.    We have looked at the five-year cycle, so  
14 we're starting to look at how we would do that in out  
15 years, yes.

16          Q.    Have you evaluated the proposed  
17 settlement at all?

18          A.    Which settlement?

19          Q.    The proposed stipulation in this case.

20          A.    Which portion of the stipulation?

21          Q.    Just in general, have you reviewed it at  
22 all?

23          A.    Yes.

24          Q.    What portions have you reviewed?

25          A.    The vegetation management portion.

1           Q.    And would that include the ESSR Rider as  
2 proposed?

3           A.    Yes.

4           Q.    Are you familiar with the standard that  
5 the PUCO uses in evaluating proposed settlements?

6           A.    Yes.

7           Q.    And if we could talk now for a minute on  
8 the transition of a four-year to a five-year cycle.  
9 Can you explain to us what is involved in the  
10 transitioning to a four-year -- from a four-year  
11 cycle to a five-year cycle?

12          A.    It's really as simple as taking the total  
13 number of miles and dividing by five years.

14          Q.    So is it fair to say that would result in  
15 more intrusive vegetation management?

16          A.    We have a specification that we use, so  
17 we go back 10 feet or wherever we were previously if  
18 we don't have an easement, so the cut is going to be  
19 the same.

20          Q.    And when you say "the cut is going to be  
21 the same", are you saying that the cut is going to be  
22 the same, only it will take into account five years  
23 as opposed to four, so it will be a deeper cut?

24          A.    No. It will involve the technical  
25 specification.

1           Q.    Do you believe that the change in a  
2   five -- to a five-year cycle could impact customers'  
3   satisfaction in Duke's vegetation management program?

4           A.    I think it will have minimal impact.

5           Q.    Are you familiar with the vegetation  
6   management program of any other Ohio utilities?

7           A.    No.

8           Q.    Can you explain if there are additional  
9   funds required to transition from a four-year to a  
10   five-year cycle?

11          A.    It's actually less funding to transition  
12   because we won't have to do as many miles as we were  
13   previously.

14          Q.    Are you aware of the number of customer  
15   minutes of interruption that were caused in 2015 due  
16   to tree fell?

17          A.    I am aware, yes.

18          Q.    And are you aware of the number also for  
19   years 2016 or 2017?

20          A.    Yes.

21          Q.    And can you explain to us how the company  
22   tracks those numbers?

23          A.    That's not my area of expertise to  
24   explain.

25          Q.    Do you know whose area would be -- who

1 would be better suited for that question?

2 A. It's Power Quality and Reliability, so it  
3 would be Cicely Hart's testimony or Don Wathen's.

4 Q. Thank you.

5 Do you know if Duke Energy Ohio has  
6 conducted any surveys as to the impact of customer  
7 satisfaction from transitioning to a four -- from a  
8 four-year cycle to a five-year cycle?

9 A. No.

10 Q. As part of your duties and  
11 responsibilities do you review the worst-performing  
12 circuits report known as Rule 11 Reports?

13 A. Yes.

14 Q. In that review, do you review the extent  
15 in which vegetation management contributes to those  
16 reports?

17 A. Yes.

18 Q. Do you know if the vegetation caused  
19 outages from those reports can contribute both to the  
20 customer -- number of customers interrupted and the  
21 number of minutes interrupted?

22 A. Yes.

23 Q. And earlier you said that concerns are  
24 investigated and mitigated in a timely manner as it  
25 comes to the vegetation management program; is that

1 correct?

2 A. I didn't say in a timely manner. I said  
3 they're investigated.

4 Q. And can you explain how exactly they are  
5 investigated?

6 A. So my team reviews the outage reports  
7 from the previous evening. If it indicates there was  
8 a tree outage, depending on what the circumstances  
9 were in that outage response, we may go out and look  
10 at it that day. Otherwise, Power Quality and  
11 Reliability has a report they run that look at the  
12 number of outages that that particular circuit has  
13 experienced and how many have been related to trees  
14 and they may go out and survey it and determine  
15 whether or not we need to do additional work.

16 Q. And are you familiar with Duke's annual  
17 report of the electric service and standards as  
18 pursuant to Administrative Rule 4901:1-10-26(B)?

19 A. No.

20 Q. This is also known as the Rule 26 report.  
21 Would that clarify that at all?

22 A. No.

23 MR. WOLTZ: And if I could just have one  
24 moment, your Honor.

25 EXAMINER WALSTRA: Sure.

1           Q.     (By Mr. Woltz) Just a few more questions.  
2     If we can look now at page -- oh, I am sorry. Back  
3     to Rule 26 first. Would you know who would be the  
4     better witness to answer questions regarding that  
5     rule?

6           A.     I actually don't know.

7           Q.     If we could turn now to your updated  
8     numbers on page 6.

9           A.     Okay.

10          Q.     Can you first explain why your numbers  
11     were updated from the original testimony to as they  
12     are now?

13          A.     Yes. When those original numbers were  
14     done, we did not have contracts at that point, so we  
15     didn't know for sure what they were going to look  
16     like after we finished negotiating.

17          Q.     So the increase from your corrected --  
18     looking at your corrected numbers, the increases that  
19     we see over the years are due to labor contracts?

20          A.     Yes.

21          Q.     And these are long-term labor contracts,  
22     I assume?

23          A.     Three-year contracts.

24          Q.     And do you know if any -- do you know if  
25     the staff have reviewed these contracts for prudence

1 or any other review?

2 A. I don't believe so because they are  
3 proprietary information.

4 Q. And the numbers listed here, does that  
5 include both distribution and transmission vegetation  
6 management programs?

7 A. No, only distribution.

8 Q. Do you participate in the budget  
9 production for Duke's distribution management  
10 programs?

11 A. For the distribution vegetation  
12 management program, yes.

13 Q. And based on our earlier conversation,  
14 it's safe to assume you don't participate for  
15 transmission management?

16 A. I do not.

17 Q. Would you be surprised to find out that  
18 in the Rule 26 ruling that the distribution budget --  
19 budget and the transmission budget are the same?

20 MS. WATTS: Objection as to form. I  
21 don't know what a "Rule 26 ruling" is.

22 MR. WOLTZ: I'll rephrase. My apologies.

23 Q. Would you be surprised to find out in  
24 Duke's Rule 26 report filing, that both the  
25 transmission budget and the distribution budget



1 totals are the same?

2 MS. WATTS: Objection with respect to the  
3 transmission. As the witness has already testified,  
4 she doesn't have familiarity with that.

5 MR. WOLTZ: I am just asking if she would  
6 be surprised to find out, your Honor. I am not  
7 asking for her direct knowledge.

8 EXAMINER WALSTRA: Overruled.

9 A. I would have no feelings one way or the  
10 other.

11 Q. If -- the knowledge that you do have of  
12 Duke's transmission program, would you be able to  
13 explain the differences between the two numbers?

14 A. In the budget?

15 Q. Correct.

16 A. No.

17 MR. WOLTZ: No further questions, your  
18 Honor.

19 EXAMINER WALSTRA: Thank you.

20 MS. WATTS: Your Honor, may we take a  
21 brief 5 minutes?

22 EXAMINER WALSTRA: Sure. We'll go off  
23 the record.

24 (Discussion off the record.)

25 EXAMINER WALSTRA: We'll go back on the

1 record.

2 MS. WATTS: Thank you, your Honor. Just  
3 a couple of questions on redirect.

4 - - -

5 REDIRECT EXAMINATION

6 By Ms. Watts:

7 Q. You were asked with respect to whether  
8 Duke Energy Ohio met the tree trimming cycle  
9 requirements for 2016 and '17. Do you recall that?

10 A. Yes.

11 Q. And can you explain why the company did  
12 not meet those requirements in those years?

13 A. Yes. So we had one supplier/contractor,  
14 if you will, who was asking for higher pricing even  
15 though we were already under contract. When we got  
16 into the October time frame and as a result of that,  
17 the supplier walked off the system. We were unable  
18 to get additional contractors on board at a price  
19 that wasn't completely outrageous.

20 MR. WOLTZ: And, your Honor, I move to  
21 strike that answer. That's hearsay. They have not  
22 offered any evidence as to negotiations between them  
23 and a contractor and the prices of the contract and  
24 their inability to meet it due to the cost increase  
25 requested by the contractor. She's asking the Court

1 now to rely on that.

2 MS. WATTS: Your Honor, Counsel opened  
3 the door by asking whether the company was in  
4 compliance for those two years, and I think we are  
5 entitled to describe why we were not in compliance  
6 for those two years.

7 MR. WOLTZ: If I may reply. I think they  
8 are totally entitled to describe as to why, but they  
9 are not entitled to argue that the contractor wanted  
10 an increase in price and that's why. If they want to  
11 describe it, they can describe it as simply they were  
12 unable to meet their budget or unable to meet their  
13 labor expenses, but not to bring in the contract  
14 itself.

15 EXAMINER WALSTRA: Overruled. The  
16 Commission will weigh the response accordingly.

17 Q. With respect to the pricing with the  
18 contractor, were there other concerns?

19 A. There were safety concerns as well in  
20 that we were implementing higher safety standards  
21 which they felt was -- because they took longer were  
22 going to cost them more money, so the reason we  
23 really missed was because they walked away and we  
24 didn't have the resources.

25 MR. WOLTZ: Objection again, your Honor.

1 I move to strike that as well. She is asking us to  
2 assume they moved away because of safety. If she  
3 wants to say they were worried about safety for the  
4 workers, that's one thing, but to say the contractor  
5 pulled out because they wanted more money for safety,  
6 again, is hearsay.

7 EXAMINER WALSTRA: Denied.

8 Q. (By Ms. Watts) And Ms. Hayden, I think in  
9 response to one of the questions with respect to the  
10 change in the budgets, you were asked if the  
11 Commission could review those contracts for prudence  
12 and you indicated you thought it would be  
13 proprietary. If the Commission asked for that  
14 information, would the company provide it?

15 A. Yes.

16 MS. WATTS: I have no further questions.

17 EXAMINER WALSTRA: Okay.

18 MR. WOLTZ: One second, your Honor.

19 - - -

20 RECROSS-EXAMINATION

21 By Mr. Woltz:

22 Q. Just a couple of questions for you,  
23 Ms. Hayden. Do you remember the questions Ms. Watts  
24 was just asking you as to meeting the reliability --  
25 the tree trimming standards for 2017 and 2018?

1           A.    No, 2016 and '17.

2           Q.    I am sorry, you're right, 2016 and 2017.  
3 My apologies. And under those you had mentioned  
4 there were numerous reasons why the company was  
5 unable to meet those goals.

6           A.    Yes.

7           Q.    And if I may approach, your Honor?

8                   EXAMINER WALSTRA: You may.

9                   MR. WOLTZ: I have here the Rule 26  
10 filing report filed in the 18-999 case. You would be  
11 able to review this report. It looks at the filings  
12 that regard the vegetation management program as  
13 filed by Duke Energy Ohio.

14                  MS. WATTS: And, your Honor, I will  
15 object. The witness has indicated she has no  
16 familiarity with this document.

17                  MR. WOLTZ: And, your Honor, I would like  
18 to point out that this document is required to be  
19 filed by Duke Energy Ohio in order to show that they  
20 are meeting their tree trimming goals and cycles and  
21 where they are at with their vegetation management  
22 program. The witness has just testified that part of  
23 why they did not meet those goals were due to changes  
24 in contracts and safety, so I would like for her to  
25 refresh her memory and see if there were maybe any

1 other things or if that has actually been reported by  
2 Duke to the PUCO previously.

3 MS. WATTS: Would you like -- your Honor,  
4 if -- if Counsel could point the witness to a  
5 particular page reference, that would save a lot of  
6 time and be helpful.

7 EXAMINER WALSTRA: Can you point to a  
8 specific part?

9 MS. WATTS: And I would reiterate my  
10 objection as the witness has testified she has not  
11 seen this document.

12 EXAMINER WALSTRA: I'll let her review  
13 the document. No foundation has been laid at this  
14 point.

15 Q. (By Mr. Woltz) Have you had a chance to  
16 review that?

17 A. Yes.

18 MR. WOLTZ: If I may approach to get it  
19 back? That's my only copy, your Honor.

20 EXAMINER WALSTRA: You may.

21 Q. (By Mr. Woltz) And under your review of  
22 what will be, for the record, I believe filing 10b on  
23 page 26, were there any other reasons listed as to  
24 why Duke Energy Ohio did not meet its standard for  
25 2017?

1 MS. WATTS: And, your Honor, I would to  
2 object just for the record because now the witness  
3 doesn't have the document in front of her.

4 MR. WOLTZ: I will return it.

5 EXAMINER WALSTRA: I believe you were  
6 asking her to refresh her memory, not to read off the  
7 document, if it reminded her of any other reasons why  
8 they might not have met the standards.

9 Q. Now, that you have read that page, has it  
10 refreshed -- the Rule 26 filing, has it refreshed  
11 your memory?

12 A. Yes. And so what I described earlier was  
13 what happened in 2016. What happened in 2017 was as  
14 a result of that supplier walking away in 2016  
15 because of the increased safety rules and their  
16 demand for more money. We did not have a supplier  
17 coming into 2017.

18 As we went to market to try to get  
19 suppliers back on the system, the market was very  
20 constricted, the competition for those resources has  
21 increased. Other industries are looking to hire  
22 those folks and they can make more money in those  
23 other industries. Those people are highly-skilled  
24 people. And other suppliers also within other  
25 utilities within Ohio, as well, were trying to hire

1 those folks. So we were unable to get resources onto  
2 the system at a cost that was not five times what we  
3 normally paid.

4 Q. Would it be a fair assessment to say  
5 there may have been other factors, including  
6 discussions of an ongoing reliability-based program  
7 with the PUCO?

8 A. No.

9 Q. And would it be fair to say they may have  
10 missed due to new system rollouts or holidays?

11 A. No.

12 MR. WOLTZ: Nothing further, your Honor.

13 EXAMINER WALSTRA: Thank you.

14 Thank you.

15 THE WITNESS: Thank you.

16 EXAMINER WALSTRA: Ms. Watts, would you  
17 like to move your exhibit?

18 MS. WATTS: Yes, your Honor. We would  
19 move for the admission of Duke Energy Ohio Exhibit  
20 13.

21 EXAMINER WALSTRA: Any objection?

22 MR. WOLTZ: Your Honor, OCC would object  
23 to the changes made on page 6 of Ms. Hayden's  
24 testimony. Very similar to the changes, the issue  
25 with Judah Rose that your Honors have ruled on



1 yesterday, Ms. Hayden is attempting to change her  
2 testimony at this point based on new facts and  
3 evidence that's not in the record. She said that --  
4 she has testified that these numbers were changed due  
5 to changes in contracts that no party has been able  
6 to evaluate, review. The staff, itself, has not had  
7 an opportunity to review to make sure that these are  
8 prudent. So now Ms. Hayden looks to change the  
9 record without giving the parties a fair opportunity  
10 to review the facts.

11 EXAMINER WALSTRA: Ms. Watts?

12 MS. WATTS: Your Honor, Counsel, just at  
13 this moment had an opportunity to review what the  
14 cause of those changes were -- causes were. And  
15 apparently neglected to do so. And so I think  
16 that -- I think the record is benefited by more  
17 recent information and that they should remain in the  
18 record as well.

19 MR. WOLTZ: And, your Honor, if I may  
20 address that point? Counsel has not had the  
21 opportunity to review. On cross I did ask her about  
22 her changes. She indicated her changes were due to  
23 contracts. Counsel has not had an opportunity to  
24 review those contracts. Counsel has not had an  
25 opportunity to review the RFP process or any other

1 process used to obtain those contracts. And now the  
2 witness is attempting to change those based on  
3 contracts that Counsel has not had an opportunity to  
4 see and could not ask about or review at this time  
5 and point.

6 EXAMINER WALSTRA: Why couldn't you ask  
7 about them?

8 MR. WOLTZ: The contracts are not  
9 present. She cannot produce the contracts. We  
10 cannot review them in any other form or manner. They  
11 were surprised on us right before testimony was --  
12 the hearing happened today. They were handed -- I  
13 mean, moments before your Honors even walked in, they  
14 were handed to other parties as the witness was on  
15 the stand.

16 EXAMINER WALSTRA: I am going to deny the  
17 motion. I think she's trying to provide the most  
18 up-to-date information. So the motion is denied and  
19 the exhibit is admitted.

20 (EXHIBIT ADMITTED INTO EVIDENCE.)

21 MS. BOJKO: Your Honor, if I may be  
22 heard. There are provisions in this testimony that  
23 are inconsistent with the stipulation. So consistent  
24 with my prior comments yesterday about testimony  
25 being consistent with the stipulation, I think that

1 it's only appropriate to make those same changes to  
2 her testimony or strike the testimony to be  
3 consistent.

4 MS. WATTS: Should we not have had that  
5 motion before we started down the path of having the  
6 witness testify?

7 MS. BOJKO: Well, you're moving it into  
8 evidence and I am objecting to portions of the  
9 testimony at the time that you moved it into  
10 evidence. I'm not trying to strike the testimony. I  
11 was hoping, as we discussed yesterday, that you would  
12 proactively change your testimony to be consistent  
13 with the stipulation.

14 As we went through today and the  
15 questions were never asked, I realized that on  
16 page 7, for instance, her testimony incorrectly  
17 refers to a four-year trimming cycle and says that  
18 that trimming cycle will be continued. That's  
19 directly contradicted to the stipulation. So if the  
20 company is not going to proactively change the  
21 testimony, we are going to have to do this for every  
22 witness. Yes, I assume OCC might do that --

23 MS. WATTS: Is that your only change to  
24 the testimony?

25 MS. BOJKO: That's the one I just saw.

1 MS. WATTS: The company would be happy to  
2 stipulate that number should be five instead of four.

3 MS. BOJKO: Thank you.

4 EXAMINER WALSTRA: Can you reiterate what  
5 that change is?

6 MS. WATTS: Yes, thank you, your Honor.

7 On page 7 of Ms. Hayden's testimony, she  
8 refers to the fact that the company intends to  
9 continue its four-year cycle for vegetation  
10 management. If the Commission approves the  
11 stipulation, the company would intend to continue  
12 with a five-year cycle.

13 EXAMINER WALSTRA: Thank you. We'll  
14 update that change.

15 MR. WOLTZ: And, your Honor, if I may,  
16 OCC would move you take administrative notice of the  
17 annual report filing in Case No. 18-999-EL-ESS as it  
18 was used in this case -- in this proceeding.

19 EXAMINER WALSTRA: Any objection?

20 MS. WATTS: We have no objection to the  
21 administrative notice, but I would continue to object  
22 to the use of it with the witness. As she indicated,  
23 she had no familiarity with that document. But if  
24 the Commission wants to take administrative notice of  
25 it, it's filed in the Commission. I have no problem

1 with that.

2 EXAMINER WALSTRA: We'll take  
3 administrative notice.

4 MR. WOLTZ: Thank you, your Honor.

5 EXAMINER WALSTRA: Can you repeat what  
6 that was again?

7 MR. WOLTZ: Yes. It's in Case No.  
8 18-0999-EL-ESS and it's Duke's annual report.

9 MS. WATTS: And, your Honor, may I  
10 request that Counsel provide copies to everybody so  
11 we have it as an exhibit?

12 MR. WOLTZ: I will do so.

13 MS. BOJKO: I'm sorry, was it marked as  
14 an exhibit?

15 MR. WOLTZ: No.

16 EXAMINER WALSTRA: It was not.

17 EXAMINER CATHCART: Would you like to  
18 call your next witness, please.

19 MS. KINGERY: Thank you, your Honor.

20 Duke Energy Ohio would call Christian E.  
21 Whicker to the stand. And if we could, I would like  
22 to mark that -- his testimony as Duke Energy Ohio  
23 Exhibit 14.

24 EXAMINER CATHCART: So marked.

25 (EXHIBIT MARKED FOR IDENTIFICATION.)

1 MS. KINGERY: Thank you.

2 (Witness sworn.)

3 - - -

4 CHRISTIAN E. WHICKER

5 being first duly sworn, as prescribed by law, was  
6 examined and testified as follows:

7 DIRECT EXAMINATION

8 By Ms. Kingery:

9 Q. Good morning, Mr. Whicker.

10 A. Good morning.

11 Q. Would you state your full name and  
12 business address for the record.

13 A. Yes. Christian E. Whicker. 550 South  
14 Tryon Street, Charlotte, North Carolina 28202.

15 Q. Thank you very much.

16 And do you have in front of you --

17 MS. KINGERY: We're about -- we'll  
18 distribute the copies of Mr. Whicker's testimony and,  
19 your Honors, I apologize, but we just discovered that  
20 two of the copies -- go ahead -- don't have all of  
21 the pages of one of the exhibits. So we are going to  
22 give a full copy to the witness and one full copy to  
23 the Bench and then, after lunch, we'll bring an  
24 additional copy for the reporters. And do you need  
25 an additional copy also for the Bench?

1 EXAMINER WALSTRA: I should be okay.

2 MS. KINGERY: All right. We'll just  
3 bring the reporters' copies after lunch.

4 Q. (By Ms. Kingery) Mr. Whicker, do you have  
5 now in front of you what has just been marked as Duke  
6 Energy Ohio Exhibit 14?

7 A. Yes.

8 Q. And would you identify that document,  
9 please.

10 A. It is my direct testimony.

11 Q. Great. Thank you very much. And do you  
12 have any corrections of any errors to make to your  
13 testimony this morning?

14 A. Yes, I do.

15 Q. And would you describe that error.

16 A. Yes. On page 3, line 17, it should read  
17 "all of the requirements set forth in R.C. 4928.17"  
18 as opposed to "37."

19 Q. Okay. Great. Thank you. Are there any  
20 other corrections?

21 A. No.

22 Q. And, Mr. Whicker, you are aware that  
23 there has been a stipulation filed in this  
24 proceeding?

25 A. Yes.

1           Q.    And that stipulation includes a number of  
2 changes to your testimony, correct?

3           A.    Yes.

4           MS. KINGERY:   So if -- if your Honor  
5 would allow it, what I would like to do is walk  
6 through the three paragraphs in the stipulation that  
7 would alter Mr. Whicker's testimony and we'll just  
8 make those changes on the stand.

9           Q.    So I'm looking at page 20 of the  
10 stipulation.   Paragraph 10 references Corporate  
11 Separation and Special Customer Services and, in  
12 Subparagraph a., it refers to an alteration in  
13 page 7.

14                  Mr. Whicker, if you would move to page 7  
15 of your testimony.   And Paragraph a. suggests that we  
16 will revise the sentence that starts on line 2 to  
17 read as follows, and I will just read from the  
18 stipulation and, Mr. Whicker, at the end of this I  
19 will ask you whether this new language is acceptable  
20 as a revision to your testimony:

21                  "As confirmed by the Commission's  
22 approval of the Third Amended CSP in Case No.  
23 11-3549-EL-SSO, et al., such Third Amended CSP is  
24 consistent with state policies set forth in divisions  
25 (H) and (I) of R.C. 4928.02, as those policies have



1     been explained to me by counsel. (See Case No.  
2     11-3549-EL-SSO, et al. Opinion and Order, at page 46,  
3     wherein the Commission found that the Third Amended  
4     CSP is in compliance with R.C. 4928.17 and O.A.C.  
5     4901:1-37 and should be approved.)"

6             Mr. Whicker, is that alteration of your  
7     first sentence on page 7 agreeable to you?

8             A.     Yes.

9             Q.     In Paragraph b., the stipulation goes on  
10    to delete the sentence that begins on -- in the  
11    middle of line 7 of that page and ends in the middle  
12    of line 11?

13            A.     Yes.

14            Q.     Are you willing to make that change?

15            A.     Yes.

16            Q.     Thank you.

17            MR. MICHAEL: So, Jeanne, I apologize.  
18    Does that start with "Indeed" then? Is that what?

19            MS. KINGERY: Yes. So the sentence that  
20    begins with "Indeed" is deleted.

21            MR. MICHAEL: Okay. Thank you.

22            Q.     (By Ms. Kingery) And then Paragraph c. of  
23    the stipulation talks about a change to the Corporate  
24    Separation Plan itself and it references both the  
25    redlined and the proposed final version of the

1 Corporate Separation Plan and, if it's acceptable,  
2 I'll just look at the final because the change would  
3 be the same in both. So if we go to Attachment CEW-3  
4 and if you could look at page 62 of that document.  
5 You tell me when you're there.

6 A. Okay. I'm there.

7 Q. All right. At the bottom of page 62 is a  
8 heading that says "Distribution." And the three  
9 paragraphs that follow discuss the distribution  
10 business of Duke Energy Ohio, correct?

11 A. Yes.

12 Q. The new information that was proposed to  
13 be added that will now be stricken would be the  
14 entire second paragraph and the entire third  
15 paragraph so that under "Distribution" there would be  
16 only one paragraph remaining and that would be the  
17 first paragraph at the top of page 63.

18 A. That's correct.

19 Q. With those changes, Mr. Whicker, if I  
20 asked you all of the same questions that are in your  
21 direct testimony today, would your answers be the  
22 same?

23 A. Yes.

24 MS. KINGERY: Thank you. The witness is  
25 available for cross-examination.

1           MR. OLIKER: Your Honor, before we move  
2 forward with cross-examination, could I request that  
3 these changes be actually incorporated into a revised  
4 piece of testimony and filed in the docket? I ask  
5 this because Corporate Separation Plans are only  
6 approved every so often and every few years and  
7 people will probably look back to this document and I  
8 don't want them to have to look at the transcript to  
9 see what was actually done and to be able to look at  
10 the actual document.

11           MS. KINGERY: I have no problem with  
12 that. We would be happy to file that say by  
13 tomorrow. Would that be acceptable?

14           MR. OLIKER: That would be acceptable and  
15 the same would go for the tariffs in -- I can't  
16 remember if it's page 1 or 2 or 3, but likewise the  
17 tariffs that would be revised to eliminate the  
18 special customer services.

19           MS. KINGERY: And those are an attachment  
20 to the testimony of Mr. Ziolkowski and we will  
21 certainly be ultimately filing compliance tariffs and  
22 I would think it would make sense to make those  
23 changes when we file the compliance tariffs as  
24 opposed to another filing of all of that.

25           MR. OLIKER: Okay. Just so long as we

1 clarify that will occur.

2 MS. KINGERY: Yes, it will.

3 EXAMINER CATHCART: Thank you.

4 MR. OLIKER: With that, maybe just a few  
5 questions, your Honor. Thank you.

6 EXAMINER WALSTRA: Is everyone okay with  
7 that?

8 MR. OLIKER: You can go ahead.

9 MS. LEPPLA: I'm good.

10 MR. MICHAEL: Well, I've got one too.  
11 I've got questions too.

12 MR. OLIKER: Anybody else? Okay.

13 EXAMINER CATHCART: You may proceed.

14 MR. OLIKER: I'm sorry. I am just too  
15 eager.

16 MR. MICHAEL: Nothing like a good  
17 separation plan to get you going, Joe.

18 - - -

19 CROSS-EXAMINATION

20 By Mr. Oliker:

21 Q. Good morning, Mr. Whicker.

22 A. Good morning.

23 Q. My name is Joe Oliker and I represent IGS  
24 Energy. Just a few questions for you. Turning to  
25 page 3 of your -- I apologize -- page 4 of your

1 testimony. Am I correct that you did not revise  
2 lines 19 through 23?

3 A. That's correct.

4 Q. But the line that says "The Commission  
5 has not yet taken any action in respect of the  
6 Court's decision," would you agree the Commission  
7 has, in fact, taken action?

8 A. My understanding is that they remanded  
9 it.

10 Q. And following the remand from the Supreme  
11 Court, did the Commission take any action?

12 A. I would assume it's a stay. That's all I  
13 would know, that it's remanded.

14 Q. What is your definition of a "stay,"  
15 Mr. Whicker?

16 A. That there is nothing -- it's out there  
17 and nothing has been done with it. It's not been  
18 approved.

19 Q. Okay. Are you familiar with the Supreme  
20 Court decision on Duke Energy's last Corporate  
21 Separation Plan?

22 A. Yes.

23 Q. And in that decision the Supreme Court  
24 reversed the Commission's decision, correct?

25 A. Yes.

1           Q.    But to your knowledge, the Commission has  
2 not acted on the remand?

3           A.    To the best of my knowledge, no.

4           Q.    Can you turn to -- I would like to go  
5 into CEW-2. That's the redline, correct?

6           A.    CEW-2.

7           Q.    And this is the redline of the  
8 initially-proposed Sixth Amended Corporate Separation  
9 Plan, correct?

10          A.    Yes, Third, yes.

11          Q.    And on page 3, that same language shows  
12 up. "A decision has yet to be issued in respect of  
13 the Fifth Amended Separation Plan," correct?

14          A.    Yes.

15               MS. KINGERY: Your Honor, if it would  
16 assist Mr. Olikar, Duke Energy Ohio would be happy to  
17 remove that sentence or update it.

18               MR. OLIKAR: Yeah. That's exactly where  
19 I was going and it puts us in the difficult situation  
20 of needing to see what the amended language states  
21 before we agree to the admission of the new plan, but  
22 I think we can hopefully work through this.

23               EXAMINER CATHCART: Okay. Thank you.

24               MR. OLIKAR: So if Duke will stipulate to  
25 updating the Corporate Separation Plan that's

1 actually filed to be consistent with what has  
2 actually occurred, then I think that will streamline  
3 things.

4 MS. KINGERY: We're happy to do that and  
5 we would be happy to work with you on that language.  
6 I would point out that there was no decision by the  
7 Court -- by the Commission with regard to the fifth  
8 plan. That one was just hanging out there and is  
9 still just hanging out there.

10 MR. OLIKER: Right.

11 MS. KINGERY: But we will work on  
12 language with you and we'll agree with that.

13 MR. OLIKER: Okay. Thank you.

14 Q. (By Mr. Oliker) And you would agree,  
15 Mr. Whicker, that the Corporate Separation Plan  
16 contains a list of affiliates, correct?

17 A. Yes.

18 Q. And Duke Energy Ohio does business with  
19 some of these affiliates, correct?

20 A. Yes.

21 Q. And one of those affiliate is Duke Energy  
22 One, correct?

23 A. Yes.

24 Q. And that is listed on CEW-2 at page --  
25 sorry, there is a lot of Ds in here. It's page 35.

1           A.     Yes.

2                   MS. KINGERY:   And, your Honor, I would  
3     object at this point because the existence of Duke  
4     Energy One, although it's listed in the affiliate  
5     list in the Corporate Separation Plan, there's  
6     nothing about business with Duke Energy One in  
7     Mr. Whicker's testimony nor is it relevant to this  
8     proceeding.

9                   MR. OLIKER:   Your Honor, I'm simply  
10    exploring, within the establishment of the Corporate  
11    Separation Plan, some of the changes that are made  
12    regarding the affiliate's name and the distribution  
13    of the services that they provide. It seems to be  
14    reasonable given that we're changing that in a  
15    written document filed before the Commission.

16                   EXAMINER CATHCART:   I am going to  
17    overrule the objection.

18           A.     Okay.   So I'm there at 35.

19           Q.     And am I correct that this Corporate  
20    Separation Plan seeks to strike out some of the  
21    services that are provided by Duke Energy One?

22           A.     Are you asking me on the page here what  
23    it says that's been stricken?

24           Q.     Well, first, would you agree that Duke  
25    has proposed to list the services that Duke Energy



1 One provides as simply "sells electric-related  
2 services to customers"?

3 A. That's what it says here.

4 Q. And you would agree that it strikes out a  
5 description of the services that Duke Energy One,  
6 Inc. provides?

7 A. Small print, so hang on. I don't see  
8 that as services. I don't see "services" in that  
9 stricken language there.

10 Q. Does the language say: "On the  
11 residential side, Michael Goldenberg directs DE One's  
12 strikeshop and underground protection offerings.  
13 Strikeshop is a whole house surge projector that DE  
14 One sells to residential customers"?

15 A. Oh, you're -- I was looking at the one  
16 above that. So I see where you are reading there.

17 Q. And I guess my question is does Duke  
18 Energy One still provide these services?

19 A. I know at one time they provided them.  
20 I'm assuming they still do.

21 Q. And if they still provide those services,  
22 would you agree that the more lengthy description  
23 would be a more accurate reflection of the services  
24 provided by that company?

25 A. I think it describes the same type of

1 service. It's electric service to customers.

2 Q. And those are products and services  
3 unrelated to retail electric service?

4 A. They're products and services offered to  
5 customers.

6 Q. And would you agree that these are the  
7 products and services that this Corporate Separation  
8 Plan has been revised to prohibit Duke Energy from  
9 offering?

10 A. As I said, I know that in the past Duke  
11 Energy One has offered services to customers, but I'm  
12 not aware of the detail of the products and services  
13 that the redline version include which has now been  
14 excluded.

15 Q. Do you know what strikstop service is?

16 A. It's -- in my words it would be just  
17 protection, selling protection for folks if there is  
18 an electrical strike or lightning, what have you, on  
19 their appliances.

20 Q. And do you know what underground  
21 protection service is?

22 A. Similar to that, I haven't offered the  
23 products, but I would say the same thing like a  
24 warranty that you would purchase.

25 Q. And would you agree that Duke Energy

1 Ohio, under the existing or proposed Corporate  
2 Separation Plan, could not offer those services  
3 individually?

4 MS. KINGERY: I object. This is going  
5 well beyond anything about just making changes to the  
6 Corporate Separation Plan. We're now getting into  
7 the business operations of one particular affiliate.

8 MR. OLIKER: Your Honor, this is the  
9 corporate separation witness. This is what he is  
10 here to talk about.

11 MS. KINGERY: I would disagree.  
12 Mr. Whicker is here to satisfy a filing requirement  
13 for the ESP. That filing requirement in Rule 1-35-03  
14 states that the utility shall provide a description  
15 of its Corporate Separation Plan, including but not  
16 limited to the current status of the plan, a detailed  
17 list of waivers previously issued, and a timeline of  
18 any anticipated revisions or amendments. That's all.

19 MR. OLIKER: Your Honor, at the same time  
20 he also goes on to say things like on page 7,  
21 line 11: "...Duke Energy Ohio has incorporated into  
22 the amended CSP provisions to ensure that customers  
23 will not be exposed to unreasonable sales practices,  
24 market deficiencies, and market power." It also  
25 talks about relationships to the affiliates based on

1 actual agreements in the Corporate Separation Plan.  
2 I'm simply exploring their own document and what the  
3 document means. It would be incredible to allow them  
4 to file a document attached to testimony and not  
5 allow me to ask questions about it.

6 MR. MICHAEL: And I would just join in  
7 Mr. Oliker's comments, your Honor, to reiterate that  
8 this witness certainly does more than fulfill a  
9 filing requirement. He does have substantive  
10 portions of his testimony that Mr. Oliker is  
11 exploring and that I intend to explore. So to say  
12 this witness is just about complying with a filing  
13 requirement is counter to what he actually says.

14 EXAMINER CATHCART: Overruled. The  
15 witness can answer to the extent that he knows.

16 MR. OLIKER: I don't remember my  
17 question, so it would help me and maybe the witness.

18 (Record read.)

19 A. And what services are you referring to?

20 Q. Strikestop and underground protection.

21 A. So it's my understanding, again, I know  
22 at one time Duke Energy One offered these services to  
23 customers, so that's my understanding of it, at one  
24 time they did offer the strikestop product.

25 Q. My question, Mr. Whicker, is whether or

1 not you believe Duke Energy Ohio could offer the  
2 services under the Corporate Separation Plan that you  
3 are sponsoring. If you know.

4 A. I don't know the answer to that question.

5 Q. What is your understanding of the purpose  
6 of this list of affiliates, Mr. Whicker?

7 A. The purpose is to provide information  
8 because one of the provisions in the Corporate  
9 Separation Plan stipulates how Duke interacts with  
10 affiliates, Duke Energy Ohio, and, therefore, the  
11 list of those affiliates is included and updated.

12 Q. And would you agree that the more  
13 descriptive the functions on this list, the more  
14 helpful it would be to someone reviewing the  
15 Corporate Separation Plan?

16 A. I guess it would depend on who's  
17 reviewing it.

18 Q. What about the Commission or somebody who  
19 is seeking to monitor Duke's corporate separation  
20 related activities?

21 A. I suppose.

22 Q. So that being the case, would Duke object  
23 to leaving the description of Duke Energy One, Inc.  
24 as written to describe strikstop service and  
25 underground protection service?

1           A.     That would be a question I would have to  
2     speak with the legal team about.

3           Q.     In your corporate separation duties, one  
4     of your jobs is to ensure that Duke is not providing  
5     preferential treatment to its affiliates, correct?

6           A.     Uh-huh, yes.

7           Q.     And you would agree that services that  
8     Duke provides to an affiliate, such as Duke Energy  
9     One, should not be preferential, you know, vis-a-vis  
10    other market participants?

11          A.     That's -- repeat your question.

12          Q.     Would you agree that Duke should not  
13    provide preferential treatment to Duke Energy One  
14    that is not also provided to other market  
15    participants?

16                MS. KINGERY: Your Honor, I am going to  
17    renew my objection. Now, we are starting to get into  
18    potential violations of the Corporate Separation  
19    Plan. Here -- I believe that's where Mr. Oliker is  
20    going and that's something the Commission has  
21    previously indicated is not a subject for an ESP.

22                MR. OLIKER: Your Honor, I'm not seeking  
23    to establish a violation. I am seeking his opinion  
24    on whether or not that is true.

25                EXAMINER CATHCART: I am going to

1     overrule the objection for now. I am going to see  
2     where this is going.

3             MR. OLIKER: Thank you, your Honor.

4             A. Sir, repeat your question, please.

5             Q. Would you agree that Duke Energy Ohio  
6     should not provide preferential treatment to an  
7     affiliate such as Duke Energy One relative to the  
8     treatment it provides to other market participants?

9             A. I think I would have to ask you what you  
10    mean by "market participants."

11            Q. Someone who provides the same or similar  
12    services to Duke Energy One.

13            A. If it's the exact same services, if it's  
14    the products and services, if it's that type of  
15    service, I would agree with you that's the intent of  
16    it.

17            MR. OLIKER: Okay. Thank you.

18            I believe those are all the questions I  
19    have, your Honor.

20            Thank you, Mr. Whicker.

21            EXAMINER CATHCART: Thank you.

22                               - - -

23                               CROSS-EXAMINATION

24    By Mr. Michael:

25            Q. Hello, Mr. Whicker.

1           A.     Good morning.

2           Q.     If I could direct your attention,  
3     Mr. Whicker, to page 4 of your testimony starting  
4     with line 12, through page 5, line 7.

5           A.     I'm there.

6           Q.     So is it the Third Corporate Separation  
7     Plan that currently governs Duke Energy Ohio?

8           A.     Yes, that's correct.

9           Q.     And I want to direct your attention to  
10    page 5, lines 5 through 7, Mr. Whicker.

11          A.     I'm there.

12          Q.     Why did the Commission order a stay of  
13    the automatic approval of the Fifth Amended Plan?

14               MS. KINGERY:  Objection.  Mr. Whicker  
15    can't know what was in the mind of the Commission.

16               MR. MICHAEL:  He has to explain himself  
17    and he states in his testimony that the Commission  
18    issued an Order staying the automatic approval, so he  
19    should be able to explain, himself, what that means,  
20    or is he just simply regurgitating something --

21               MS. KINGERY:  You can ask him what he  
22    means by "an order staying the automatic approval,"  
23    but would he know why they did it?

24               EXAMINER CATHCART:  Overruled.  The  
25    witness can answer to the extent that he knows the



1 answer.

2 A. So I know that they stayed the automatic  
3 approval and that's all I know.

4 Q. Did you read the Order?

5 A. No.

6 Q. Okay. I want to draw your attention,  
7 Mr. Whicker, to page 5, lines 12 through 18 of your  
8 testimony.

9 A. I'm there.

10 Q. Okay. Does the Corporate Separation  
11 Plan, which I guess would be the Sixth Amended CSP,  
12 does that deal with bidding the OVEC entitlement into  
13 the PJM market?

14 A. I don't know.

15 Q. And, Mr. Whicker, if I could draw your  
16 attention to page 7 of your testimony, lines 6 and 7.

17 A. I'm there.

18 Q. You see in that sentence you use the word  
19 "subsidies," correct?

20 A. Yes.

21 Q. What do you mean by "subsidies" there?

22 A. That would mean any kind of assistance or  
23 use -- use from the company's distribution business.

24 Q. And I just want to unpack that a little  
25 bit, if I can, Mr. Whicker, so I can understand

1 exactly what it is you said. Assistance from the  
2 company's distribution business. Assistance for whom  
3 or for what?

4 A. Well, I don't know the details of that.  
5 I think it speaks to what the overarching purpose of  
6 the Corporate Separation Plan is, and that's to  
7 prevent Duke Energy Ohio, the utility, from providing  
8 an unfair advantage to any of its affiliates.

9 Q. Would that extend to using revenue  
10 generated from Duke Energy Ohio's distribution  
11 customers for other unregulated affiliates?

12 A. If that meets the definition as I  
13 understand it, which would be any unfair advantage to  
14 any of the affiliates.

15 Q. Okay. And by "unfair advantage," what do  
16 you mean by that?

17 A. In my words that would be anything that  
18 you would not do for a competitor.

19 Q. So I want to walk you, Mr. Whicker, if I  
20 can, through a hypothetical, and I'll stop based  
21 on -- and ask you if you understand the facts I'm  
22 assuming you to include in this hypothetical, okay?

23 Assume for me, if you will, Mr. Whicker,  
24 that Duke Energy Ohio has -- is entitled to purchase  
25 power and capacity from a generation facility. Do

1     you understand that part of the hypothetical so far?

2             A.     Uh-huh, yes.

3             Q.     Okay. And assume for me, if you will,  
4     Mr. Whicker, that Duke Energy Ohio takes that  
5     entitlement and bids it onto the PJM wholesale  
6     market. Do you understand that part of the  
7     hypothetical?

8             A.     Uh-huh, yes.

9             Q.     Okay. And assume further for me that as  
10    a result of that arrangement, Duke Energy Ohio will  
11    charge its customers for the difference between a  
12    revenue generated from the sale on the wholesale  
13    market and the cost of that entitlement. Do you  
14    understand that part of the hypothetical?

15            A.     Repeat it again, please.

16            MR. MICHAEL: May I ask the court  
17    reporter to repeat that, your Honor?

18            EXAMINER CATHCART: You may.

19            (Record read.)

20            A.     Somewhat but not fully.

21            Q.     So what don't you understand about it?

22            A.     The last part. What she just read back.

23            Q.     The entire question you didn't  
24    understand?

25            A.     No. The first two I understand that, but

1 the last part I am not clear on.

2 Q. Just that whole last question you didn't  
3 understand?

4 A. Uh-huh.

5 Q. Okay. So Duke takes the entitlement and  
6 it sells it onto the wholesale market and assume for  
7 me that the revenue for that wholesale market could  
8 be more than the cost of the entitlement. Are you  
9 with me so far?

10 A. Uh-huh.

11 Q. Or it could be less than the cost of the  
12 entitlement. Are you with me so far on that?

13 A. Uh-huh.

14 Q. And assume further that if the cost of  
15 the entitlement is more than the wholesale revenue,  
16 Duke Energy Ohio will charge its -- its retail  
17 distribution customers for that difference. Do you  
18 understand that part of it?

19 A. I hear what you're saying. I understand  
20 that's the hypothetical situation, yes.

21 Q. Okay. Now, that being true, you would  
22 agree with me that based on your definition of  
23 "subsidy," under those circumstances that would be a  
24 subsidy from Duke Energy Ohio's retail customers to  
25 that generation facility, giving Duke the

1 entitlement, correct?

2 A. That wasn't the example I was thinking  
3 of. I just was -- I was referring to any kind of  
4 benefit from it. If that's a benefit, then possibly  
5 so.

6 MR. MICHAEL: Okay. I want to move to  
7 strike that answer, your Honor. I didn't -- and I  
8 understand that Mr. Whicker, that wasn't the example  
9 he was thinking of, but one of the few good things  
10 about being the lawyer is I get to ask the questions  
11 and he gets to answer them, and so I walked through a  
12 hypothetical with him, asked him to make certain  
13 assumptions. It may not have been what he had in his  
14 mind, but as I said, I think I'm entitled to ask  
15 those questions.

16 MS. KINGERY: Your Honor, I believe  
17 Mr. Whicker is allowed to respond in any way he sees  
18 fit. He heard the example and he is trying to  
19 respond in the best way that he can. He has not  
20 evaluated the proposal that we're discussing here and  
21 has not looked at the issues. This is not anything  
22 that's covered in his testimony. I agree that the  
23 Corporate Separation Plan is attached, but he doesn't  
24 talk about anything regarding the application of the  
25 Corporate Separation Plan to facts.

1 MR. MICHAEL: And, your Honor, I would  
2 just point out what I initially drew Mr. Whicker's  
3 attention to and that is his testimony says the Sixth  
4 Amended CSP ensures effective competition by avoiding  
5 anti-competitive subsidies from the Company's  
6 distribution business. In fact, I laid the  
7 foundation about what he meant by that, what would be  
8 an issue in connection with the subsidy, and it's a  
9 big issue in this case.

10 EXAMINER CATHCART: I am going to deny  
11 the motion to strike. I think the witness answered  
12 to his understanding.

13 MR. MICHAEL: Okay. Could I have the  
14 answer read back, please?

15 (Record read.)

16 Q. (By Mr. Michael) Okay. When you say,  
17 Mr. Whicker, "if that's a benefit," you would agree  
18 with me that, in fact, that would be a benefit if  
19 Duke Energy Ohio is charging its retail customers to  
20 make up the difference between the cost of the  
21 entitlement from the generator and the revenue  
22 generated on the wholesale market, wouldn't you?

23 MS. KINGERY: Your Honor, I am going to  
24 object again. I'm sorry. Mr. Whicker's testimony  
25 was not even filed in the PSR case. Mr. Whicker has

1 not reviewed anything about the OVEC proposal or  
2 Rider PSR, he is not an expert in that area. And as  
3 OCC is fully aware, this is a very complex issue, and  
4 he's being asked now to make an evaluation of how the  
5 Corporate Separation Plan might apply to the OVEC  
6 proposal when he doesn't know all of the ins and outs  
7 of the proposal itself and that's not fair.

8 MR. MICHAEL: I would say -- a couple of  
9 things, your Honor. First of all, I am asking him to  
10 explain what his own words were in his answer to my  
11 question, Point No. 1. Point No. 2, he says that the  
12 corporate plan avoids anti-competitive subsidies.  
13 That is his testimony. I am asking him about a  
14 subsidy. And lastly, I don't know that it is all  
15 that complicated. His own testimony that I walked  
16 through with him I think makes it pretty clear it's  
17 not all that competitive an issue but I need to make  
18 a record of it for purposes of representing our  
19 clients.

20 EXAMINER CATHCART: To the extent the  
21 witness knows the answer, I will allow the question.

22 MR. MICHAEL: Thank you, your Honor.

23 Would you like to have it repeated,  
24 Mr. Whicker?

25 THE WITNESS: Uh-huh, please.

1           MR. MICHAEL: And if we need to go back a  
2 couple of questions, feel free to ask the court  
3 reporter to do that as well just to refresh your  
4 recollection.

5           (Record read.)

6           THE WITNESS: And I would say that I  
7 don't -- I don't feel comfortable answering that  
8 question based on the fact that that's not my subject  
9 matter expertise.

10          MR. MICHAEL: Okay. I don't have any  
11 further questions at this point in time, your Honor.  
12 But I would move to strike page 7, lines 6 through 7  
13 of Mr. Whicker's testimony. On the one hand,  
14 Mr. Whicker is making an assertion about what the  
15 Corporate Separation Plan does, but on the other hand  
16 he can't defend that statement about an ultimate  
17 issue involved in this case. Therefore, that  
18 statement is not relevant. It's not helpful and the  
19 PUCO can't even evaluate if it's true because the  
20 witness can't fully explain himself as to the  
21 applicability of that assertion versus some -- you  
22 know, one of the major points involved in this case,  
23 so I would move to strike page 7, lines 6 and 7 of  
24 Mr. Whicker's testimony, that sentence I asked him  
25 about.



1 MS. KINGERY: And, your Honor, I would  
2 simply point out that is language that comes from  
3 Ohio law with regard to what a Corporate Separation  
4 Plan should do, and just because Mr. Whicker is not  
5 able on the stand to immediately apply the terms of  
6 the Corporate Separation Plan to a hypothetical, a  
7 complex hypothetical that he's presented with,  
8 doesn't mean that that sentence should be out of his  
9 testimony and that his opinion of the Sixth Amended  
10 CSP does not remain true that it ensures effective  
11 competition by avoiding anti-competitive subsidies.

12 MR. OLIKER: Your Honor, it raises an  
13 additional question which is whether or not there is  
14 sufficient testimony to support the Corporate  
15 Separation Plan, but we would support Mr. Michael's  
16 statement. At a minimum, the Commission should limit  
17 the amount of credibility given to the statement,  
18 which we do trust the Commission to, of course, do in  
19 considering this case. But it does raise additional  
20 concerns regarding the Corporate Separation Plan,  
21 itself, given the lack of capacity to discuss the  
22 specific provisions in the separation plan related to  
23 the elements of this case.

24 MS. KINGERY: Again, your Honor, this  
25 witness was not brought on the stand to be an expert

1 on Rider PSR or how it might be considered under the  
2 Corporate Separation Plan. Rider PSR is a very  
3 complex rider. The OVEC situation is very complex.  
4 There's no one in this room that could sit down and  
5 in 30 seconds be able to talk intelligently about it  
6 and how its various provisions might be viewed from  
7 the standpoint of corporate separation.

8 MR. MICHAEL: And that may be the case,  
9 your Honor, but if that's true, then Mr. Whicker  
10 should not be allowed to assert that the Sixth  
11 Amended Corporate Separation Plan prevents  
12 anti-competitive subsidies. I mean, it's fine if he  
13 can't discuss it; I am not critiquing him for that.  
14 But if he can't discuss it, then he shouldn't be able  
15 to make that assertion for the consideration of the  
16 Commission.

17 EXAMINER CATHCART: Thank you. I am  
18 going to deny the motion to strike. The Commission  
19 can give it the appropriate weight.

20 MR. MICHAEL: Thank you, your Honor. I  
21 don't have any further questions.

22 Thank you, Mr. Whicker.

23 EXAMINER CATHCART: Thank you.

24 Any redirect?

25 MS. KINGERY: Can we have just a minute?

1 EXAMINER CATHCART: Yes. Let's take a  
2 10-minute recess and go off the record.

3 (Recess taken.)

4 EXAMINER CATHCART: Let's go back on the  
5 record.

6 MS. WATTS: Sorry. Trying to be too  
7 efficient.

8 Your Honor, it's my understanding that  
9 there is no redirect and that we would move for  
10 admission of Duke Energy Ohio Exhibit 14.

11 MR. OLKER: Your Honor, although I am  
12 hopeful that I will not need to object to the  
13 admission of the testimony, we would like to see the  
14 redlined version of the Corporate Separation Plan  
15 before we consent to its admission and think it would  
16 be better to handle its admission following that  
17 discussion given that the document is going to  
18 change.

19 MS. WATTS: And we can do that, your  
20 Honor.

21 EXAMINER CATHCART: Okay. Subject to --  
22 we will admit the document and then address it if an  
23 issue arises.

24 (EXHIBIT ADMITTED INTO EVIDENCE.)

25 MR. MICHAEL: Obviously subject to the

1 motion to strike, correct?

2 EXAMINER CATHCART: Correct.

3 MR. OLIKER: Thank you.

4 MR. MICHAEL: Thank you, your Honor.

5 EXAMINER CATHCART: Thank you.

6 Duke, you may call your next witness  
7 whenever you're ready.

8 MR. MILLER: Can we quickly go off the  
9 record? Mr. Pratt is the next witness and a large  
10 portion of his testimony is going to be confidential,  
11 and so I think we may need to address how to deal  
12 with that because he's got very limited information  
13 so.

14 EXAMINER CATHCART: Okay. Let's go off  
15 the record.

16 (Discussion off the record.)

17 EXAMINER CATHCART: Let's go back on the  
18 record.

19 MR. MILLER: The company calls Robert H.  
20 Pratt. Your Honors, I would like to mark Mr. Pratt's  
21 prefiled testimony in 17-1263-EL-SSO, et al., as Duke  
22 Exhibit No. 15.

23 EXAMINER CATHCART: So marked.

24 (EXHIBIT MARKED FOR IDENTIFICATION.)

25 (Witness sworn.)

1 EXAMINER CATHCART: You may be seated.

2 MR. MILLER: May we approach?

3 EXAMINER CATHCART: You may.

4 - - -

5 ROBERT "BEAU" H. PRATT

6 being first duly sworn, as prescribed by law, was  
7 examined and testified as follows:

8 DIRECT EXAMINATION

9 By Mr. Miller:

10 Q. Good morning, Mr. Pratt.

11 A. Good morning.

12 Q. Please state and spell your name for the  
13 record.

14 A. Robert H. Pratt. I also go by "Beau"  
15 which is B-e-a-u, Pratt, P-r-a-t-t.

16 Q. Thank you.

17 And who are you employed by?

18 A. Duke Energy Business Services.

19 Q. And what is your title?

20 A. Director of Regional Financial  
21 Forecasting.

22 Q. And did you prefile direct testimony in  
23 Case 17-1263-EL-SSO, et al.?

24 A. Yes.

25 Q. Do you have the document in front of you

1     which is also known as your testimony or Duke Exhibit  
2     15?

3             A.     Yes.

4             Q.     Did you prepare that testimony that was  
5     filed in June 1, 2017?

6             A.     Yes.

7             Q.     Do you have any amendments or corrections  
8     to your testimony?

9             A.     No.

10            Q.     And if I were to ask you the same  
11     questions that are in your testimony today, would  
12     your answers be the same?

13            A.     Yes.

14            Q.     And is that testimony true and accurate  
15     to the best of your knowledge?

16            A.     Yes.

17            MR. MILLER:  Thank you, your Honors.  The  
18     witness is available for cross-examination.

19            EXAMINER CATHCART:  May we please mark  
20     the confidential version of his testimony as well.

21            MR. MILLER:  As A, please.

22            EXAMINER CATHCART:  We will mark that 15A  
23     then.  Thank you.

24            (EXHIBIT MARKED FOR IDENTIFICATION.)

25            EXAMINER CATHCART:  Any

1 cross-examination?

2 MR. NUGENT: IGS has some.

3 - - -

4 CROSS-EXAMINATION

5 By Mr. Nugent:

6 Q. Good morning, Mr. Pratt.

7 A. Good morning.

8 Q. My name is Mike Nugent and I represent  
9 IGS Energy.

10 Mr. Pratt, am I correct that you have  
11 served in your current role as Director of Regional  
12 Financial Forecasting with Duke for a little more  
13 than three years?

14 A. Correct.

15 Q. And your responsibilities in this role  
16 include preparing the budgets, forecasts, and  
17 performing financial analyses for Duke Energy Ohio?

18 A. Correct.

19 Q. If I could, could I direct you to page 2  
20 of your testimony.

21 A. Yes.

22 Q. Specifically lines 17 through 21. You  
23 submitted prefiled testimony in this matter to  
24 sponsor financial projections as it relates to Duke  
25 Energy Ohio's proposed electric security plan; is

1     that correct?

2             A.     Yes.

3             Q.     And when you say you sponsor financial  
4     projections, does that mean you personally prepare  
5     the projections?

6             A.     No, I did not personally prepare them.  
7     I'm responsible for them.

8             Q.     Could you tell me who prepared the  
9     projections?

10            A.     Employees on my team prepared them and I  
11     oversee that process.

12            Q.     Thank you.

13                   And am I correct then, in the process of  
14     preparing those financial forecasts, you and your  
15     team relied on certain ESP-related assumptions as you  
16     refer to them in line 20?

17            A.     That is correct.

18            Q.     And do your projections include an  
19     assumption that the price stabilization rider or  
20     Rider PSR will be approved?

21            A.     It does assume that PSR would be  
22     approved, correct.

23            Q.     Okay. And what line on those financial  
24     projections that you provided reflects revenue  
25     associated with the PSR?



1           A.    Are you referring to the income  
2 statement?

3           Q.    I am.

4           A.    Okay.  The effects of PSR, as I  
5 understand them, would render OVEC neutral revenues  
6 and costs offset.  Thereby not impacting the income  
7 statement, the bottom line.  And so, as it pertains  
8 to the income statement that I submitted, that  
9 neutrality is reflected.

10          Q.    And what line is that reflected?

11          A.    That would be reflected on the -- on the  
12 financial statements that are attached to my  
13 testimony.

14          Q.    I'll try and rephrase.  I suppose if I  
15 could, again we're on the projected statements of  
16 income and I understand we have some confidentiality  
17 issues at play here but under the revenue, for  
18 example, is it reflected in "Regulated Electric" or  
19 is it reflected in "Other Electric Revenue" or  
20 somewhere else?

21          A.    It is not reflected in that revenue line  
22 because of the fact that by receiving approval of the  
23 PSR costs and revenues would be offset being neutral  
24 on the income statement and so we didn't have the  
25 need to represent the revenues on the revenue line or

1 the costs on the costs lines.

2 Q. Okay. And the projections that you  
3 provided, did you assume that Rider PSR would be  
4 implemented as a nonbypassable charge?

5 A. Can you rephrase or elaborate on that  
6 question?

7 Q. Did you assume that the rider -- the  
8 costs of that rider would be spread across all  
9 ratepayers in the Duke service territory?

10 A. Again, we didn't explicitly have the  
11 costs in the financial statements for the reason I  
12 prior gave.

13 Q. And going back to page 2 of your  
14 testimony, you indicated that it addresses the impact  
15 of the effect of the ESP upon the company for the  
16 duration of that plan. Can you tell me whether you  
17 performed an analysis of the impact of the ESP on  
18 Duke if Rider PSR is not approved?

19 MR. MILLER: Clarification, can we  
20 identify a line for the witness?

21 MR. NUGENT: Sure. That would be lines  
22 20 through 21.

23 A. Can you repeat the question?

24 Q. Sure.

25 A. Please.

1           Q.    Can you let me know whether or not you  
2 performed an analysis of the impact of the ESP upon  
3 the company if Rider PSR is not approved?

4           A.    I don't recall if I did or not.  I don't  
5 believe so but I can't recall.

6           Q.    Was there anyone else on your team that  
7 may have performed such an analysis?

8           A.    I can't recall.

9           MR. NUGENT:  Okay.  Could I have just a  
10 minute, your Honor?  I would like to reserve some  
11 questions for the confidential portion, but other  
12 than that I have no further questions at this time.

13           EXAMINER CATHCART:  Okay.  Thank you.

14           MR. MICHAEL:  Thank you, your Honor.

15           And, your Honor, I will have a motion or  
16 motions to strike, but I'm going to have some  
17 foundational questions before I make those motions so  
18 everybody is aware of that.

19                               - - -

20                               CROSS-EXAMINATION

21   By Mr. Michael:

22           Q.    Hello, Mr. Pratt.

23           A.    Good morning.

24           Q.    I wanted to discuss a little bit with you  
25 your remarks to IGS's counsel regarding the costs and

1 revenues offsetting for Rider PSR. You recall those  
2 questions, right?

3 A. I do.

4 Q. So you have some degree of familiarity  
5 with how Rider PSR works, correct?

6 A. Some degree, yeah. Very general.

7 Q. You realize there is a contractual  
8 relationship between Duke Energy Ohio and OVEC,  
9 correct?

10 A. Very -- at the most general level I  
11 understand that, yes.

12 Q. Okay. And under Rider PSR, Duke Energy  
13 Ohio would charge its retail distribution customers  
14 the difference between the cost of the entitlement  
15 from OVEC and the revenue generated on the PJM market  
16 or, alternatively, they would credit customers if  
17 circumstances warranted, correct?

18 A. My general understanding of the PSR rider  
19 is that -- would -- would not support your -- I guess  
20 the answer to your question.

21 Q. Okay. Why don't you give me your general  
22 understanding of the PSR rider then.

23 A. My general understanding would be if  
24 received, it would render neutral to the income  
25 statements, the effects of the costs would be offset

1 by revenues and so it would be neutral. That's my  
2 understanding of how the PSR rider would work from --  
3 as it impacts the financial statements.

4 Q. Okay. And when you -- what parties are  
5 you describing there when you say the costs would  
6 offset the revenues? You mean to Duke Energy Ohio,  
7 correct?

8 A. Correct, yeah.

9 Q. Okay. And do you realize that -- so  
10 we've got revenues and costs. You realize that the  
11 costs factor is a function of a contractual  
12 relationship between Ohio Valley Electric Cooperative  
13 and Duke Energy Ohio, correct?

14 A. I'm not familiar enough with the  
15 contractual relationships with Duke Energy Ohio to --  
16 to answer yes to that question.

17 Q. Okay. So where do the costs come from  
18 then?

19 A. The costs would come from -- I'm really  
20 not familiar with the costs.

21 Q. Okay. Where would the revenue come from?

22 A. The revenue would come via the rider from  
23 customers.

24 Q. Okay. I want to draw your attention, if  
25 I can, Mr. Pratt, to page 4, lines 20 through 22 of

1 your testimony. Please let know when you have gotten  
2 there.

3 A. I'm there.

4 Q. Did any of those forecasting inputs that  
5 you reference in that part of your testimony include  
6 forecasting inputs from Rider PSR?

7 A. Not as it pertains to the reflection of  
8 those inputs on the financial statements because,  
9 again, we didn't model discrete revenues or costs  
10 because the effect would have been the same. So as  
11 it pertains to the financial statements that I've  
12 prepared, that would not be an input.

13 Q. Okay. Did you read the settlement that  
14 brings us here today, Mr. Pratt?

15 A. I read bits and pieces of it, yes.

16 Q. Okay. And are you familiar with what a  
17 rider is?

18 A. I am.

19 Q. Okay. And do you realize that some  
20 riders in the settlement are established at zero and  
21 will be populated, if at all, later?

22 A. I understand that, yes.

23 Q. Okay. As it relates to page 4, lines 20  
24 through 22 of your testimony, in making that  
25 assertion -- or excuse me -- do any of those inputs

1 reflect what I will refer to as zero-based riders?

2 A. Could you repeat the question? I am not  
3 sure I understood it.

4 Q. Certainly.

5 You state "The key forecasting inputs  
6 from these groups relate to the forecasting of load,  
7 operating and maintenance expenses, capital  
8 expenditures, and financing," correct? And my  
9 question is: When you made that assertion, did any  
10 of the riders that were -- that may be established  
11 but set at zero, influence or play any role in that  
12 statement on page 4, lines 20 through 22, that you  
13 made?

14 A. As I believe I just previously answered,  
15 I don't believe so. Because again, as it relates to  
16 PSR, my understanding was that it would be rendered  
17 neutral on the income statement and so the inputs of  
18 PSR were not factored into what is described in that  
19 sentence.

20 Q. Okay. All right. Mr. Pratt, you realize  
21 that the settlement, if approved, would establish  
22 riders in addition to Rider PSR, correct?

23 A. Yes, sir.

24 Q. And you realize that some of those  
25 riders, in addition to Rider PSR, are established but

1 set at zero for population, if at all, in a separate  
2 later proceeding, correct?

3 A. Yes.

4 Q. Okay. And I want to focus on those  
5 zero-base riders. Set Rider PSR aside for a moment  
6 for the purpose of my question.

7 A. Okay.

8 Q. So did any of the -- did you take into  
9 account in making the financials any inputs related  
10 to the zero-base riders?

11 A. Could you be more specific with what a  
12 zero-base rider would be exclusive of the PSR?

13 Q. Sure.

14 Well, you informed me that you were aware  
15 that the settlement has certain riders that were set,  
16 that would be established but set at zero. That was  
17 your testimony, correct?

18 A. Yes, that was my testimony.

19 Q. Okay. Did you have in mind, when you  
20 testified to that effect, a rider other than Rider  
21 PSR?

22 A. Sitting here today, I can't recall what I  
23 had in my mind at that point, but sitting here today,  
24 I was thinking of Rider PSR as one that would have  
25 been established but not populated until later.



1           Q.    Okay.  So are you familiar with the  
2   PowerForward Rider that's part of the settlement?

3           A.    Generally, yes.

4           Q.    And do you realize, Mr. Pratt, that a  
5   component of the PowerForward Rider will be set at  
6   zero but populated at a later future time, if at all?

7           A.    I'm not familiar with the details of how  
8   PowerForward is reflected in the stipulation.  I am  
9   familiar with Rider PowerForward.

10          Q.    Okay.  So to the extent that a portion of  
11   Rider PowerForward, the rider will be established but  
12   set at zero, populated later, would that rider's, for  
13   example, operation and maintenance expenses be  
14   reflected in your financials?

15          A.    Yes, I believe some programmatic costs  
16   are reflected in the financials associated with the  
17   PowerForward program, yes.

18          Q.    Okay.  And are you familiar with a recent  
19   initiative by the PUCO called the PowerForward  
20   Initiative?

21          A.    At a high level, yes.

22          Q.    Okay.  And does your high-level  
23   understanding of that initiative include knowledge  
24   that the Commission held at least three, I think,  
25   stakeholder meetings to talk about among other things

1 grid modernization?

2 A. I don't -- I have no knowledge of those  
3 meetings.

4 Q. Okay. And do you realize that out of the  
5 PowerForward Initiative, the PUCO may make directives  
6 that it expects the Ohio utilities to make as it  
7 relates to upgrading their distribution system?

8 A. Generally, I was aware that could happen.

9 Q. Okay. And you realize those directives  
10 have not yet been made yet, correct?

11 A. Yes, sir.

12 Q. Okay. So to the extent that in the  
13 settlement Duke proposes that it will recover costs  
14 for any directives that come out of the PowerForward  
15 Initiative that has not yet been made yet, any  
16 operation and maintenance expenses would not be  
17 reflected yet in your financials as part of your  
18 testimony, correct?

19 A. I don't believe that's correct. My  
20 understanding is that the financial statements, as  
21 they were prepared, made certain assumptions  
22 associated with the PowerForward Initiative. So to  
23 my knowledge there is some reflection of rider  
24 recoveries through PowerForward in the financial  
25 statements.

1           Q.    Okay.  And I don't want to trip you up,  
2   Mr. Pratt, so I want to get into a little bit more  
3   detail.  Do you have a copy of Joint Exhibit 1 up  
4   there with you which is the stipulation?  Do you have  
5   it, Mr. Pratt?

6           A.    I do, yes.

7           Q.    If you would turn, Mr. Pratt, to page 16  
8   of what we've marked as Joint Exhibit 1.

9           A.    I'm there.

10          Q.    Okay.  And take whatever time you need to  
11   refresh your recollection or gain an understanding of  
12   Section 8, Rider PF.

13               MR. MILLER:  I am going to object.  The  
14   witness indicated he read some of Exhibit 1.

15               THE WITNESS:  Correct.

16               MR. MILLER:  I don't know that he's read  
17   previously what you are asking him about.

18               MR. MICHAEL:  Well, what I am trying to  
19   do, your Honor, I am trying to establish different  
20   components to Rider PF and I want to focus on the  
21   component of the Rider PF that may pertain to the  
22   directives coming out of the PowerForward Initiative.  
23   And I just want to make sure the record is clear that  
24   the questions I ask Mr. Pratt are solely limited to  
25   any directives that come out of the rider -- the

1 PowerForward Initiative.

2 He has said, based on my prior  
3 cross-examination, that certain assumptions were made  
4 regarding operation and maintenance expenses for  
5 Rider PF. And I just want to make sure the record is  
6 clear and make sure the witness is clear that what  
7 I'm focusing on is O&M for any directives that come  
8 out of Rider PF.

9 MR. MILLER: And, your Honors, I would  
10 suggest Counsel can ask him which riders he's aware  
11 of and maybe we can go from there.

12 MR. MICHAEL: I already did that and he  
13 said he was aware of Rider PF.

14 MR. MILLER: He said he was generally  
15 aware of some of the riders.

16 MR. MICHAEL: I asked him specifically  
17 about PF, Mr. Miller.

18 MR. MILLER: If you would let me finish.  
19 If you are going to go through the list, then let's  
20 do that and let's take the time to do it correctly.

21 EXAMINER CATHCART: I am going to  
22 overrule the objection. To the extent the witness  
23 knows the answer, I will allow the question.

24 MR. MICHAEL: Okay. Thank you, your  
25 Honor.

1 MR. MILLER: Thank you.

2 Q. (By Mr. Michael) So, Mr. Pratt, back on  
3 track. On page 16, paragraph 8, were you aware that  
4 there were different components under Rider PF?

5 A. Could you elaborate what you mean by  
6 "components," please?

7 Q. Certainly. So on page 16 of the  
8 stipulation, paragraph 8.a, you will see "Component  
9 one - Commission directives." Do you see that?

10 A. I do.

11 Q. Okay. And paragraph 8.b, you will see  
12 "Component two - Data access." Do you see that?

13 A. Yes, I do.

14 Q. And you'll see on page 17 what would be  
15 paragraph 8.c. You'll see "Component three -  
16 Infrastructure modernization." Do you see that?

17 A. Yes.

18 Q. So when I talk about "components," I'm  
19 talking about one of those three components, okay?

20 A. I'm with you.

21 Q. Okay. And I just want to draw your  
22 attention specifically to "Component one - Commission  
23 Directives." Okay? And you've had the opportunity  
24 to read that paragraph, correct?

25 A. Yes.

1           Q.    Okay.  And my question is:  Do the  
2   financial statements that are part of your testimony  
3   include any maintenance expenses -- operating and/or  
4   maintenance expenses as a result of what might be  
5   approved under the Rider PF reflected in paragraph  
6   8.a on page 16 of the stipulation?

7           A.    Not to my knowledge.

8           Q.    Okay.  And the same would also be true,  
9   Mr. Pratt, that none of the financials would reflect  
10  any capital expenditures that were made as a result  
11  of paragraph 8.a, component one, of Rider PF,  
12  correct?

13          A.    That's correct.

14          Q.    And lastly the financials wouldn't  
15  reflect anything regarding financing that may or may  
16  not occur as a result of Rider PF paragraph 8.a?

17          A.    That's correct.

18          Q.    Okay.  Thank you.

19          A.    Yeah.

20          Q.    Mr. Pratt, is there any relationship  
21  between -- what is the relationship, if any, between  
22  an income statement and a balance sheet?

23          A.    There is general relationships just with  
24  regard primarily, you know, as you issue debt, for  
25  instance, as an example, the debt service costs would

1 be reflected on the income statements. That would be  
2 one example of how the two are linked.

3 Q. Okay. And does an income statement -- a  
4 person in your position, would you prefer an income  
5 statement first and then the balance statement based  
6 on the income statement or vice versa?

7 A. Usually they are prepared together so,  
8 you know, it's kind of one and the same.

9 Q. Okay. Does the information on a balance  
10 sheet flow from the information on the income  
11 statement?

12 A. No.

13 Q. Okay. Is the reverse of that accurate?

14 A. Correct.

15 Q. Okay.

16 MR. MICHAEL: Your Honor, at this point  
17 in time, based on the conversation I just had with  
18 Mr. Pratt, I would like to move to strike on page 5  
19 of his testimony, lines 4 through 12, and the reasons  
20 are is that the financials prepared by Mr. Pratt  
21 relate to the base rate case as filed. Let me back  
22 up. The income statement, RHP-1, was prepared in  
23 connection with the rate case that was filed. It was  
24 not prepared as a result of the settlement, which it  
25 has an effect on base distribution rates for Duke

1 that is very different than the application as filed.  
2 As your Honor is well aware, in the application Duke  
3 asked for an increase in rates as part of the  
4 settlement. There is going to be a revenue  
5 reduction.

6 Further, those financials do not  
7 incorporate, as I went through with Mr. Pratt, a very  
8 important aspect of the settlement which is the  
9 Component one of Rider PF.

10 In addition to striking the attachment  
11 RHP-1 which is the income statement, I would also  
12 move separately, your Honor, but relatedly to strike  
13 the balance sheet attached to Mr. Pratt's testimony.

14 Mr. Pratt testified that information from  
15 the balance sheet flows onto the income statement and  
16 he acknowledges that the two documents, there was  
17 some intersection in relationship between the two and  
18 because neither document pertains to the effect on  
19 base rates in -- as a result of Duke's settlement and  
20 it does not reflect important aspects of the  
21 settlement, for example, Rider PF, that the testimony  
22 should -- regarding those financials and the  
23 financials themselves should be stricken.

24 MR. MILLER: Your Honor, Mr. Pratt's  
25 testimony was filed in 2017 and it addresses the SSO



1 case. It is filed in response to a requirement under  
2 OAC 4901:1-35-03(C)(2) which I believe is directly  
3 referenced on the purpose of his testimony on page 2.

4 The company needs to check the boxes on  
5 the initial filing as it is required to do that. The  
6 actual initial data responses to the initial filing  
7 in that case basically said see Mr. Pratt's  
8 testimony.

9 In addition, the Bench had a ruling  
10 previously that only compatible, relevant information  
11 to the stipulation should be argued in this case.  
12 The company was very thoughtful and very careful  
13 about what it specifically filed in this proceeding  
14 in regards to preparing for today.

15 We have a motion to strike this  
16 gentleman's testimony. We've heard nothing before  
17 this. That ruling was out there for several weeks.  
18 And although it's not required in the State of Ohio  
19 to file a formal motion in writing prior to these  
20 hearings; certainly one can do it from the table. We  
21 have heard and seen nothing about this. This  
22 testimony is underpinning the case, the SSO case  
23 underlying this.

24 The Commission needs to understand and we  
25 would hope to be able to have evidence in the record

1 showing them where we started and where we ended with  
2 the settlement/stipulation. Part of the  
3 consideration the Commission is going to give this,  
4 as we all know, is that there was significant  
5 bargaining in the case. This goes to illustrate the  
6 bargaining.

7 Mr. Pratt's testimony additionally is  
8 foundation for other witnesses in this case who are  
9 putting on testimony regarding the SSO. We think  
10 it's entirely proper and relevant to leave this  
11 information in.

12 MR. MICHAEL: And I would simply point  
13 out to your Honor that the testimony states, on  
14 lines 6 and 7:

15 "The projected Income Statement, shown in  
16 Attachment RHP-1, includes the following major  
17 assumptions:

18 Commission approval of the Company's  
19 pending base rate case increase, Case No.  
20 17-32-EL-AIR...."

21 That issue is no longer before the  
22 Commission.

23 The financials sponsored by Mr. Pratt and  
24 Mr. Pratt's testimony are simply irrelevant. I mean,  
25 the assumptions the financials are based on are no

1 longer in play. They have no probative value  
2 whatsoever.

3 MR. MILLER: Your Honor, for all the  
4 reasons I stated, in addition we certainly believe  
5 it's relevant in the sense that it illustrates where  
6 we started and where we came. Any SSO -- if  
7 historically you look at what this Commission has  
8 done in this state, any SSO it has settled does not  
9 end up where it started. But the information  
10 initially filed is still probative and allows the  
11 Commission to make a review analysis of their  
12 decision. We think the Commission should be given  
13 the opportunity to provide the weight it desires to  
14 this information.

15 EXAMINER CATHCART: I am going to deny  
16 the motion to strike. The Commission can give it the  
17 appropriate weight it deserves knowing that there is  
18 a stipulation, but I think there is still some  
19 probative value here.

20 MR. MICHAEL: Thank you, your Honor, I  
21 don't have any further questions. I may have  
22 questions for the confidential session.

23 EXAMINER CATHCART: Thank you.

24 Any redirect?

25 MR. MILLER: Why don't you give us a

1 minute, if you would.

2 EXAMINER WALSTRA: Go off the record.

3 (Discussion off the record.)

4 EXAMINER WALSTRA: Back on the record.

5 - - -

6 REDIRECT EXAMINATION

7 By Mr. Miller:

8 Q. Mr. Pratt, you were asked a question by  
9 Mr. Michael, and I don't know if you recall it, about  
10 making -- I guess I'll rephrase it -- the inclusion  
11 of PowerForward costs as part of your financial  
12 projections and analysis or calculations.

13 A. Uh-huh.

14 Q. And I think you talked about certain  
15 assumptions you may have made. And I would like to  
16 have a better understanding of that. So what  
17 assumptions did you make when you included those  
18 PowerForward costs?

19 MR. MICHAEL: Objection, your Honor. My  
20 questions were around Component one of PowerForward  
21 that had to do with any directives that come out of  
22 the Commission. And the witness testified, I think  
23 very clearly, that any O&M costs, capital  
24 expenditures, et cetera, that I asked him about were  
25 not reflected on the financials. So I think

1 Mr. Miller is going beyond and mischaracterizing my  
2 questions and the witness's responses.

3 MR. MILLER: I'm always reluctant to  
4 mischaracterize Mr. Michael's questions, but I would  
5 suggest that he was asked about PowerForward costs  
6 being included in his calculations and I am trying to  
7 get a better understanding of what his analysis was.  
8 I believe Mr. Michael walked him through certain  
9 specific items, but I would like to have a better  
10 general understanding and I think I am entitled to  
11 ask that on redirect.

12 EXAMINER CATHCART: Overruled. I will  
13 allow the question.

14 A. Can you please repeat?

15 Q. I think you recall, and we discussed it a  
16 little bit here, Mr. Michael's question about  
17 inclusion of certain PowerForward costs in your  
18 analysis, your financial projections and  
19 calculations. And I would like to get a better  
20 understanding of the assumptions you made regarding  
21 PowerForward costs and perhaps how you included those  
22 or folded those into your calculations or  
23 projections.

24 A. Thank you.

25 Yeah, there were certain programs, if you

1 will, that we did assume in the financials that were  
2 approved to go through a rider, namely, AMI and CIS  
3 which are reflected in the stipulation, I think as B  
4 and C as I read them. And so those were reflected in  
5 the financial statements. We had them going through  
6 a rider recovery similar to DCI as if they would have  
7 been approved through PowerForward.

8 MR. MILLER: Thank you. No further  
9 questions.

10 EXAMINER CATHCART: Thank you.

11 Any recross?

12 MR. NUGENT: Yes.

13 Mr. Pratt -- correction, I do not. I  
14 apologize.

15 EXAMINER CATHCART: Thank you.

16 MR. MICHAEL: None, your Honor. Thank  
17 you.

18 EXAMINER CATHCART: Thank you. Let's now  
19 enter the confidential session.

20 (CONFIDENTIAL SESSION EXCERPTED.)  
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(OPEN RECORD.)

MR. MILLER: Now I would like to move admission of 15 which is the public version, and 15A which would be the confidential version. Those are Duke exhibits.

EXAMINER CATHCART: Any objection?

MR. MICHAEL: Subject to the motion to strikes, no objection.

EXAMINER CATHCART: Those will be admitted.

(EXHIBITS ADMITTED INTO EVIDENCE.)

MR. MILLER: Thank you.

EXAMINER WALSTRA: Duke, you may call your next witness.

MS. WATTS: Your Honor, our next witness would be Mr. Ziolkowski. And Ms. Kingery has run across the street, so I am calling her real quick.

EXAMINER WALSTRA: Okay. We can take a 10-minute recess.

1 (Recess taken.)

2 EXAMINER CATHCART: Okay. Let's go back  
3 on the record.

4 MR. MIZELL: Thank you, your Honors. At  
5 this time Duke would like to call Witness Zachary  
6 Kuznar. Your Honor, may we approach?

7 EXAMINER CATHCART: You may.

8 (Witness sworn.)

9 EXAMINER CATHCART: Thank you.

10 MR. MIZELL: Your Honor, for purposes of  
11 the record, we would like to move to mark at this  
12 time the direct testimony of Zachary Kuznar in Case  
13 17-1263, et al., as Duke Exhibit No. 16.

14 EXAMINER CATHCART: So marked.

15 (EXHIBIT MARKED FOR IDENTIFICATION.)

16 - - -

17 ZACHARY KUZNAR

18 being first duly sworn, as prescribed by law, was  
19 examined and testified as follows:

20 DIRECT EXAMINATION

21 By Mr. Mizell:

22 Q. Mr. Kuznar, please state your name.

23 A. Zachary Kuznar.

24 Q. Mr. Kuznar, where are you employed?

25 A. Duke Energy.



1           Q.    And what -- what position do you hold and  
2    what is your business address?

3           A.    I -- my current position is Director of  
4    CHP Energy Storage and Microgrid Development for Duke  
5    Energy, and my business address is in 400 South Tryon  
6    Street, Charlotte, North Carolina.

7           Q.    Mr. Kuznar, did you draft and cause to be  
8    filed in this case testimony, direct testimony?

9           A.    Yes, I did.

10          Q.    Do you have a copy of that testimony in  
11   front of you?

12          A.    Yes, I do.

13          Q.    And is it a document that was just marked  
14   Exhibit -- Duke Exhibit 16?

15          A.    Yes.

16          Q.    Mr. Kuznar, at this time do you have any  
17   changes to that testimony?

18          A.    Yes. There is one change on page 4. The  
19   question at the top: "Has the Company selected a  
20   location for the installation of the distribution  
21   battery technology?" And it says "Yes." We're still  
22   doing kind of a thorough evaluation of a number of  
23   different sites.

24               MR. MIZELL: Your Honors, just for the  
25   record, we are referring to Kuznar testimony page 4,

1 the answer that begins on line 3.

2 MR. HEALEY: I am sorry. Can we get what  
3 the actual edit is? He gave kind of a commentary but  
4 he didn't really say what the edit is.

5 THE WITNESS: We are still evaluating  
6 sites.

7 MR. HEALEY: So delete the word "Yes" and  
8 change it to "We are still evaluating sites"?

9 THE WITNESS: Yes.

10 Q. (By Mr. Mizell) Mr. Kuznar, with the  
11 exception of that edit, is the rest of your testimony  
12 true and correct as if you were giving it today?

13 A. Yes, it is.

14 MR. MIZELL: No further questions, your  
15 Honor.

16 EXAMINER CATHCART: Thank you.

17 Cross-examination?

18 MR. HEALEY: Your Honor, if I may make a  
19 motion to strike before others start their cross?

20 EXAMINER CATHCART: Yes.

21 MR. HEALEY: Your Honor, OCC would object  
22 to this testimony in its entirety and move to strike  
23 the whole thing. The stipulation includes a  
24 provision for a battery storage project on page 13.  
25 Mr. Kuznar's testimony is with respect to a different

1 battery storage project as proposed in the ESP  
2 application. The stipulation never states that this  
3 is the same battery storage project. And as  
4 reflected in the numerous discovery requests that OCC  
5 Witness Alexander, who is forthcoming, cites, we  
6 asked a whole bunch of questions about the storage  
7 project and not once did Duke say simply take a look  
8 at Mr. Kuznar's testimony.

9           Instead, they gave us various responses  
10 to what this new battery storage project is. So the  
11 new project as stated in the stipulation has replaced  
12 Mr. Kuznar's proposal from his testimony, and the  
13 company should rely on what's in the stipulation, not  
14 on the old -- the old testimony.

15           So consistent with the Attorney  
16 Examiner's previous ruling that things must be  
17 compatible, Mr. Kuznar could have filed new testimony  
18 supporting the new battery project but he chose not  
19 to.

20           MR. MIZELL: Your Honor, the battery  
21 project outlined in Mr. Kuznar's testimony is, in  
22 fact, the same pilot project that is contemplated in  
23 the stipulation. His testimony is compatible with  
24 the stipulation, although we have noted that as this  
25 pilot progress -- progresses and is noted in

1 Mr. Kuznar's testimony, there will be some changes to  
2 some of the specifics of the project.

3 The project itself is the same project  
4 that it was in Mr. Kuznar's original testimony and is  
5 anticipated in the stipulation agreement, so they are  
6 completely compatible with each other, your Honor.

7 MR. OLIKER: Your Honor, if I may be  
8 heard as well, and sorry to step on your toes, Chris.  
9 One of the concerns I think that Mr. Healey  
10 identifies is that there are services that this  
11 battery could potentially provide that are enumerated  
12 in Mr. Kuznar's testimony that are inconsistent with  
13 the stipulation and prior testimony from Ms. Spiller.

14 It also necessitated some of the  
15 confusion in the preparation of testimony of other  
16 intervenors and as well as discovery responses that  
17 we received from the company. We understand what the  
18 stipulation says, and we know that it is different  
19 than what this testimony sets forth, but we also know  
20 what Duke may have as, I hate to say this but,  
21 ulterior motive, but it raises a level of confusion  
22 by allowing the testimony to stand as it states now.  
23 That should be clarified by striking the provisions  
24 that are incompatible with the stipulation.

25 MR. MIZELL: Your Honor, all those

1 questions are topics for cross-examination that can  
2 be directed. The services that are to be provided --  
3 the services to be provided remain the same, and  
4 counsel is not pointing out any differences. They  
5 are just making a generalized statement that they  
6 feel like they have some confusion on the project.  
7 Those are all topics that they can handle on  
8 cross-examination.

9 MR. OLIKER: I will clarify, your Honor.  
10 I move to strike page 3, lines 14 through 18, where  
11 it states "The proposed battery energy storage system  
12 will provide certain ancillary services to the PJM  
13 Interconnection, L.L.C., market." That is  
14 incompatible with the stipulation and should be  
15 stricken. And it goes on to say that "the project is  
16 likely to provide frequency regulation, thereby  
17 helping to stabilize the electric grid in a manner  
18 that is more efficient than traditional resources  
19 such as fossil generation."

20 MR. MIZELL: Your Honor, there is nothing  
21 specific in the stipulation that says the service  
22 frequency regulation services will not be provided.  
23 In addition, specifically any monetary revenues  
24 derived from the services -- sale of services into  
25 the PJM frequency regulation market will be an offset

1 to the cost borne by the customers in this matter.

2 All of that is part and parcel of the stipulation.

3 EXAMINER CATHCART: Can I have a moment,  
4 please.

5 MR. OLIKER: Your Honor, the staff may  
6 wish to be heard if they are. They are here.

7 EXAMINER CATHCART: I'm going to deny the  
8 motion to strike, and parties can explore his answers  
9 on cross-examination.

10 MR. HEALEY: Can we get clarification? I  
11 made a motion to strike, and then Joe made one on top  
12 of mine. Are you denying both?

13 EXAMINER CATHCART: Yes. We are going to  
14 deny both. Thank you.

15 MR. HEALEY: That's all I have on motions  
16 to strike, so I would defer to the end of the line on  
17 the beginning of cross.

18 EXAMINER CATHCART: Thank you.

19 MR. KREITNER: I would like to question  
20 the witness, your Honor. I am Jean-Luc Kreitner for  
21 the Environmental Law & Policy Center.

22 EXAMINER WALSTRA: Could you please turn  
23 on your microphone. Thank you.

24 - - -

25

## CROSS-EXAMINATION

By Mr. Kreitner:

Q. I'm Jean-Luc Kreitner with the Environmental Law & Policy Center. Mr. Kuznar, have you been cross-examined before the PUCO before?

A. I have not.

Q. I have not been involved in a cross-examination before the PUCO either, so this will be my first time as well. I think this will be a good one.

You proposed piloting a battery storage system as a distribution resource, correct?

A. That's correct.

Q. And one way a battery system might provide distribution services is as a tool to address peak demand that would otherwise require a more costly distribution upgrade, correct?

A. That's one benefit.

MR. KREITNER: At this point I would like to introduce as an exhibit to be marked as ELPC Exhibit 1. May I approach?

EXAMINER CATHCART: You may.

MR. KREITNER: This is a discovery response by Duke in this case labeled OCC-INT-1-27.

(EXHIBIT MARKED FOR IDENTIFICATION.)

1           Q.     (By Mr. Kreitner) Are you listed as the  
2 person responsible for this interrogatory, this  
3 response?

4           A.     I am.

5           Q.     Does this describe how a battery system  
6 might be used to avoid or defer distribution upgrade  
7 by serving or reducing peak demand?

8           MR. OLIKER:  Objection.  Your Honor, it's  
9 not clear how this cross-examination is adverse.  It  
10 seems to be eliciting additional testimony in support  
11 of the stipulation as opposed to addressing something  
12 where these two parties may be adverse to each other;  
13 and, therefore, it would be inappropriate and  
14 friendly cross.

15          MR. KREITNER:  I am just trying to  
16 establish what the document is so we can proceed with  
17 further questioning.

18          MR. MIZELL:  Your Honor, also I would say  
19 the same thing, the only question has been is what  
20 this document is.  I have heard nothing approaching  
21 what Counsel is suggesting.

22          EXAMINER CATHCART:  I'll overrule the  
23 objection for now.  I'll let him continue with his  
24 line of questioning.

25          MR. KREITNER:  Thank you, your Honor.



1           Q.     (BY Mr. Kreitner) Mr. Kuznar, are you  
2 familiar with storage systems to defer or avoid  
3 investments PJM called non-wires alternatives?

4           A.     I am.

5           Q.     Would you say there are likely a number  
6 of potential locations in Duke territory where such a  
7 non-wires alternative could potentially be deployed  
8 to cost effectively defer or avoid distribution  
9 investments?

10           MR. OLIKER:  Objection.  Your Honor, now  
11 we are getting to the point where they are further  
12 extrapolating on the stipulation and his testimony in  
13 support of what the Rider DCI and the stipulation is  
14 trying to achieve; and, therefore, it is  
15 inappropriate.

16           MR. KREITNER:  I'm sorry.  Can you repeat  
17 that objection, the reasoning behind your objection?

18           MR. OLIKER:  Sure.  This line of  
19 questioning supports the stipulation's proposal to  
20 use batteries to defer distribution investment; and,  
21 therefore, it is friendly cross.  It supports the  
22 stipulation and approval of it rather than being  
23 adverse.

24           MR. MIZELL:  Your Honor, I am just  
25 restating it at this point.  The question has been --

1 or, he is asking is the witness aware of any  
2 locations in Duke's service territory where non-wires  
3 alternatives might be deployed.

4 MR. OLIKER: Which, your Honor, is a  
5 subject of his testimony on page 4, line 1, and  
6 further delving into that line of questioning.

7 MR. KREITNER: While I think this is just  
8 leading to my next question, so if you could allow me  
9 to get to this next one, I think it will be fine.

10 EXAMINER CATHCART: I am going to  
11 overrule for now, give a little bit of leeway. We  
12 will see where this line of questioning is going.

13 MR. KREITNER: I appreciate that.

14 EXAMINER WALSTRA: Did he answer the  
15 question?

16 MR. KREITNER: Sure.

17 EXAMINER WALSTRA: Did you answer that  
18 question?

19 A. No. Could you repeat the question?

20 Q. Would you say that there are likely a  
21 number of potential locations in Duke territory where  
22 such a non-wires alternative could potentially be  
23 deployed to cost effectively defer or avoid  
24 distribution investments?

25 A. It's currently under evaluation.

1 MR. KREITNER: At this point I would like  
2 to introduce as an exhibit to be marked as ELPC  
3 Exhibit 2. May I approach?

4 EXAMINER CATHCART: You may.

5 MR. KREITNER: This is a discovery  
6 response by Duke in this case labeled OCC-INT-1-16.

7 (EXHIBIT MARKED FOR IDENTIFICATION.)

8 Q. (By Mr. Kreitner) Are you listed as the  
9 person responsible for this interrogatory response,  
10 Mr. Kuznar?

11 A. Yes, I am.

12 Q. Does this describe location -- potential  
13 locations where energy storage systems could be  
14 located?

15 A. Yes, it does.

16 Q. And is it one of Duke's aims in proposing  
17 this battery system pilot to produce knowledge that  
18 could be used in designing, deploying additional  
19 battery projects in the future?

20 MR. OLIKER: Objection. Your Honor, I am  
21 waiting for the witness to establish some level of  
22 adversity with the witness -- or with -- with the  
23 attorney. I still have not seen any of that  
24 whatsoever.

25 MR. HEALEY: I am going to join that

1 objection at this point, your Honor. This witness  
2 could have filed additional testimony regarding the  
3 stipulation. It appears that Counsel's attempting  
4 now to bolster the witness's old testimony with  
5 additional information to try to garnish support for  
6 the stipulation.

7 MR. KREITNER: Earlier there were  
8 alterations made to the witness's testimony regarding  
9 whether or not there was a specific location for the  
10 battery storage project. I'm really just trying to  
11 identify that -- my line of questioning was just  
12 trying to pin down where this specific site was  
13 originally.

14 Q. (By Mr. Kreitner) At this point, since  
15 you are still reviewing sites, we can move past this  
16 question.

17 A. Okay.

18 Q. But I would like to know at the time you  
19 drafted your original pilot testimony, I'm referring  
20 to the original page 4, lines 3 through 5, had Duke,  
21 in fact, settled on a specific location for the  
22 battery project pilot?

23 A. We did have a site in mind, but we've  
24 realized there are other sites which we feel would be  
25 much more valuable to the pilot.

1           Q.    Why did you decide not to move forward  
2 with the location? Just because there were other  
3 sites that you thought were just as valuable or what  
4 was the analysis?

5           A.    Yeah. We believe there are other sites  
6 on the distribution system which would provide a lot  
7 more value for our customers.

8           Q.    Can you describe the value that you think  
9 these other sites provide in comparison to the  
10 original site?

11          A.    Yeah. Again, we are focused on kind of  
12 upgrades, you know, deployment to improve the TD  
13 system -- or the distribution system with this size  
14 pilot.

15          Q.    For the purpose of this proceeding, can  
16 you let me know what the original site was for the --  
17 that you had planned?

18               MR. MIZELL: Your Honor, objection to  
19 that. The witness has changed his testimony on this  
20 amount. The location of the original site is not  
21 relevant to any of the issues in this proceeding.  
22 Also, your Honor, it's commercially-sensitive  
23 information.

24               EXAMINER CATHCART: I am going to sustain  
25 that objection.

1           Q.     (By Mr. Kreitner) I have one final  
2 question for you, Mr. Kuznar. Did you consider  
3 ownership models for the proposed battery pilot other  
4 than utility ownership?

5           A.     We have not.

6           MR. KREITNER: Well, I have no further  
7 questions. Thank you for your time.

8           THE WITNESS: Thank you.

9           EXAMINER CATHCART: Thank you.

10          MR. OLIKER: Thank you, your Honor.

11                                 - - -

12                                 CROSS-EXAMINATION

13 By Mr. Oliker:

14          Q.     Good afternoon, Mr. Kuznar. My name is  
15 Joe Oliker. I represent IGS Energy.

16          A.     Okay.

17          Q.     Have you reviewed the stipulation in this  
18 proceeding?

19          A.     I have.

20          Q.     All of it?

21          A.     Not all of it.

22          Q.     Which portions did you look at?

23          A.     The portion on storage.

24          Q.     Are you familiar with the DCI rider?

25          A.     I am not familiar with the DCI rider.

1           Q.    Are you familiar with the uniform system  
2 of FERC accounting?

3           A.    Not in detail.

4           Q.    And what is your experience with the PJM  
5 market?

6           A.    We haven't done much in PJM.

7           Q.    Do you have wholesale market experience?

8           A.    Some.

9           Q.    Which markets?

10          A.    Done a little bit in -- little knowledge  
11 of PJM, but I am definitely not the expert or the  
12 person to answer these questions.

13          Q.    On page line -- page 3, line 14, when you  
14 mention ancillary services in the PJM Interconnection  
15 market, are you familiar with the way that market  
16 operates?

17               MR. MIZELL: Your Honor, objection, asked  
18 and answered.

19               EXAMINER CATHCART: Overruled. I'll  
20 allow the question to the witness's understanding.

21          A.    We have a separate group that would bid  
22 these assets into the markets.

23          Q.    But do you agree PJM Interconnection is  
24 the operator of the wholesale transmission grid?

25          A.    I'm not the best person to answer that

1 question.

2 Q. Who would be the best person to answer  
3 that question?

4 A. I'm not sure if they're here.

5 Q. Are you aware of what PJM's role is,  
6 Mr. Kuznar?

7 A. So to a certain extent but, again, I'm  
8 not the expert on PJM.

9 Q. Based on -- how would you describe PJM in  
10 your own words?

11 A. It's a market.

12 Q. It's a regional transmission operator?

13 A. Yes.

14 Q. Would you agree that they dispatch  
15 generation assets in the wholesale market?

16 A. Uh-huh. I agree with that.

17 Q. And they are responsible for transmission  
18 assets?

19 A. Yes.

20 Q. And transmission is a wholesale service,  
21 correct, or interstate service?

22 A. Correct.

23 Q. On line 16 of page 3, you mention the  
24 frequency regulation market. What is your  
25 familiarity with that market?



1           A.    I mean, I know about the market; but,  
2           again, the primary function of the batteries are  
3           focused on the distribution system. This would just  
4           be an additional value.

5           Q.    You would agree that the frequency  
6           regulation market is not a part of the distribution  
7           system?

8           A.    Not the best person to answer that.

9           Q.    Would you agree that PJM Interconnection  
10          is not responsible for distribution functions?

11          A.    Not the best person to answer that.

12          Q.    Who would be the best person for Duke  
13          that's testifying in this case that could answer that  
14          question?

15          A.    I'm not sure who that would be.

16          Q.    Earlier, I think you mentioned that the  
17          frequency regulation market involves bidding,  
18          correct?

19          A.    It does.

20          Q.    And would you agree that the frequency  
21          regulation market is highly competitive?

22          A.    I'm not sure if I'm -- that's the best  
23          way to describe it.

24          Q.    How would you describe it?

25          A.    It's a market.

1           Q.   Markets are competitive generally,  
2 correct?

3           A.   Can be.

4           Q.   Would you agree that the cost of your  
5 bid -- let me rephrase that.

6                    Would you agree that the price that you  
7 bid into the frequency regulation market may  
8 determine whether or not you're selected to provide  
9 frequency regulation service?

10          A.   I would agree with that.

11          Q.   Have you followed any of the FERC  
12 proceedings involving the frequency regulation  
13 market?

14          A.   In PJM?

15          Q.   Yes.

16          A.   A little bit but not in detail.

17          Q.   What is your familiarity with the FERC  
18 proceedings involving the frequency regulation  
19 market?

20          A.   I mean, there was a price change.

21          Q.   Can you describe the price change?

22          A.   I cannot.

23          Q.   And how long have you been working with  
24 energy storage, Mr. Kuznar?

25          A.   Seven years.

1           Q.   And are you familiar with the  
2 depreciation rates of storage assets?

3           A.   Again, I am not an expert on this.

4           Q.   Are you -- I should check your testimony.  
5 Would you agree the depreciation rates are  
6 established based on the useful life of assets?

7           MR. MIZELL:  Objection, your Honor, to  
8 the extent the witness answered he was not familiar  
9 with the depreciation rates.

10          MR. OLIKER:  If he knows, if he knows.  
11 If not, that's fine.

12          EXAMINER CATHCART:  Overruled.  To the  
13 extent the witness knows the answer, I will allow the  
14 question.

15          A.   Could you repeat the question?

16          Q.   Would you agree that depreciation rates  
17 are, from a high level, generally established based  
18 upon the useful life of assets?

19          A.   I would agree with that.

20          Q.   And useful life of batteries is often  
21 determined based upon the amount of times that you  
22 cycle them between charge and discharge; is that  
23 correct?

24          A.   That's correct.

25          Q.   And the more you cycle a battery, the

1 quicker the useful life comes to an end, correct?

2 A. For the battery portion of the system,  
3 yes.

4 Q. Okay. And would you agree that a battery  
5 utilized to provide frequency regulation service is  
6 likely to have a shorter useful life than a battery  
7 that is used to avoid distribution upgrades?

8 A. Depends. I wouldn't -- I wouldn't say  
9 that for certain.

10 Q. Are you -- why does it depend?

11 A. It depends on how you are operating it  
12 and frequency regulation or how you are using it on  
13 the distribution system. You can't make that into a  
14 blanket statement.

15 Q. And you mentioned that you followed some  
16 of the FERC proceedings on frequency regulation.  
17 Have you followed the Energy Storage Association's  
18 complaint against PJM?

19 A. To a certain extent, yes.

20 Q. And am I correct that one of the things  
21 the Energy Storage Association alleged was that the  
22 frequency regulation market causes batteries to  
23 deteriorate much quicker based upon the signaling  
24 changes that PJM put in place?

25 MR. MIZELL: Objection, your Honor. At

1 this point we have gone well outside the scope of  
2 Mr. Kuznar's direct testimony at this point. We are  
3 now talking about proceedings filed by a separate en  
4 -- filings made by another entity in another  
5 proceeding.

6 MR. OLIKER: Your Honor, I am simply  
7 asking him to expound upon the market that he's  
8 describing in his testimony and is now asking the  
9 Commission to allow them to use these batteries to  
10 participate in. I am seeing if he has the capacity  
11 to talk about that.

12 EXAMINER CATHCART: Overruled. The  
13 witness can answer if he knows.

14 THE WITNESS: Could you repeat the  
15 question?

16 MR. OLIKER: Karen, could you read it  
17 back, please.

18 (Record read.)

19 A. At the signal change, right, I would  
20 agree with that.

21 Q. Because at its -- at its heart, the  
22 frequency regulation market causes a battery to  
23 charge or discharge very rapidly, correct?

24 A. That's correct.

25 Q. And are you familiar with the term

1 "pegging"?

2 A. No.

3 Q. Are you familiar with the difference  
4 between Regulation A and Regulation D?

5 A. I am.

6 Q. Could you describe the Regulation A  
7 market, please?

8 A. Well, the Regulation D market is for fast  
9 response.

10 Q. And Regulation A is for a longer response  
11 time, correct?

12 A. Correct.

13 Q. And would you agree Regulation A is  
14 typically reserved for combined-cycle power plant and  
15 other generators and -- the court reporter can't hear  
16 you if you shake your head.

17 A. Yeah, A is for -- that's correct.

18 Q. And Regulation D is very fast response  
19 such as, you know, 2 seconds charging, 2 seconds  
20 discharge, correct?

21 A. That's correct.

22 Q. And when PJM made the signal change,  
23 would you agree that it required Regulation D  
24 resources to add -- act more like Regulation A  
25 resources, if you know?

1           A.     I'm unaware.

2           Q.     Would you agree that if a battery  
3 resource operates daily in the frequency regulation  
4 market, it will have -- let me rephrase that.

5                     Would you agree that many of the  
6 participants in the Regulation D market are not  
7 regulated distribution utilities?

8           A.     I would say you have a combination.

9           Q.     Many of the participants in that market  
10 have no guaranteed cost recovery, correct?

11          A.     I would say some of them do not, you are  
12 correct.

13          Q.     Would you agree that PJM has indicated  
14 that the Regulation D market is already oversupplied?

15          A.     I wouldn't agree with that.

16          Q.     Why is it you disagree?

17          A.     Just don't necessarily agree.

18          Q.     Do you know? Do you have any basis to  
19 say you disagree?

20          A.     No.

21          Q.     The battery resources that you discuss in  
22 your testimony, are they in front of the meter or  
23 behind the meter?

24          A.     They would be on our side of the meter,  
25 so they wouldn't be on the customer's side of the

1 meter.

2 Q. And would you agree that to participate  
3 in the frequency regulation market, they would need  
4 to discharge electrons onto the transmission system?

5 A. Yes, I understand that.

6 Q. Have you read FERC Order 841?

7 A. I have not read the entire order.

8 Q. But you have read it.

9 A. I'm familiar with it, yes.

10 Q. Would you agree that the purpose of the  
11 order was to allow energy storage to participate on  
12 equal footing with generation in the competitive  
13 wholesale markets?

14 A. I would agree with that.

15 Q. Would you agree that FERC has classified  
16 energy storage as generation?

17 A. If connected to the transmission system.

18 Q. And would you agree that FERC Order 841  
19 permits energy storage connected to the distribution  
20 system to participate in the wholesale markets?

21 A. Would you repeat the question?

22 MR. OLIKER: Karen, could you repeat  
23 that, please?

24 (Record read.)

25 A. I'm not sure of that statement.



1           Q.    And would you agree that -- if you look  
2   at page 3, line 22 to 23.

3           A.    Uh-huh.

4           Q.    First, you filed this testimony before  
5   the stipulation was entered, correct?

6           A.    That's correct.

7           Q.    And would you agree that the stipulation  
8   itself does not in any way discuss using wholesale  
9   market revenues to offset the costs of energy  
10   storage?

11          A.    I am not sure if that's in the  
12   stipulation.

13          Q.    You would defer to the stipulation as to  
14   what revenues energy storage could earn, correct?

15          A.    With regards to Duke Energy?

16          Q.    Yes.

17          A.    In this case? I'm not sure if I am the  
18   best person to answer that.

19          Q.    Who would be?

20          A.    I'm not sure.

21                MR. OLIKER: Can I have one minute, your  
22   Honor?

23                EXAMINER CATHCART: You may.

24          Q.    Mr. Kuznar, when you referred to  
25   potential distribution upgrade deferrals, you are

1 referring to the costs of upgrading a substation,  
2 correct?

3 A. Substation or, you know, non-wires  
4 alternative.

5 Q. And in that case, the battery operates  
6 somewhat like a peaking service, correct?

7 A. Correct.

8 Q. And logically the battery would be used  
9 in those 5 or 10 days of the year when the circuit is  
10 overloaded?

11 MR. MIZELL: Your Honor, I object to the  
12 foundation of 5 to 10 days a year. If he wants to  
13 state it as a hypothetical, that's okay, but he  
14 asserted it as a fact that it would be 5 to 10 days a  
15 year in his question.

16 MR. OLKER: He could disagree with me,  
17 your Honor.

18 A. Right. I disagree.

19 Q. And I can try again. Would you agree  
20 that when a battery is used to avoid a substation  
21 upgrade, it's not going to be used every day of the  
22 year, correct?

23 A. I would agree with that.

24 Q. And there are certain times of the year,  
25 likely in the summer, winter, when that battery is

1     used?

2             A.     More frequently during those times.

3             Q.     On page 5, line 16, you indicate "energy  
4     storage is cleaner technology."   Cleaner than what  
5     technology?

6             A.     Oh, sorry.   It would really depend on how  
7     it's being used.   If you are using it from the  
8     generation side, then fossil; but in this case from a  
9     distribution upgrade, it's not, say, cleaner than a  
10    wire.

11            Q.     Okay.   That was my question.

12            A.     Right.

13            Q.     In the event that Duke is permitted to  
14    own energy storage and bid into the frequency  
15    regulation market, is it possible that Duke would bid  
16    into the market at zero?

17            A.     I'm not sure if I'm ready to answer that  
18    question.   We work with our dispatch group on any  
19    dispatch into the frequency regulation market.

20            Q.     In the event that Duke hypothetically bid  
21    into the market at zero, would you agree that the  
22    energy storage assets could displace other assets in  
23    the market that are bidding?

24            A.     Potentially.

25            Q.     And by displacing those assets, it could

1     reduce the amount of revenue that they earn, correct?

2             A.     Again, I'm not an expert on the dispatch,  
3     but we work with our dispatch group in answering any  
4     of those questions.

5             Q.     Is the answer "yes" to the question?

6             A.     Yes to would we offset the revenues made  
7     by other?

8             Q.     Yes.   Would bidding in zero into the  
9     frequency regulation market potentially reduce the  
10    revenues that other competitive entities earn?

11            A.     If we bid in zero, this could reduce  
12    those revenues, but I am not saying we would ever bid  
13    in at zero.   I work with our dispatch group on that.

14            MR. OLIKER:   I believe those are all the  
15    questions I have subject to the earlier motion to  
16    strike.   Thank you, your Honor.

17            Thank you, Mr. Kuznar.

18            EXAMINER CATHCART:   Thank you.

19            EXAMINER WALSTRA:   We'll go off the  
20    record.

21            (Discussion off the record.)

22            (Thereupon, at 12:37 p.m., a lunch recess  
23    was taken.)

24                                 - - -

25

1                               Wednesday Afternoon Session,  
2                               July 11, 2018.

3                               - - -

4                               EXAMINER CATHCART: Let's go back on the  
5 record.

6                               OCC.

7                               - - -

8                               ZACHARY KUZNAR (Continued)  
9 being previously duly sworn, as prescribed by law,  
10 was examined and further testified as follows:

11                              CROSS-EXAMINATION

12 By Mr. Healey:

13                              Q. Mr. Kuznar, you are aware that Duke is  
14 seeking, under the stipulation, to invest up to \$20  
15 million on a battery storage project or projects,  
16 correct?

17                              A. Yes, I am.

18                              Q. You understand that Duke intends to  
19 charge customers for the cost of that program?

20                              A. I do.

21                              Q. And you testified earlier today I  
22 believe, in response to a question from Mr. Olier,   
23 that you are not familiar with Rider DCI, correct?

24                              A. Not the details, that's correct.

25                              Q. But you're aware of its existence?

1           A.    I'm aware of its existence.

2           Q.    Are you aware that Duke proposes to  
3 charge customers for the battery storage project  
4 through Rider DCI?

5           A.    Yes, I do.

6           Q.    In your testimony, you describe the  
7 battery storage project as a pilot; is that correct?

8           A.    We're referring to it as a pilot; that is  
9 correct.

10          Q.    And when you say "pilot," you mean in  
11 particular that it will be a limited duration,  
12 correct?

13          A.    Could you clarify what you mean by  
14 "limited duration"?

15          Q.    When I hear the word "pilot," I think of  
16 a project that has a certain span of a defined number  
17 of years. Is that your understanding of the word  
18 "pilot"?

19          A.    I would -- I would disagree with that.

20          Q.    So, in your opinion, a pilot can go on  
21 indefinitely?

22          A.    Well, what do you mean duration in number  
23 of years? Do you mean duration of this particular  
24 asset? Are you talking about duration of the ask for  
25 the pilot, the capital?

1           Q.    I am talking about your battery storage  
2 proposal which you are referring to as a pilot.

3           A.    That's correct.

4           Q.    Under your testimony is it possible for  
5 this battery storage proposal, as described in your  
6 testimony and in the stipulation, to go on, never  
7 ending?

8           A.    Well, in this particular case, we are  
9 asking for 10 megawatt -- roughly 10 megawatt,  
10 \$20 million cap on the pilot, but the battery life of  
11 the asset could -- is going to last a number of  
12 years.

13          Q.    And to the extent there are charges to  
14 customers under Rider DCI for the battery storage  
15 proposal, is there any limit on the duration with  
16 which Duke could collect those charges from  
17 customers?

18          A.    I didn't necessarily understand the  
19 question.

20          Q.    Okay.  Let's say Duke -- let's say Duke  
21 were to install a battery storage -- something under  
22 the battery storage proposal 15 years from now.  
23 Would that fall within this battery storage pilot  
24 potentially?

25          A.    I would probably refer to someone in

1 rates and regulatory on the specific questions around  
2 DCI, but the way we are looking at this pilot is to  
3 really cap the capital investment on this particular  
4 asset at the \$20 million. Now, there will be ongoing  
5 O&M charges, but the capital investment will be that  
6 \$20 million.

7 Q. So the O&M charges for this pilot could  
8 bring the total cost above the \$20 million?

9 A. There would be ongoing O&M charges, that  
10 is correct.

11 Q. And have you quantified what those O&M  
12 charges will be?

13 A. We have not for this particular pilot  
14 yet. We have not.

15 Q. And the stipulation doesn't include any  
16 cap on the amount of O&M charges that Duke might  
17 charge customers for the battery storage pilot,  
18 correct?

19 A. I am unsure if there is a cap on O&M  
20 charges.

21 Q. You are aware that there is a stipulation  
22 filed in this case, correct?

23 A. I am.

24 Q. And you confirmed earlier that your  
25 testimony was filed before the stipulation; is that



1 right?

2 A. That's correct.

3 Q. And are you familiar with the  
4 Commission's three-part test for evaluating  
5 stipulations?

6 A. I am not.

7 Q. So not being familiar with it, you are  
8 therefore not testifying on whether the stipulation  
9 as a whole meets that test, correct?

10 A. That's correct.

11 Q. Let's turn to page 3 of your testimony,  
12 please. And starting at line 5 there is a sentence  
13 beginning with "Energy storage" and in that sentence  
14 you are describing potential value to the  
15 distribution grid from energy storage, correct?

16 A. That's correct.

17 Q. And the first thing you identify is  
18 distribution upgrade deferral. Do you see that?

19 A. Yes, I do.

20 Q. When you say "distribution upgrade  
21 deferral," you are referring exclusively to upgrades  
22 on Duke Energy Ohio's distribution system, correct?

23 A. That's correct.

24 Q. And you have not quantified the potential  
25 benefits of distribution upgrade deferral from Duke's

1 proposed battery storage projects, correct?

2 A. We are currently evaluating a number of  
3 sites as the value, it could vary depending on the  
4 site.

5 Q. But to date, and in your testimony, you  
6 have not quantified that value, correct?

7 A. That's correct. We are currently --  
8 currently evaluating the different sites.

9 Q. The second potential benefit you identify  
10 is integration of renewables. Do you see that?

11 A. Yes.

12 Q. When you say "renewables" here, are you  
13 referring to distributed generation owned by  
14 customers?

15 A. It could be distributed generation owned  
16 by customers or the utility.

17 Q. So this would potentially include  
18 renewable energy owned by Duke Energy Ohio?

19 A. We're not a generation utility in Ohio,  
20 so I'm not really here to answer -- answer questions  
21 on there -- on that point.

22 Q. Well, whether you believe that you are  
23 here to answer those questions, that is my question,  
24 so I would like you to answer unless there is an  
25 objection and instruction from the Attorney Examiner

1 that you don't have to answer.

2 A. Well, it would be more customer owned, as  
3 we have no plans to, you know, at this point I  
4 believe to own any solar in Ohio.

5 Q. Okay. I understand you have no plans,  
6 but under your testimony are you proposing that one  
7 of the benefits of energy storage could include Duke  
8 owning renewable energy in Ohio?

9 A. Storage can be used to help integrate and  
10 deal with the other renewables that are attached to  
11 the grid if they are owned by a customer or if they  
12 are owned by the utility.

13 Q. Okay. That's a general statement about  
14 how batteries can be used. My question is  
15 specifically --

16 A. Hypothetically --

17 MR. MIZELL: Objection, your Honor, he  
18 has answered this question. Counsel is just  
19 re-asking the same question.

20 MR. HEALEY: Your Honor, every time I  
21 have asked the question he is giving me broad  
22 statements about what batteries can and cannot be  
23 used for. I am asking a very specific question about  
24 whether he is proposing that Duke Energy Ohio can own  
25 renewable energy and he has not answered that

1 question.

2 MR. MIZELL: Your Honor, he has said Duke  
3 has no plans to do that.

4 MR. HEALEY: That is not the same as  
5 whether he is proposing under his testimony and under  
6 the stipulation that Duke can own or cannot own.  
7 Whether they have plans or not is not the same thing.

8 A. I am not the person to answer the  
9 question about the ownership of renewable energy,  
10 solar power, for Duke Energy in Ohio.

11 Q. So you don't know?

12 A. I'm not the person to answer that  
13 question, so I don't know.

14 Q. The third benefit that you identify is  
15 power quality improvement. Do you see that?

16 A. I do see that.

17 Q. Have you quantified the value of that  
18 potential benefit?

19 A. The value -- again, the value of that  
20 potential benefit would be site specific.

21 Q. And have you quantified it?

22 A. We are evaluating our sites right now.  
23 We have not quantified it to this point.

24 Q. Thank you.

25 And have you quantified the value of

1 integration of renewables?

2 A. We have not.

3 Q. The next benefit you identify is  
4 resiliency and reliability to critical loads. Do you  
5 see that?

6 A. I do see that.

7 Q. And have you quantified the value of  
8 that?

9 A. It's part of our evaluation process that  
10 is ongoing but it is not finalized.

11 Q. So no?

12 A. No.

13 Q. If these benefits that you've identified  
14 don't materialize, will customers still pay for the  
15 battery storage project under Rider DCI?

16 A. Again, we're working on the most  
17 cost-effective solutions to utilize storage on the  
18 grid and the plan would be to recover those costs of  
19 the storage proposal through Rider DCI.

20 MR. HEALEY: Your Honor, I would move to  
21 strike as nonresponsive.

22 MR. MIZELL: Your Honor, his response was  
23 directed. It is his answer. Counsel may not like  
24 the answer, but it was a direct response to his  
25 question.

1 EXAMINER CATHCART: Denied. You can  
2 clarify your question.

3 Q. (By Mr. Healey) Mr. Kuznar, you agree  
4 that these benefits you've identified are not  
5 100 percent certain to come to fruition, correct?

6 A. I would say they are under evaluation  
7 right now and we've shown in a lot of other cases in  
8 other jurisdictions and gotten recovery for this  
9 storage and that's what we are evaluating right now  
10 currently in Ohio.

11 Q. Thank you, Mr. Kuznar.

12 I did not ask what you were evaluating.  
13 Would you or would you not agree that the benefits  
14 you've identified are not 100-percent certain to come  
15 to fruition as a result of your battery storage  
16 proposal?

17 A. I would agree with that as we're going  
18 through the evaluation process.

19 Q. And should any of those benefits not  
20 materialize, will Duke still charge customers for the  
21 cost of the battery storage proposal under Rider DCI?

22 A. Our plan is to utilize this as a pilot to  
23 gain the knowledge needed to deploy storage on the  
24 grid. And as we are going through the process, we  
25 are going to look at the most cost-effective

1 solutions at locations looking at non-wires  
2 alternatives.

3 MR. HEALEY: Your Honor, could we please  
4 get an instruction to the witness to please answer  
5 the questions I am asking him. These answers are not  
6 even close to what I am asking.

7 MR. MIZELL: Your Honor, the answer is  
8 not close to Counsel's desire, but they are the  
9 witness's answers to his question.

10 MR. HEALEY: I have not asked one  
11 question about what they are planning to do or what  
12 they're evaluating. I am asking him other questions  
13 and every time he keeps coming back to "We are  
14 planning to do this. We are looking at this. We are  
15 evaluating sites." I am not asking anything about  
16 any of those items.

17 MR. MIZELL: And, your Honor, the  
18 open-ended nature of the question is what's generated  
19 open-ended answers.

20 MR. HEALEY: Your Honor, every question I  
21 asked has been a direct leading question with which  
22 could easily be answered with a yes or no.

23 EXAMINER CATHCART: I'm going to deny  
24 that. If you could just narrow your questions down.

25 MR. HEALEY: Sure.

1 Can I get my last question, and I don't  
2 recall if it was answered, read back, please. Thank  
3 you.

4 (Record read.)

5 MR. HEALEY: Your Honor, I would move to  
6 strike that response. My question was about whether  
7 they will charge customers and there is no mention  
8 anywhere in that response about charges to customers.

9 EXAMINER WALSTRA: Mr. Kuznar, will you  
10 know the value that you can get from battery storage  
11 before you deploy the pilot?

12 THE WITNESS: Well, our plan is to do,  
13 you know, kind of an evaluation, a paper study  
14 cost/benefit analysis, but then to utilize the pilot  
15 to truly quantify the value the storage can provide  
16 for particular energy customers.

17 EXAMINER WALSTRA: And when you do this  
18 paper evaluation, if any of the values don't exist,  
19 will you still go forward with the project? Do you  
20 know?

21 THE WITNESS: Our plan was to go forward  
22 with the pilot project to get the real world kind of  
23 quantifiable experience.

24 EXAMINER WALSTRA: If you go forward with  
25 the pilot project, would you recover the capital to



1 go forward?

2 THE WITNESS: The plan would be to  
3 recover the capital through the rider.

4 MR. HEALEY: Let me move on, your Honor.

5 EXAMINER WALSTRA: Thank you.

6 Q. (By Mr. Healey) Mr. Kuznar, to follow up  
7 on the question you just answered or one of the  
8 questions you just answered from the Attorney  
9 Examiner, you -- you have not done a cost/benefit  
10 analysis to date currently, correct?

11 A. That's correct.

12 Q. And you do plan to do one though?

13 A. We do.

14 Q. But your testimony is that if you do this  
15 cost/benefit analysis and you determine that the  
16 costs outweigh the benefits, you will still proceed  
17 with the battery storage pilot?

18 A. The plan is to still proceed in  
19 quantifying any operational knowledge of storage on  
20 our DEO system.

21 Q. Can you turn to page 3 of -- you are  
22 already on page 3, I bet, of your testimony, line 22  
23 to 23, please.

24 A. Yes.

25 Q. You state here that "Revenues, if any,

1 realized by Duke Energy Ohio would offset the costs  
2 of the project," correct?

3 A. That's correct.

4 Q. And those are the revenues you would  
5 potentially receive from PJM as a result of  
6 participating in the wholesale market?

7 A. That's correct.

8 Q. And I assume that this testimony would  
9 also apply to the extent there were any revenues from  
10 the project under the stipulation, correct?

11 A. Yes.

12 Q. Just confirming since your testimony was  
13 from your proposal that this continues to be your  
14 proposal under the stipulation.

15 A. Yes, this continues to be our proposal.

16 Q. You understand that Rider DCI, under the  
17 stipulation, would continue through the end of the  
18 term of the ESP, correct?

19 A. Yes, I do.

20 Q. And to the extent there are PJM revenues  
21 from the batteries storage project after the end of  
22 the ESP term, then customers would not benefit from  
23 those revenues, correct?

24 A. I would probably want to not answer that  
25 but our plans would be any revenues from PJM would

1 flow back to customers.

2 Q. Let's look at line 14 to 15 on the same  
3 page. This is where you talk about how the proposed  
4 battery storage will provide certain ancillary  
5 services to PJM Interconnection. Do you see that?

6 A. Yes, I do.

7 Q. Is frequency regulation used to defer  
8 circuit investments in Duke Energy Ohio's territory?

9 A. No. That would be an additional kind of  
10 service the battery would provide.

11 Q. And does frequency regulation address  
12 distribution reliability issues in Ohio?

13 A. It does not.

14 MR. HEALEY: Your Honor, I would renew  
15 the motion to strike that Mr. Olikier made earlier  
16 today regarding page 3, lines 14 through 18. This  
17 testimony refers to Duke participating in the PJM  
18 market for ancillary services. This is, in fact,  
19 inconsistent with the stipulation. Page 13 of the  
20 stipulation says that Duke may install a battery  
21 storage project for the purpose of deferring circuit  
22 investments or addressing distribution reliability  
23 issues. Mr. Kuznar just testified that those are not  
24 the same as ancillary services provided to PJM; and,  
25 therefore, it is outside the scope of the stipulation

1 as written.

2 MR. MIZELL: Your Honors, I would  
3 disagree. The stipulation refers to the battery  
4 storage project, as its outlined in Mr. Kuznar's  
5 testimony, the fact that it provides one service.  
6 The frequency regulation revenues are an offset to  
7 the cost that was the subject of negotiation between  
8 the parties; and, therefore, that is part of the  
9 stipulation through that battery storage project.

10 MR. HEALEY: Your Honor, that's factually  
11 inaccurate. The stipulation says nothing about  
12 Mr. Kuznar's testimony and does not incorporate by  
13 reference his proposal.

14 MR. MIZELL: And, your Honor, again I  
15 would disagree. I did not say that it directly  
16 states that. I said the stipulation incorporates the  
17 battery pilot -- battery project described in  
18 Mr. Kuznar's testimony. It does not say incorporate  
19 by reference. The negotiations incorporated them.

20 MR. HEALEY: I'm sorry, the negotiations?  
21 Is the suggestion there that things that were not  
22 included in the stipulation are somehow incorporated  
23 by reference because parties discussed them at a  
24 confidential settlement negotiation?

25 MR. MIZELL: No, your Honor. The

1 reference to battery storage project is a reference  
2 to Mr. Kuznar's testimony.

3 MR. OLIKER: Your Honor, the stipulation,  
4 as we identified earlier, also contains specific  
5 distribution accounts which qualify under DCI and  
6 those accounts relate to distribution, not to  
7 wholesale market activities which are qualified by,  
8 you know, the FERC Uniform System of Accounts or a  
9 different system of accounts which are not Accounts  
10 360 to -74. So, under that basis, it is completely  
11 incompatible with the stipulation. I would join  
12 Mr. Healey's motion.

13 MR. MIZELL: Your Honor, these are legal  
14 and policy arguments that counsel can certainly take  
15 up in their brief and address in their brief. And if  
16 it's the position of the Consumers' Counsel that  
17 ratepayers should not benefit from those revenues,  
18 they can certainly make that legal argument in their  
19 brief -- policy argument in their brief.

20 EXAMINER CATHCART: I am going to deny  
21 that motion to strike and the Commission can give it  
22 the appropriate weight. Thank you.

23 Q. (By Mr. Healey) Mr. Kuznar, you recall  
24 earlier Mr. Oliker asked you if the batteries would  
25 be located on Duke's side of the meter or the

1 customer's side of the meter, correct?

2 A. Yes, I do.

3 Q. And you responded that they would be on  
4 Duke's side of the meter?

5 A. That's correct.

6 Q. And do you agree that Duke should not own  
7 batteries on the customer side of the meter?

8 A. I'm not ready to state that at this point  
9 in time.

10 Q. You're not ready to state that or you  
11 don't have an opinion or you don't know?

12 A. We're unsure of that at this point in  
13 time.

14 MR. HEALEY: That's all I have, your  
15 Honor.

16 MR. MIZELL: Can I have one moment, your  
17 Honor?

18 EXAMINER CATHCART: You may. Thank you.

19 MR. MIZELL: No further questions, your  
20 Honor.

21 EXAMINER CATHCART: Thank you. Thank  
22 you.

23 THE WITNESS: Thank you.

24 MR. MIZELL: Your Honor, at this time I  
25 would like to move that exhibit -- Duke Exhibit 16,

1 the direct testimony of Zachary Kuznar, be moved into  
2 evidence.

3 EXAMINER CATHCART: Any objections  
4 subject to the motions to strike?

5 MR. OLIKER: Subject to the motions, your  
6 Honor, no objections.

7 EXAMINER CATHCART: It will be admitted.

8 (EXHIBIT ADMITTED INTO EVIDENCE.)

9 MR. OLIKER: Your Honor, before we move  
10 to the next witness, can we go off the record?

11 EXAMINER CATHCART: One moment, please.

12 ELPC, would you like to move your  
13 exhibits?

14 MR. KREITNER: We would. We move our  
15 exhibits into evidence.

16 EXAMINER CATHCART: Any objection?

17 MR. OLIKER: Subject to our earlier  
18 objections, your Honor. If you are going to  
19 reconsider those rulings, then we would renew them.

20 MR. HEALEY: I would object on the  
21 grounds stated before. I don't think we specifically  
22 objected to the admission of these exhibits before,  
23 and I would object to them as not serving the purpose  
24 of cross-examining an adverse witness but instead  
25 bolstering the record in support of the stipulation.

1 And given that ELPC is opposing, I would object to  
2 their admittance into the record for that reason.

3 EXAMINER CATHCART: The Commission will  
4 note your objection and we'll admit the exhibits.

5 (EXHIBITS ADMITTED INTO EVIDENCE.)

6 EXAMINER CATHCART: Thank you.

7 EXAMINER WALSTRA: We can go off the  
8 record for a second.

9 (Discussion off the record.)

10 EXAMINER WALSTRA: We'll go back on the  
11 record.

12 Would you like to call your next witness.

13 MS. WATTS: Thank you, your Honor. Duke  
14 Energy Ohio calls Cicely M. Hart.

15 (Witness sworn.)

16 EXAMINER WALSTRA: Thank you. Please  
17 take a seat.

18 MS. WATTS: Your Honor, may we have the  
19 direct testimony of Cicely M. Hart in Case No.  
20 17-1263 marked as Duke Energy Ohio Exhibit 17,  
21 please.

22 EXAMINER WALSTRA: So marked.

23 (EXHIBIT MARKED FOR IDENTIFICATION.)

24 MS. WATTS: And may we approach?

25 EXAMINER WALSTRA: You may.



1                               - - -

2                               CICELY M. HART

3       being first duly sworn, as prescribed by law, was  
4       examined and testified as follows:

5                               DIRECT EXAMINATION

6       By Ms. Watts:

7               Q.     Ms. Hart, would you state your name,  
8       please?

9               A.     Cicely M. Hart.

10              Q.     And by whom are you employed?

11              A.     Duke Energy.

12              Q.     And have you -- do you have before you  
13       what's been marked as Duke Energy Ohio Exhibit 17?

14              A.     I do.

15              Q.     And is that the testimony that you caused  
16       to be filed for this case?

17              A.     Yes.

18              Q.     And do you have any additions or  
19       corrections?

20              A.     No.

21              Q.     If I were to ask you the questions  
22       contained therein again today, would your answers be  
23       the same?

24              A.     Yes.

25                      MS. WATTS:   Ms. Hart is available for

1 cross-examination.

2 EXAMINER WALSTRA: Thank you.

3 Ms. Leppla?

4 MS. LEPPLA: No questions.

5 EXAMINER WALSTRA: Ms. Glover?

6 MS. GLOVER: No questions.

7 EXAMINER WALSTRA: IGS?

8 MR. OLIKER: No questions.

9 EXAMINER WALSTRA: OCC?

10 MR. WOLTZ: Thank you, your Honor.

11 - - -

12 CROSS-EXAMINATION

13 By Mr. Woltz:

14 Q. Good afternoon, Ms. Hart. How are you  
15 today?

16 A. I'm doing okay.

17 Q. Excellent.

18 I'd like to begin today by looking at  
19 your testimony if that's okay. I direct you to  
20 page 1 your testimony, line 19. Are you there?

21 A. Yes.

22 Q. Here you describe "In my current role, I  
23 am responsible for distribution integrity  
24 programs...." Is that correct?

25 A. That's correct.

1           Q.    Could you describe what the distribution  
2 integrity programs consist of?

3           A.    There are many, but in general those are  
4 the programs that we use for reliability and  
5 improvement of our system, the integrity of our  
6 system.  Many of those programs that we outline in  
7 the DCI list.

8           Q.    So would it only be the programs outlined  
9 in the DCI or are there additional?

10          A.    We have additional.

11          Q.    And can you list some of those additional  
12 programs for me?

13          A.    In general we have -- well, I would need  
14 to see the list again just so I could reference just  
15 so I don't miss something.

16          Q.    And stipulating there may be more than  
17 what you do reference, do you know any off the top of  
18 your head that might be included?

19          A.    Well, I know we -- we would also have  
20 programs related to the restoration after storms for  
21 outages.  I'm trying to think.  I am drawing a blank,  
22 but in general those that we list in the DCI list are  
23 pretty encompassing.

24          Q.    And included in your role, would you be  
25 aware of any transition integrity programs?

1 A. Transition?

2 Q. Transmission integrity programs.

3 A. Oh, no, that's outside my scope.

4 Q. If we could turn now to page 3 of your  
5 testimony.

6 A. Okay.

7 Q. And I'm looking at lines 21 to 22.

8 A. Yes.

9 Q. And here you state "Duke Energy Ohio  
10 operates the distribution facilities in its own  
11 accordance with good utility practice"; is that  
12 correct?

13 A. That's correct.

14 Q. Could you tell me what you mean by "good  
15 utility practice"?

16 A. I do think I also reference that on  
17 page 4 where I kind of go into more detail, line 7  
18 and 8, adhering to inspection, adhering to national  
19 electric code, national electric safety code,  
20 monitoring, testing, and periodic maintenance  
21 programs in general.

22 Q. So is it your understanding that good  
23 utility practice is limited to those things you  
24 mention in lines I believe it's 7 to ending on 9 on  
25 page 4?

1           A.    I would not say "limited." I believe  
2 good utility practice would also encompass what's  
3 good for customers and the environment, and I didn't  
4 mention that here, but in my opinion those are  
5 included.

6           Q.    All right. And staying in that section  
7 of your testimony, if we may, as we previously  
8 pointed out, you said a good utility practice is  
9 partly adhering to inspection, monitoring, testing  
10 and periodic maintenance of programs, correct?

11          A.    Correct.

12          Q.    And are you familiar with the Ohio  
13 Administrative Code at all as it applies to this  
14 section? And let me rephrase that. I apologize.

15                Are you familiar with what is known as  
16 Rule 27 or also known as Ohio Administrative Code  
17 4901:1-10-27?

18          A.    No.

19          Q.    Are you aware of any reports Duke Energy  
20 Ohio is required to file that are known as the  
21 inspection, maintenance, repair and replacement of  
22 transmission and/or distribution facilities?

23          A.    I'm not part of that -- the annual  
24 report, so no.

25          Q.    So is it fair to say you have never

1 reviewed those reports?

2 A. That is correct.

3 Q. Are you aware if Duke Energy Ohio has any  
4 standards that it is required to meet through  
5 inspection, maintenance, repair and/or replacement of  
6 distribution facilities?

7 A. I know for pole inspections we are  
8 required to complete those every ten years. And for  
9 our line patrol inspections, we are required to  
10 complete those every five years. Outside of those  
11 two, I don't know any that have been set in terms of  
12 frequency.

13 Q. If Duke Energy Ohio was not meeting its  
14 inspection, maintenance, repair -- I'm sorry, let me  
15 rephrase it.

16 If Duke Energy Ohio was not meeting its  
17 inspection, monitoring, testing, and periodic  
18 maintenance, would you believe that it would be not  
19 practicing good utility practice?

20 A. It would depend on why we did not meet  
21 the standard.

22 Q. So is it -- in your opinion then, do you  
23 believe there are reasons that would justify not  
24 meeting those standards?

25 A. I do.

1           Q.    And could you maybe point out some  
2 reasons that could justify not meeting those  
3 standards for me?

4           A.    I know we have had some rare occasions  
5 where we've had to take many of our line resources  
6 off system here locally to perform support for  
7 hurricane restoration in the southeast. And in doing  
8 that, that takes some time away from the programs  
9 that we would have here. In that rare case, I would  
10 think if we missed a goal for that reason, that that  
11 would be justifiable.

12          Q.    And for the reason you've given in the  
13 instance of a hurricane, would you classify that as a  
14 major storm event?

15          A.    Yes.

16          Q.    If we can look now at generally page 5 of  
17 your testimony, the beginning. I believe it's lines  
18 2 to 9.

19          A.    Okay.

20          Q.    And is it fair to say in the section you  
21 give a description of what SAIFI and CAIDI are, both?

22          A.    Yes.

23          Q.    So is it fair to assume that you have an  
24 understanding of both SAIFI and CAIDI?

25          A.    An understanding, yes.

1           Q.    And are you aware that Duke Energy Ohio  
2   is required to meet certain standards as it involves  
3   CAIDI and SAIFI?

4           A.    My understanding is when there's an  
5   agreement on what that standard is, yes.

6           Q.    So is it your understanding there could  
7   ever be a time that they are not required to meet  
8   certain CAIDI or SAIFI standards?

9           A.    When they are agreed upon, no.  But if  
10  they are not agreed upon, it would be unclear as to  
11  what the standard is.

12          Q.    Are you familiar with the Ohio  
13  Administrative Code 4901:1-10-10?

14          A.    I believe that's the one related to the  
15  reliability standards?

16          Q.    Correct.

17          A.    Yes.

18          Q.    And are you familiar that in that code  
19  the code itself requires utilities to have  
20  reliability standards?

21                MS. WATTS:  Objection, calls for a legal  
22  conclusion.

23                EXAMINER WALSTRA:  Overruled.

24          A.    So in that code it requires companies to  
25  have -- or utilities to have a reliability standard?



1 Q. Correct.

2 A. Yes.

3 Q. And are you aware that Duke Energy Ohio  
4 failed to meet its CAIDI standard in 2016?

5 A. In 2016, I believe we missed what was set  
6 in 2015, but, again, it was unclear as to what the  
7 standard was, so we were above the 2015 metric, yes.

8 Q. So if I was to say if the 2015 measure --  
9 metric was the one -- the metric Duke Energy Ohio was  
10 required to meet, did it meet its CAIDI standard for  
11 2016?

12 A. To my understanding, no.

13 Q. Let me rephrase that. I might have  
14 jumbled that a little bit.

15 A. Okay.

16 Q. So if the standard Duke Energy Ohio was  
17 required to meet in 2016 was the agreed-upon standard  
18 that was in place at 2015 --

19 A. Oh.

20 Q. Did they meet the standard in 2016?

21 A. Okay. One more time. I'm sorry. I  
22 think I'm jumbling what you're saying from 2016 to  
23 2015.

24 Q. I think it might be my fault. I don't  
25 think I'm expressing it clearly. I apologize.

1                   So we agree there was a standard in 2015,  
2 correct?

3           A.    Yes.

4           Q.    And if that standard continued and was  
5 the standard in 2016, are we together still?

6           A.    We're together.

7           Q.    Excellent. Did Duke Energy Ohio meet  
8 that standard in 2016?

9           A.    If we were under the 2015 standard, I  
10 believe we did not.

11          Q.    Thank you. And if we stick with being  
12 under the 2015 standard for a minute.

13          A.    Okay.

14          Q.    Did Duke Energy Ohio meet that standard  
15 in 2017?

16          A.    If under the 2015 standard, I believe we  
17 did not.

18          Q.    Okay. And then one more, if we stick  
19 under the 2015 standard, did Duke Energy Ohio meet  
20 its SAIFI standard in 2017?

21          A.    If that scenario were true, that is  
22 correct.

23          Q.    Is it your understanding of CAIDI that  
24 major storm events are excluded from that indices?

25          A.    I believe MUDs are excluded from all

1 indices, yes, all of the reliability indices.

2 Q. And as it relates to the DCI that has  
3 been in place for approximately three years  
4 currently; is that correct?

5 A. Beginning in 2015, correct.

6 Q. And is it your understanding that since  
7 it began in 2015, CAIDI standards have gotten worse?

8 A. CAIDI standards?

9 Q. Not standards, I apologize. Let me  
10 rephrase it.

11 Is it your understanding that since DCI  
12 began in 2015, Duke Energy Ohio's CAIDI performance  
13 has gotten worse?

14 MS. WATTS: Objection as to the term  
15 "worse."

16 EXAMINER WALSTRA: Could you be more  
17 specific?

18 MS. WATTS: Well, "worse" is in the eye  
19 of the beholder. So the question would be more aptly  
20 put whether it was higher or lower.

21 EXAMINER WALSTRA: If you could phrase it  
22 that way.

23 MR. WOLTZ: Yeah.

24 Q. (By Mr. Woltz) Since the beginning of DCI  
25 in 2015, is it your understanding that CAIDI has

1 increased?

2 A. Duke Energy Ohio's?

3 Q. Duke Energy Ohio's performance of CAIDI  
4 has increased.

5 A. I believe that to be the case, yes.

6 Q. And are you familiar with the programs  
7 that were approved under the DCI? That is currently  
8 in place?

9 A. I am.

10 Q. And can you list those programs today?

11 A. Not in total, but if you are asking for a  
12 general, I can give you some, but I know there are 10  
13 plus, maybe 15 plus, and I don't have them all  
14 committed to memory but I know most of them.

15 Q. Would it surprise you to find out there  
16 are 19 programs?

17 A. That would not surprise me.

18 Q. But as you sit here today, you cannot  
19 list all 19, just to clarify?

20 A. That is correct.

21 Q. And do you know if any of those 19  
22 programs could lower the CAIDI performance for Duke  
23 Energy Ohio?

24 A. We don't necessarily measure them in  
25 terms of their actual impact on any one particular

1 reliability metric, but because CAIDI has the  
2 duration impact, anything that addresses outage  
3 duration and would shorten the duration for customers  
4 could impact CAIDI.

5 Q. So is the company implementing any plans  
6 regarding those 19 programs that would ensure both  
7 CAIDI and SAIFI were in compliance with the standard?

8 A. Could you repeat the question?

9 Q. Yes. Let me rephrase it a little bit, I  
10 guess.

11 A. Okay.

12 Q. So if I understood you correctly, you  
13 just stated that the 19 programs are not implemented  
14 to affect either CAIDI or SAIFI directly.

15 A. Correct.

16 Q. So is it fair to say that the company in  
17 implementing the programs is not doing any analysis  
18 to determine how to implement the programs and remain  
19 compliant with their CAIDI and SAIFI standards?

20 A. Well, I do know from the list of the  
21 programs the ones I do have committed to memory.  
22 There are some that address outage prevention; some  
23 that address the aging infrastructure. Those would  
24 not necessarily have a CAIDI benefit, but they are to  
25 eliminate the outage in the first place. So there

1 are some that could have a benefit to CAIDI and  
2 SAIDI, but more specifically they are addressing the  
3 aging infrastructure.

4 Q. And to clarify, when you just said  
5 "SAIDI" did you mean SAIDI or did you mean SAIFI?

6 A. Well, I meant SAIDI, but I know it's not  
7 a -- I know it's not related to the Ohio metrics, but  
8 it's still a measure of the reliability performance,  
9 so I apologize.

10 Q. Don't apologize. I just wanted to be  
11 clear because they get really tongue-tied sometimes.

12 If we can, in your testimony you  
13 generally describe Rider DCI; is that correct?

14 A. Generally, yes.

15 Q. And is it your understanding if Rider DCI  
16 is not approved, Duke is still responsible for safe,  
17 reliable service?

18 A. That is our mission, yes. And we add  
19 affordable.

20 Q. Do you believe -- or do you -- in your  
21 opinion do you see any reason why if DCI was not  
22 approved, Duke Energy Ohio could not continue making  
23 these -- or, implementing these programs and recover  
24 them through a base rate proceeding?

25 A. You are asking my opinion, that is

1 possible, but it would be at a rate that would not  
2 keep up with the -- the age of our infrastructure and  
3 we would run equipment to failure which would  
4 ultimately be bad for customers.

5 Q. And have you reviewed the remaining life  
6 of any of the infrastructure that's being replaced?

7 A. Could you say that -- could you rephrase  
8 that question?

9 Q. Yes. When you discuss aging  
10 infrastructure --

11 A. Yes.

12 Q. -- have you reviewed what is being  
13 replaced as aging infrastructure to determine the  
14 remaining life of those assets?

15 A. So we have typical asset life and that's  
16 what we are basing on the aging part of it that it's  
17 nearing its usefulness, so we have that kind of  
18 information. Is that what you asked?

19 Q. Right. And have you personally reviewed  
20 that information?

21 A. No.

22 Q. So in your recommendation you are  
23 recommending the PUCO approve Rider DCI; is that  
24 correct?

25 A. To be continued?

1 Q. Yes.

2 A. Yes.

3 Q. And as part of that continuation you say  
4 that is because you're replacing aging  
5 infrastructure; is that correct?

6 A. That's one reason, yes.

7 Q. Would you be surprised at the amount of  
8 infrastructure that has remaining life of 75 percent  
9 more or less -- 75 percent or more left within Duke's  
10 assets?

11 MS. WATTS: Objection. Does Counsel have  
12 some document to put before the witness to respond to  
13 that question?

14 MR. WOLTZ: Counsel does. And if you  
15 would like, your Honor, I can approach and give that  
16 document to the witness.

17 EXAMINER WALSTRA: You may approach.

18 MR. WOLTZ: And I made sure I brought  
19 copies this time, your Honor. I am going to give it  
20 to the witness, the OCC exhibit, but I am not sure  
21 what exhibit OCC is on, your Honor.

22 MS. WATTS: And, your Honor, just for the  
23 record, I would like to enter an objection because  
24 this is a Rule 26 report which was exactly what the  
25 witness testified she's not -- she's not ever



1 reviewed before.

2 MR. WOLTZ: And I would say Counsel asked  
3 if I had anything that I could put before her. This  
4 is a public document that is accessible to all  
5 parties. And Counsel, herself, had asked me if I had  
6 anything to show the witness.

7 MS. WATTS: The fact that it's a public  
8 document doesn't have any bearing on whether it's  
9 properly -- whether there is a proper foundation for  
10 this particular document.

11 MR. WOLTZ: For this --

12 MS WATTS: "The Dispatch" is a public  
13 document, but she doesn't read "The Dispatch."

14 MR. WOLTZ: And I would argue that  
15 because Counsel herself laid the foundation when she  
16 asked if I had a document to provide her that showed  
17 the life remaining, that there is foundation for it.

18 MS. WATTS: And you can ask her, but she  
19 did already testify that she's not seen a Rule 26  
20 report so.

21 EXAMINER WALSTRA: We will go forward and  
22 you can continue to ask her questions regarding her  
23 knowledge of your initial question regarding the  
24 remaining life.

25 MR. WOLTZ: Exhibit number?

1 EXAMINER WALSTRA: 3.

2 (EXHIBIT MARKED FOR IDENTIFICATION.)

3 Q. (By Mr. Woltz) And I believe my initial  
4 question was would you be surprised to find out the  
5 number to know the remaining -- the number -- I  
6 apologize.

7 Would you be surprised to learn that  
8 there are a number of remaining assets with the  
9 remaining life of 75 percent or more?

10 A. A number of them?

11 Q. Yes.

12 A. I would think that would be true if we  
13 had already replaced some assets that that could be  
14 true. That would not surprise me, a number of them.

15 Q. And if I could turn your attention to  
16 page 20 of the OCC Exhibit 3. And just for  
17 clarification, this part actually goes to page 20 to  
18 22. Would this fit with the assumption -- would this  
19 fit in what I had previously described?

20 A. Because I've never seen this before, I'm  
21 not really sure what -- what it's indicating.

22 Q. Do you see the column there that says  
23 "Percent of remaining life of asset"?

24 A. I do.

25 Q. And then do you also see the column that

1       says "Transmission or Distribution"?

2             A.     I do.

3             Q.     And beside it there is an asset type?

4             A.     Yes.

5             Q.     Focusing only on the distribution and  
6       asset types, does it surprise you what we had  
7       previously discussed?

8             MS. WATTS: Your Honor, Counsel still has  
9       not laid any foundation for this document. The  
10      witness has no independent knowledge of any of the  
11      numbers in this document.

12            MR. WOLTZ: And I would respond, your  
13      Honor, that's --

14            MS. WATTS: Reading it into --

15            MR. WOLTZ: -- Ms. Watts herself laid the  
16      foundation for this document when she asked if I had  
17      any document to put before the witness. I am simply  
18      putting it before the witness. What the witness  
19      determines it is or is not is up to the witness, but  
20      Ms. Watts questioned my ability to do so and  
21      questioned whether or not these were going to be  
22      facts in the cases.

23            MS. WATTS: Counsel is simply reading the  
24      numbers off the document into the record and has not  
25      asked the witness anything about her independent

1 knowledge of these numbers.

2 MR. WOLTZ: And I would like to point out  
3 that counsel has not read any numbers off of this, he  
4 has only indicated what the witness is looking at.

5 EXAMINER WALSTRA: At this point I don't  
6 see any foundation that's been laid of what this is  
7 or what she's looking at or that she has knowledge of  
8 what these numbers are.

9 MR. WOLTZ: Thank you, your Honor.

10 Q. (By Mr. Woltz) If we could move on back  
11 to your testimony.

12 A. Okay.

13 Q. Looking at page 7 of your testimony,  
14 lines 14 to 16, there you state "Additionally, system  
15 reliability can be influenced by factors such as  
16 weather, vegetation management, aging infrastructure,  
17 and ongoing maintenance"; is that correct?

18 A. That is correct.

19 Q. Are you aware of any vegetation  
20 management that is collected under Rider DCI?

21 A. I know we are looking at removing hazard  
22 trees as part of DCI.

23 Q. And that's proposed in the current  
24 stipulation?

25 A. I believe it's in our existing.

1 Q. In the existing DCI program?

2 A. Well, don't quote me. I'm not sure.

3 Q. So you're saying there may be vegetation  
4 management as a --

5 A. For hazard tree removals.

6 Q. For hazard trees?

7 A. Yes.

8 Q. And can you explain what the hazard tree  
9 removal would consist of?

10 A. Sure. Any trees that we find outside of  
11 our typical right-of-way -- rights-of-way that are  
12 dead or decaying and especially the Emerald Ash  
13 Borer, that have been affected by the Emerald Ash  
14 Borer would be considered hazard trees. They are  
15 more likely to fail.

16 Q. And could you clarify for us, if you can,  
17 what aspects of that cost are being recovered under  
18 DCI?

19 A. The aspects?

20 Q. So is it for the labor of that? Is it  
21 the tree removal itself?

22 A. I don't have information on that.

23 Q. Are you familiar with Duke Energy Ohio's  
24 vegetation management plan?

25 A. Generally, yes.

1           Q.    Are you familiar with their tree trimming  
2 goals?

3                   MS. WATTS:  Your Honor, I object.  The  
4 witness with respect to vegetation management has  
5 come and gone and this is not the proper witness for  
6 this topic.

7                   MR. WOLTZ:  This witness just testified  
8 there is vegetation management under the DCI.  She is  
9 generally aware and I am just trying to understand  
10 her -- her familiarity with the DCI and vegetation  
11 management as it exists at Duke Energy Ohio.  I think  
12 that's a fair question.

13                   EXAMINER WALSTRA:  Overruled.

14           A.    So my response was on the hazard tree  
15 removal.  I think your question was on the vegetation  
16 maintenance cycle and that's what I am not familiar  
17 with.

18           Q.    So you are not familiar with any tree  
19 trimming goals?

20           A.    Not the goals, no.

21           Q.    If we could turn to page 8 of your  
22 testimony, line 6.  Actually, if we can back up to  
23 lines 5 to 7.  My apologies.

24           A.    Okay.

25           Q.    Here you state "Rather, the Company's

1 efforts to serve" -- "the Company's efforts serve to  
2 maintain the integrity of existing infrastructure,  
3 and to harden the system, as an overall approach,  
4 serve to avoid the decline of the system"; is that  
5 correct?

6 A. That's what it says.

7 Q. Can you explain to me what you mean by  
8 "harden the system"?

9 A. System hardening is anything we do to  
10 eliminate outages, so pole replacements, equipment  
11 replacements. When we say "hardening," we're trying  
12 to make it more resilient to system conditions like  
13 weather. So, again, like the pole -- the pole  
14 replacements would be putting in new poles for -- to  
15 prevent pole failures.

16 Q. And if we can look now at your testimony  
17 on page 9, lines 8 through 11. Here you state  
18 "Balancing the customers' expectations and the  
19 shareholders' financial needs is challenging for both  
20 the Company and the Commission, but it is a balance  
21 that must be maintained in the interests of all  
22 stakeholders"; is that correct?

23 A. That is correct.

24 Q. Would you agree it's also a balance that  
25 must be maintained for all customers?

1           A.     Stakeholders and customers, yes.

2           Q.     And in the previous three years of the  
3 implementation of DCI, what has it done to balance  
4 customer interests?

5           A.     So customers' expectations, because  
6 that's what I'm talking about?

7           Q.     Yes.

8           A.     Well, I believe customers expect us to  
9 invest in our system to make it more reliable for  
10 them so that they don't experience as many outages,  
11 so that's what we've done with the programs that  
12 we've implemented.

13          Q.     And have you reviewed any of the customer  
14 surveys or customer expectation reports conducted by  
15 Duke Energy Ohio?

16          A.     I have reviewed some, yes.

17          Q.     And more specifically have you reviewed  
18 the -- what is known as the Quarter 3, 2016, Ohio PUC  
19 Reliability Study provided to staff in this case?

20          A.     In general, yes.

21                 MS. WATTS: And, your Honor, this is a  
22 confidential document, so if we can just take a  
23 moment and make sure we're -- no, you're right, it's  
24 not. I'm sorry. I take that back.

25          Q.     (By Mr. Woltz) And in that reliability



1 study would you say that it is a fair assessment that  
2 customers -- residential customers would not mind an  
3 increased number of outages if the duration  
4 decreased?

5 A. I would have to have the survey in front  
6 of me to review if that's what it said.

7 MR. WOLTZ: May I approach, your Honor?

8 EXAMINER WALSTRA: You may.

9 Q. And if you would like to take a moment to  
10 just kind of refresh your memory with that.

11 A. Okay. Well, if you ask me the question  
12 again, I can go to the reference. I've seen this  
13 before, but based on your question I would have to  
14 look up which page for the short duration ones you  
15 were talking about.

16 Q. Would it be a fair interpretation of this  
17 study to say that residential customers are okay with  
18 an increased number of outages so long as the  
19 duration of those outages is shortened?

20 A. I don't know if we can interpret that  
21 from this, because based on this survey there is a  
22 percentage of customers that are okay with three  
23 outages, short duration outages, and some are okay  
24 with six. So if you are asking me are there more  
25 that are okay with six than three, that's not what

1 this is showing.

2 Q. Do you know if Duke Energy Ohio has  
3 conducted any study that would evaluate that?

4 A. I do not know.

5 Q. And if we can turn to page 10 of your  
6 testimony now. And looking at the question that  
7 begins on the top of that page and your answer that  
8 follows, without getting into any confidential  
9 information, have you personally done a cost/benefit  
10 analysis of Rider DCI?

11 A. I have not.

12 Q. Do you know if anyone at Duke Energy Ohio  
13 that has done a cost/benefit analysis of Rider DCI?

14 A. I do not.

15 Q. Do you know if Duke Energy Ohio has done  
16 a study to determine if the reliability improves  
17 under Rider DCI?

18 A. I do not.

19 Q. And if we can look at your testimony now  
20 on page 11, line 18, you discuss self-healing teams;  
21 is that correct?

22 A. I do.

23 Q. Do you know if Duke Energy Ohio currently  
24 has any self-healing teams in existence?

25 A. We do.

1           Q.    Would it be fair to say that beginning on  
2 or about 2011, Duke Energy Ohio began installing  
3 self-healing teams?

4           A.    I don't know the exact date, so I would  
5 be guessing -- guessing.

6           Q.    Would it be fair to say that they've had  
7 them in place for maybe a couple of years at this  
8 time?

9           A.    Yes, yes.

10          Q.    And are you aware they have performed as  
11 expected every time?

12          A.    Performed as expected? I know some have  
13 failed to operate, yes.

14          Q.    Under one of the new proposed programs to  
15 Rider DCI, it is undergrounding installations; is  
16 that correct?

17          A.    We call it "targeted undergrounding,"  
18 yes.

19          Q.    And do you know generally if performing  
20 undergrounding of wires costs more?

21          A.    Than overhead?

22          Q.    Correct.

23          A.    In general, yes.

24          Q.    And in general does it cost more to  
25 repair underground wires than overhead wires?

1           A.    In general, yes.

2           Q.    And in general does it take longer to  
3 repair underground wires than overhead wires?

4           A.    In general, yes.  It could.

5           Q.    Because it takes longer to repair  
6 underground wires than overhead wires, would that  
7 have -- would that lengthen the CAIDI or increase the  
8 CAIDI?

9           A.    Well, we have to go back to the purpose  
10 of undergrounding would be to eliminate the outage  
11 from happening in the first place, so it would  
12 actually benefit CAIDI because the outage would not  
13 have happened.  But if the outage happened, then the  
14 restoration could take longer.

15          Q.    And if we could look now at page 14 of  
16 your testimony, lines 2 through 4.

17          A.    Okay.

18          Q.    Here you state "Programs in Rider DCI are  
19 designed to maintain the integrity of the overall  
20 distribution system and, to the extent possible, are  
21 also designed to enhance the service to Duke Energy  
22 Ohio customers."

23          A.    Yes.

24          Q.    Do you agree that a shorter duration of  
25 outage would be an enhancement to -- of service to

1 Duke Energy Ohio customers?

2 A. Yes.

3 Q. And have you reviewed the settlement  
4 proposed in this case?

5 A. In general, yes.

6 Q. Are you aware under that settlement that  
7 the CAIDI standard is projected to increase every  
8 year?

9 A. Yes. To go higher, yes.

10 MS. WATTS: Objection as to the  
11 characterization of the stipulation which I believe  
12 is incorrect.

13 Q. If we can move now to page 14 of your  
14 testimony. I'm looking generally at lines 13 through  
15 19 -- or 20, if you want to refresh yourself.

16 MS. WATTS: I'm sorry. Is Counsel  
17 withdrawing that question?

18 MR. WOLTZ: She had already answered the  
19 question. I assumed we can move on.

20 EXAMINER WALSTRA: You can move on and  
21 address it in redirect.

22 Q. I'm sorry. Looking now at page 14 of  
23 your testimony. We are still on 14, lines 13 through  
24 20.

25 A. Yes.

1           Q.    Is it fair to say that in here you say  
2   that due to technological advances or changes in  
3   conditions, the company must be able to adapt and  
4   revise or modify its programs intended for inclusion  
5   in DCI?

6           A.    That's what I said, yes.

7           Q.    Is it your proposal that the Commission  
8   allow Duke Energy Ohio to determine what those  
9   conditions are and freely do that?

10          A.    That's my understanding, yes.

11          Q.    In looking now at page 15 of your  
12   testimony, line -- I am looking at lines 4 to 6. You  
13   state "There are factors that impact the Company's  
14   reliability that are simply beyond his control, such  
15   as the frequency and severity of major storms"; is  
16   that correct?

17          A.    Yes.

18          Q.    Would you admit there are factors that  
19   are within the company's control?

20          A.    That affect the company's reliability?

21          Q.    Correct.

22          A.    There are some, yes.

23          Q.    And looking at page 16 of your testimony  
24   now. Here this question asked "Does the work that is  
25   being accomplished with respect to Rider DCI properly

1 align with consumer interests?" Is that correct?

2 A. That's the question, yes.

3 Q. And in answering this question, did you  
4 evaluate any analysis done that compares residential  
5 customer and industrial customers with respect to  
6 their interests?

7 A. Could you restate the question?

8 Q. Yes.

9 In preparing to answer this question, did  
10 you review any survey or study that was conducted  
11 that would compare or contrast residential,  
12 commercial, or industrial customers' interests and  
13 expectations?

14 A. I did not.

15 Q. And are you familiar that Duke proposes  
16 to replace its residential Echelon meters with Itron  
17 meters?

18 MS. WATTS: Objection, beyond the scope  
19 of her testimony.

20 MR. WOLTZ: Your Honor, I am simply  
21 asking --

22 EXAMINER WALSTRA: Overruled.

23 Q. And does Duke plan to collect charges for  
24 that replacement through Rider DCI?

25 A. That part I do not know.

1                   MR. WOLTZ: If you give me one second,  
2 your Honor, I may be finished.

3                   Q. And I think I just have a couple of  
4 questions to clarify if you don't mind. Do you  
5 recall our conversation earlier about whether Duke  
6 was meeting their CAIDI or SAIFI standards as they  
7 are established in 2015?

8                   A. Yes.

9                   Q. So could you explain to me today the  
10 standards Duke Energy Ohio is attempting to meet,  
11 whether it be the 2015 standard or some other  
12 standard?

13                  A. What's proposed in the stipulation?

14                  Q. No, for this year.

15                  A. Oh, for 2018?

16                  Q. Correct.

17                  A. I don't know them by heart, no.

18                  Q. If I knew the standards that were -- I'm  
19 sorry -- if you could just clarify what you don't  
20 know by heart. The standards that were adopted in  
21 2015 or the standards that Duke is attempting to  
22 meet?

23                  A. So our performance or --

24                         MS. WATTS: I'm sorry. I object because  
25 there are two different questions posed and I think



1 we have kind of confused the witness.

2 MR. WOLTZ: That's fine. All I ask is  
3 that the witness clarify her last answer.

4 EXAMINER WALSTRA: If you could rephrase  
5 your question, please.

6 Q. (By Mr. Woltz) To clarify your answer,  
7 are you saying that you are not familiar with what  
8 standards Duke Energy Ohio is attempting to meet in  
9 2018?

10 A. We have standards we proposed, yes.

11 Q. And it's your understanding the proposed  
12 standards are not in effect today?

13 A. That's my understanding.

14 Q. Would it be your understanding that Duke  
15 Energy Ohio is attempting to meet the proposed  
16 standards today though?

17 A. For 2018, yes.

18 Q. I can have you look at Attachment CMH-1  
19 of your testimony.

20 MS. WATTS: And if I may, your Honor,  
21 Mr. Woltz is going to ask the question and then I may  
22 have to -- I may need to help the witness whether she  
23 should or shouldn't respond because we are getting  
24 into confidential material, so let's -- I am just  
25 taking it one step at a time here.

1 EXAMINER WALSTRA: Okay.

2 Q. That document will be just fine.

3 A. Okay.

4 Q. And do you see on -- you have them  
5 numbered lines 1 through 19, different programs  
6 listed?

7 A. Not on the one I have.

8 Q. 1 through 16, I'm sorry. I am just  
9 reading upside-down.

10 A. Yes.

11 Q. Would you be able to tell me today which  
12 of those programs are being proposed under Rider DCI  
13 as proposed in the stipulation? I can rephrase if  
14 you would like.

15 A. Okay.

16 Q. Are there any programs you have listed  
17 here that are no longer being proposed to be  
18 recovered under Rider DCI?

19 A. Through the stipulation?

20 Q. Through the stipulation.

21 A. I do not know if there were any changes  
22 to this list.

23 Q. But this list makes up the total proposed  
24 in the original application; is that correct?

25 A. That's correct.

1 MR. WOLTZ: No further questions, your  
2 Honor.

3 EXAMINER WALSTRA: Thank you.  
4 Any redirect?

5 MS. WATTS: Just one quick question on  
6 redirect, your Honor.

7 EXAMINER WALSTRA: Okay.

8 - - -

9 REDIRECT EXAMINATION

10 By Ms. Watts:

11 Q. Ms. Hart, you were asked a question about  
12 whether the company had done a study with respect to  
13 commercial versus residential versus industrial  
14 customer expectations. Do you have CMH-2 attached to  
15 your testimony?

16 A. I do.

17 Q. Does that study constitute a study of  
18 commercial, residential, and industrial customer  
19 expectations?

20 A. It was my understanding this was just --  
21 oh, it does have business. I assumed this was just  
22 residential. So this does have residential and  
23 business customers represented.

24 Q. So does that -- so did you wish to  
25 clarify your response then?

1           A.    Can you state the question to me one more  
2 time?

3           Q.    Right.

4                    Has Duke Energy done a study of  
5 residential and commercial customers with respect to  
6 expectations?

7           A.    Yes.

8           Q.    And more specifically service  
9 expectations?

10          A.    Yes.

11          Q.    Thank you.

12                   Is that study attached to your direct  
13 testimony?

14          A.    It is.

15                   MS. WATTS:  Nothing further.

16                               - - -

17                               RE CROSS-EXAMINATION

18   By Mr. Woltz:

19           Q.    And if I may, while we are on that study,  
20 could you clarify if that study is only of Duke  
21 Energy Ohio customers, or does that include customers  
22 in other regions?

23           A.    I believe our Customer Satisfaction Group  
24 narrowed this down to Ohio customers, but I would  
25 need to verify that.

1           Q.    And if you could clarify for me, you see  
2 nothing on the document that specifies it as  
3 Ohio-only customers, correct?

4           A.    But I believe that was our request, so I  
5 would have to refer to my lawyer to validate that.

6           MS. WATTS:  Or if you want to give the  
7 witness more time to review the document, perhaps she  
8 could answer.

9           A.    Oh, according to the last page, page 6 of  
10 6, it references Ohio, and page 3 of 6.

11           MR. WOLTZ:  Nothing further, your Honors.  
12 Thank you, Ms. Hart.

13           EXAMINER WALSTRA:  Thank you.

14                Would you like to move your exhibit?

15           MS. WATTS:  Yes, your Honor.  We would  
16 like to move for Duke Energy Ohio Exhibit 17.

17           EXAMINER WALSTRA:  Any objections?

18                Hearing none, it will be admitted

19                (EXHIBIT ADMITTED INTO EVIDENCE.)

20           MS. WATTS:  Thank you, your Honor.

21           EXAMINER WALSTRA:  Is OCC seeking to move  
22 its exhibit at this time?

23           MR. WOLTZ:  OCC seeks to move Exhibit 3  
24 into its testimony, or in the alternative for your  
25 Honor to take administrative notice of the document.

1 MS. WATTS: And, your Honor, I will, of  
2 course, object because the witness -- there was never  
3 a foundation laid for this document. In fact,  
4 Counsel ceased asking questions at some point with  
5 respect to the document.

6 MR. WOLTZ: I would just like to  
7 reiterate Duke itself had asked that we have a  
8 document.

9 EXAMINER WALSTRA: We'll not admit it.  
10 We will take administrative notice.

11 We'll recess until 3:30.

12 (Recess taken.)

13 EXAMINER WALSTRA: All right. We'll go  
14 back on the record, and Duke, you may call your next  
15 witness.

16 MS. KINGERY: Thank you, your Honor.

17 Duke Energy Ohio calls to the witness  
18 stand at this time, James Ziolkowski.

19 (Witness sworn.)

20 EXAMINER WALSTRA: Thank you. Please  
21 take a seat.

22 MS. KINGERY: Your Honor, I would like to  
23 have marked at this time, the direct testimony of  
24 James E. Ziolkowski in the ESP and related  
25 proceedings, so 17-1263, -64, and -65, and that would

1 be Duke Energy Ohio Exhibit 18 is what I'm told.

2 EXAMINER WALSTRA: So marked.

3 (EXHIBIT MARKED FOR IDENTIFICATION.)

4 MS. KINGERY: Thank you. And may we  
5 approach?

6 EXAMINER WALSTRA: You may.

7 - - -

8 JAMES E. ZIOLKOWSKI

9 being first duly sworn, as prescribed by law, was  
10 examined and testified as follows:

11 DIRECT EXAMINATION

12 By Ms. Kingery:

13 Q. Mr. Ziolkowski, would you please state  
14 your name and business address for the record.

15 A. My name is James E. Ziolkowski. My  
16 business address is 139 East Fourth Street,  
17 Cincinnati, Ohio 45202.

18 Q. And do you have in front of you what has  
19 been marked as Duke Energy Ohio Exhibit 18?

20 A. Yes.

21 Q. And what is that document?

22 A. It is the direct -- my direct testimony  
23 in Case No. 17-1263-EL-SSO.

24 Q. Thank you.

25 And that was filed on June 1, 2017,

1 correct?

2 A. Yes.

3 Q. And do you have at this time any changes  
4 or corrections to make to your testimony?

5 A. Yes. I have one correction and two  
6 amendments to my testimony to make my testimony  
7 compatible with the stipulation.

8 Q. And what are those changes?

9 A. First off on page 10, line 20, I would  
10 like to strike the words "for non-residential  
11 customers" and add the words "Rate TD (Optional Time  
12 of Day Rate)."

13 Q. All right. Thank you.

14 And what other changes do you have?

15 A. On page 5, line 13.

16 Q. Yes.

17 A. I would like to strike the words "and  
18 Rider ECF."

19 Q. So the sentence at that time would then  
20 read: "Finally, the Company proposes to cancel Rider  
21 LFA."

22 A. Yes.

23 Q. Thank you.

24 And anything else?

25 A. Yes. On page 6, line 6 through 12.



1 Q. Yes.

2 A. I would like, first off, on the question,  
3 the question currently reads -- begins with the word  
4 "Does" and I would like to change the word "Does" to  
5 "Did." D-i-d.

6 And as far as the answer, I would like to  
7 strike the entire answer and replace that with the  
8 words: "Yes, although this rider continues as part of  
9 the stipulation."

10 Q. All right. Are there any other changes  
11 you need to make?

12 A. No.

13 Q. And is it correct that one section of the  
14 tariffs that are attached to your testimony will also  
15 change?

16 A. Yes. Sheet No. 22 which is part of the  
17 service regulations, that contains old language  
18 related to special services and that language will be  
19 removed when we file our compliance tariff.

20 Q. So all of the paragraph that's numbered  
21 6. Let me just make sure that's right. Are you sure  
22 it's 22 and not 23, Sheet 23?

23 A. I can check that. Yeah, let me correct  
24 that. It is section 6 on Sheet No. 23 in Duke  
25 Energy's Retail Tariff, not Sheet No. 22. Sheet No.

1 23, Section --

2 Q. So -- go ahead.

3 A. The entire paragraph 6 which was "Special  
4 Customer Services" will be removed.

5 Q. Great. Thank you very much. With that,  
6 are there any other changes you would make to your  
7 testimony or the attachments?

8 A. No.

9 Q. And if I were to ask you all of those  
10 questions today, would your answers be the same?

11 A. Yes.

12 MS. KINGERY: The witness is available  
13 for cross-examination.

14 EXAMINER WALSTRA: Thank you.

15 Any questions, Ms. Glover?

16 MS. GLOVER: No questions.

17 EXAMINER WALSTRA: IGS?

18 MR. OLIKER: Thank you, your Honor.

19 - - -

20 CROSS-EXAMINATION

21 By Mr. Oliker:

22 Q. Good afternoon, Mr. Ziolkowski.

23 A. Good afternoon.

24 Q. Just a few questions for you today.

25 First, am I correct you have sponsored the customer

1 rate impacts?

2 A. Would you state that again? I didn't  
3 understand.

4 Q. Have you prepared projected customer rate  
5 impacts as a result of the ESP?

6 A. One of the attachments to my testimony in  
7 the ESP contains some rate impacts.

8 Q. And do the rate impacts in your testimony  
9 have any assumptions for the PSR?

10 A. I need to pull that up and review that.

11 Q. Take your time. I understand you have a  
12 lot of paper.

13 A. In reviewing Attachment JEZ-3 to my  
14 testimony, the answer is no.

15 Q. Have you personally done any projections  
16 of customer bill impacts associated with PSR based  
17 upon the projections provided by Mr. Rose?

18 A. No.

19 Q. Functionally, would you know how to  
20 calculate that impact?

21 A. If I were asked to calculate the rate  
22 impact, I would probably talk with my manager,  
23 Mr. Wathen, and discuss it and find out what he wants  
24 to do, but other than that, I would have to give that  
25 some thought, so I don't know.

1           Q.    Okay.  Is that a question maybe for  
2   Mr. Wathen?

3           A.    Certainly.

4           Q.    You are free to do that.  So maybe if I  
5   restate this differently, and I think you answered  
6   it, I just want to be sure.  As you sit here today,  
7   you wouldn't be able to tell me what amount of annual  
8   revenue deficit for the PSR would cause a \$1 per  
9   megawatt-hour charge for a residential customer for  
10  each month?

11          A.    I could not tell you that today.

12          Q.    Okay.  Am I correct that you are here  
13   today supporting your electric security plan  
14   testimony that was filed last year, correct?

15          A.    Yes.

16          Q.    But this is a -- there is a stipulation  
17   today, correct?

18          A.    Yes.

19          Q.    And the stipulation resolves several  
20   cases?

21          A.    Yes.

22          Q.    One of those cases is the distribution  
23   rate case, correct?

24          A.    Correct.

25          Q.    You also prepared a cost-of-service study

1 to support the distribution rate case application,  
2 correct?

3 A. Yes.

4 Q. And there was also a Staff Report in this  
5 case, correct? That case.

6 A. Correct.

7 Q. And that Staff Report adopted your  
8 cost-of-service study, correct?

9 A. Correct.

10 Q. Okay.

11 MR. OLIKER: Your Honor, may I approach,  
12 please?

13 EXAMINER WALSTRA: You may.

14 MR. OLIKER: And I have several  
15 documents, your Honor, so I may just make one trip.

16 EXAMINER WALSTRA: That works.

17 MS. KINGERY: And, your Honor, while  
18 Mr. Oliker is making his one trip, I would just note  
19 that the cost-of-service study that he is referencing  
20 is not referenced at all in the testimony that we are  
21 discussing today.

22 EXAMINER WALSTRA: Okay.

23 MR. OLIKER: May I clarify, have you  
24 marked the entire application including the  
25 schedules?

1 MS. KINGERY: Yes, the entire  
2 application. Is that correct?

3 MR. OLIKER: So Schedule E-3.2 which  
4 includes the cost-of-service study?

5 MS. KINGERY: Yes. We did mark that.

6 MR. OLIKER: It's one of the documents  
7 you have here. Do you have a copy, Jeanne?

8 MS. KINGERY: Yes, I do.

9 MR. OLIKER: Mr. Ziolkowski, I am going  
10 to hand you three documents. The first one would be  
11 a copy of your direct testimony in support of the  
12 rate case. And then --

13 MS. KINGERY: I'm sorry, Mr. Oliker. Did  
14 you just say you are handing him testimony from the  
15 rate case?

16 MR. OLIKER: Yes, his testimony.

17 MS. KINGERY: Duke Energy Ohio has not  
18 offered that testimony here today.

19 MR. OLIKER: I understand. That's why I  
20 am marking an exhibit of my own.

21 MS. KINGERY: And I would object  
22 vehemently to that. Pursuant to your Honors' --  
23 before we even distribute it and try marking it, your  
24 Honors have ruled repeatedly that we are litigating  
25 the stipulation here. We are not litigating the

1 underlying applications. And we have had many  
2 arguments about what, of the original testimony filed  
3 in support of the various applications, can and  
4 cannot come in. And we did not believe it was  
5 appropriate for Mr. Ziolkowski's rate case original  
6 direct testimony to come in. And now, Mr. Olier  
7 wants it in and so we've turned the tables here. So  
8 I'm going to repeat all of his previous arguments and  
9 he can repeat all of our previous arguments, but I  
10 vehemently object to his trying to bring in as  
11 evidence testimony that our witness is not here today  
12 to support.

13 MR. OLIER: Your Honor, if I could mark  
14 the rest of my documents and then explain why I'm  
15 using them, maybe I can address Ms. Kingery's  
16 thoughts.

17 EXAMINER WALSTRA: You can continue to  
18 proceed.

19 MR. OLIER: The second document,  
20 Mr. Ziolkowski, is the E-3.2 and 3.1, which I believe  
21 has been marked as part of the application. And the  
22 third document is involving the A through C  
23 schedules, although it does say "D" in the cover  
24 sheet. This is only an excerpt I believe that has  
25 also been marked, Jeanne?

1 MS. KINGERY: If it was schedules to the  
2 application, then, yes.

3 MR. OLIKER: Okay. Thank you.

4 MS. WHITFIELD: Joe, are you marking  
5 these 5, 6?

6 MR. OLIKER: I will in a minute.

7 MS. KINGERY: And Joe, I have 3.2, but I  
8 don't have the other attachments and schedules that  
9 you are talking about.

10 MR. OLIKER: You don't have the C  
11 schedules?

12 MS. KINGERY: Not in front of me, no.

13 MR. OLIKER: I am sorry, your Honor. Do  
14 you have two copies of Mr. Ziolkowski's testimony?

15 EXAMINER CATHCART: I do.

16 MR. OLIKER: Excellent.

17 Your Honor, I would like to mark -- I  
18 placed three documents in front of the witness. As  
19 IGS Exhibit 5, the direct testimony of James  
20 Ziolkowski filed in Case No. 17-32.

21 EXAMINER WALSTRA: So marked.

22 (EXHIBIT MARKED FOR IDENTIFICATION.)

23 MR. OLIKER: And as IGS Exhibit 6, I  
24 would like to mark Schedule E-3.1 through 3.2b which  
25 contains the customer charge analysis and the



1 cost-of-service study. I understand it's repetitive  
2 and these documents may already be marked as part of  
3 the application but for purposes of streamlining the  
4 cross-examination.

5 EXAMINER WALSTRA: What exhibit?

6 MR. OLIKER: It's Exhibit 6.

7 EXAMINER WALSTRA: What is this already a  
8 part of?

9 MR. OLIKER: It's part of the application  
10 in the distribution rate case.

11 And, your Honor, I would like to mark as  
12 IGS Exhibit 7 from the distribution rate case,  
13 Schedules A through C which I believe is also  
14 included in the application.

15 (EXHIBITS MARKED FOR IDENTIFICATION.)

16 EXAMINER WALSTRA: Do you have a response  
17 to Ms. Kingery's objection?

18 MR. OLIKER: For one, the two documents  
19 that I marked Exhibits 6 and 7 have already been  
20 included as part of the application but the testimony  
21 to support those schedules was not actually provided  
22 or tried to be admitted into evidence by the company.

23 So, first, they're relevant to something  
24 they've already filed because it's actually the  
25 written text to explain it.

1 But another component of that is it's --  
2 because it's important to explain these documents,  
3 these documents provide the foundation for the Staff  
4 Report. The Staff Report adopts Mr. Ziolkowski's  
5 cost-of-service study as its own. So there is no  
6 staff witness testifying to cost of service, and if  
7 Duke is not testifying to cost of service, I might as  
8 well make a motion now to strike the entire Staff  
9 Report and all the cost of service that's in it  
10 because there is no evidentiary basis for it  
11 whatsoever. So if they want to do that, then the  
12 Staff Report effectively falls apart. If anything,  
13 they should be thanking me.

14 MS. KINGERY: Your Honor --

15 EXAMINER WALSTRA: Are you about to thank  
16 him?

17 MS. KINGERY: No, I wasn't.

18 MR. MICHAEL: Mr. Beeler was though.

19 MS. KINGERY: You know, there has been a  
20 lot of testimony that we have not put on that we  
21 would have made exactly that same argument about that  
22 the testimony was necessary in order to support the  
23 applications that we filed and that became part of  
24 the ultimate agreement in the stipulation. And we  
25 have -- we've fought to do that and we've been

1 rebuffed repeatedly.

2           So, yes, I agree that Mr. Ziolkowski's  
3 testimony in the rate case supported the  
4 cost-of-service study. But we could make that  
5 argument about a lot of other pieces of testimony.  
6 And if Mr. Ziolkowski's rate case testimony comes in  
7 for that reason, I think we need to revisit a lot of  
8 other pieces of testimony that were or were not  
9 allowed in.

10           MR. OLIKER: Your Honor, if the concern  
11 is that there may be incompatible components of this  
12 testimony, I'm happy to address that. I'm not  
13 seeking to offer parts of this testimony that are  
14 incompatible with the stipulation. I'm more  
15 concerned with the functional elements of the  
16 cost-of-service study which are described in his  
17 testimony and these other documents which provide the  
18 foundation for the Staff Report and many of the items  
19 we are resolving in that case; and without that  
20 context, it's difficult to have that conversation.

21           MR. MICHAEL: Your Honor, if we could  
22 weigh in. I would suggest taking Mr. Olikier up on  
23 his offer to address those portions of the Ziolkowski  
24 testimony that he is trying to get in that is  
25 inconsistent with the stipulation. I think

1 Mr. Olikier is correct that the cost-of-service study  
2 is adopted as part of the Staff Report/settlement  
3 and, therefore, it would not be inconsistent with the  
4 settlement. However, to the extent there are  
5 portions of Mr. Ziolkowski's testimony, Mr. Olikier  
6 should point those out and they should be stricken  
7 from the record.

8 EXAMINER WALSTRA: What was that last  
9 part?

10 MR. MICHAEL: By way of quick background  
11 again. Mr. Olikier, I think, offered to point out  
12 which parts of the Ziolkowski testimony are  
13 inconsistent with the settlement, and I would ask the  
14 Bench to take Mr. Olikier up on his offer to do so and  
15 those portions that are inconsistent with the  
16 settlement should be stricken.

17 MS. KINGERY: Your Honor, I would just  
18 once again point out that we've had this argument  
19 exactly but in reverse, repeatedly. So, for example,  
20 Mr. Riddle's testimony concerning schedules that he  
21 supported in the rate case should have been able to  
22 come in. So if Mr. Ziolkowski's testimony is going  
23 to come in because he supported something that was  
24 underlying the rate case, then we need to bring in  
25 all of our rate case testimony.

1                   MR. MICHAEL: Your Honor, that's --  
2                   that's just false. It's not testimony that supported  
3                   the underlying rate case. The issue is whether or  
4                   not the testimony is compatible with the settlement.  
5                   And the cost-of-service study, I think, in part was  
6                   adopted as part of the settlement, but it sounds as  
7                   if there is other portions of the testimony that are  
8                   incompatible with the settlement and it's that  
9                   testimony that the Bench has ruled is inadmissible  
10                  and it's that testimony that should be ruled  
11                  inadmissible now. So there is a distinction that the  
12                  company is not pointing out to the Bench.

13                 MR. OLIKER: There is also another  
14                 important distinction. As an opposing party to the  
15                 stipulation, cross-examination in the state of Ohio  
16                 is open to all matters including credibility. So to  
17                 the extent there is something in any one of these  
18                 documents that goes to the credibility of the  
19                 company's case, I should be permitted to  
20                 cross-examine the witness on it.

21                 MS. KINGERY: I would like to have, if I  
22                 could, some clarification of exactly what documents  
23                 you plan to be or hope to be cross-examining this  
24                 witness on, since Counsel didn't give me a copy of  
25                 what you're trying to do. I have the cost-of-service

1 study and I've just asked for people to hand me a  
2 bunch of schedules, but I don't know what you are  
3 using and I was too busy trying to gather copies to  
4 watch the screen.

5 MR. OLIKER: Well, the two documents that  
6 probably -- I understand you have a copy of his  
7 direct testimony?

8 MS. KINGERY: I do.

9 MR. OLIKER: The other documents are part  
10 of the application you marked as --

11 MS. KINGERY: And I didn't have them in  
12 front of me as you said -- as I indicated to you.

13 MR. OLIKER: Then if you would look to  
14 E-3.1 and 2, and likely only the C schedules, that  
15 should be all you will need.

16 MS. KINGERY: Can somebody find me a copy  
17 of E-3.1 since I have not been provided a copy by  
18 opposing counsel?

19 MR. OLIKER: Why don't you take mine and  
20 I'll use the digital one.

21 MS. KINGERY: Great. Thank you.

22 So, your Honors, I would note that 3.1  
23 appears to be a document for which James Riddle was  
24 the witness responsible. 3.2 is, I believe, the  
25 cost-of-service study for which Mr. Ziolkowski is

1 responsible. But if I look in his testimony that  
2 Mr. Oliker is attempting to have admitted, on page 4  
3 he says "I prepared the cost-of-service study using  
4 information provided by other Duke Energy Ohio  
5 witnesses on Schedules" and then he lists quite a few  
6 schedules including C-1 through C-4. So he did not  
7 provide the numbers that were used in the  
8 cost-of-service study. And am I correct that  
9 Mr. Riddle was not allowed to testify, for example,  
10 about E-3.1?

11 MR. OLIKER: Mr. Riddle deferred  
12 questions regarding the customer charge to  
13 Mr. Ziolkowski, so we -- and Mr. Wathen. We would  
14 have asked him those questions had he had the  
15 capacity to testify to that. And regarding the C  
16 schedules, I mean whether or not he was personally  
17 responsible for making those schedules is irrelevant.  
18 He relied upon them for his testimony. And they are  
19 clearly inputs into the E-3.2 schedules.

20 EXAMINER WALSTRA: I am going to allow  
21 this to proceed. I think parties are arguing  
22 different things. They are going towards the Staff  
23 Report which they have an obligation to have  
24 objections tendered against that that they are also  
25 arguing against. Whereas, you guys have a

1 stipulation and putting forth evidence consistent  
2 with the stipulation. Their arguments are against  
3 both the Staff Report and the rate case as well as  
4 the stipulation. In as much as these -- the  
5 cost-of-service study goes towards the Staff Report,  
6 I think it's appropriate to allow questions on that.

7 MR. OLIKER: Thank you, your Honor. And  
8 because I am having trouble opening mine, may I steal  
9 my E-3.2 back from the court reporter, but I promise  
10 I will give it back.

11 Q. (By Mr. Olikier) Mr. Ziolkowski, do you  
12 see the documents marked as IGS Exhibits 5, 6, and 7?  
13 I understand yours do not have any markings on it.

14 A. You gave me three documents, but they are  
15 not marked as 5, 6, or 7.

16 Q. Okay. Do you see your direct testimony  
17 from the distribution rate case, Mr. Ziolkowski?

18 A. Yes.

19 Q. Does it appear to be a true and accurate  
20 copy of the testimony you prefiled in this  
21 distribution rate case?

22 A. Yes.

23 Q. And do you see what is a separate  
24 document which contains I believe Schedule E-3.1 and  
25 3.2?



1 A. Yes.

2 Q. And do these appear to be true and  
3 accurate copies of these schedules?

4 A. Yes.

5 Q. And --

6 MS. KINGERY: Objection. Let the record  
7 reflect, please, that the witness didn't have more  
8 than a few seconds to look at them to see if they  
9 were true and accurate copies.

10 EXAMINER WALSTRA: Take your time if you  
11 need to, Mr. Ziolkowski. Let us know if you need  
12 more time.

13 A. There are a lot of pages to E-3.2, but  
14 just scanning through it, it appears to be a good  
15 copy.

16 Q. Okay. Thank you.

17 And would you agree that Schedule E-3.1  
18 contains the customer charge calculation, and 3.2  
19 contains the cost-of-service study?

20 A. Yes.

21 Q. And I'll come back to that in a second.  
22 And looking to the third document that's been marked  
23 as IGS Exhibit 7, does that appear, and take your  
24 time, to be a copy of the A, B, and C schedules filed  
25 with the distribution rate case application?

1           A.    Yes, but I would note that I did not  
2 prepare or sponsor these documents.

3           Q.    Okay. Thank you.

4                   And turning to Schedule 3.1 just briefly.  
5 Were you in the room this morning -- were you here in  
6 the room yesterday when Mr. Riddle talked about the  
7 customer charge calculation?

8           MS. KINGERY: Your Honor, could we pause  
9 for just a minute, because he is referring to  
10 Schedules A and B now, and I don't have those either  
11 so I am trying to get a copy.

12           EXAMINER WALSTRA: I think he is on 3.1.

13           MS. KINGERY: But he did just make a  
14 reference to A and B saying that Mr. Ziolkowski has  
15 those, so I would like to have them.

16           EXAMINER WALSTRA: Okay.

17           MR. OLIKER: When we come back to those  
18 schedules I will make sure that you have a copy.

19           MS. KINGERY: All right. Go ahead then.

20           Q.    (By Mr. Oliker) Mr. Ziolkowski, Schedule  
21 3.1, E-3.1, do you remember when Mr. Riddle talked  
22 about the customer charge calculation yesterday?

23           A.    Generally. I was in the room at that  
24 time.

25           Q.    And did you provide direction to

1 Mr. Riddle for purposes of that calculation?

2 A. Yes.

3 Q. Did you or Mr. Riddle calculate Schedule  
4 E-3.1?

5 A. Yes.

6 (Laughter all around.)

7 A. Are you asking which of us?

8 Q. Which one, Mr. Ziolkowski?

9 A. Actually, this was a sheet that was  
10 contained in the cost-of-service model, so really I  
11 did.

12 Q. Okay. Thank you. That helps.

13 MR. MICHAEL: If you had more precise  
14 questions maybe.

15 Q. And the purpose of your distribution rate  
16 case testimony is to describe the cost-of-service  
17 study, correct?

18 A. That's correct.

19 Q. And I'm correct that the Staff Report  
20 does not challenge the cost-of-service study?

21 MS. KINGERY: Objection. The Staff  
22 Report is not an exhibit. It's not in front of  
23 Mr. Ziolkowski. I object to questions about it.

24 EXAMINER WALSTRA: Can you rephrase?

25 MR. OLIKER: Sure.

1           Q.     (By Mr. Olikar) Going back to your  
2 testimony. Would you agree that the purpose of a  
3 cost-of-service study is to determine which customers  
4 are responsible for specific costs that Duke incurs  
5 to provide distribution service?

6           A.     Yes.

7           Q.     Generally speaking, it goes to Bonbright  
8 principles, correct?

9           A.     I'm not sure what you mean by "Bonbright  
10 principles," but I agree with the first -- your first  
11 comment.

12                     The purpose of the cost-of-service study  
13 is to allocate the revenue requirement to the  
14 different rate classes, but the revenue requirement  
15 is comprised of a lot of different types of costs,  
16 many of which should be allocated differently from  
17 each other.

18           Q.     Great. So there is a lot in that answer.  
19 Let's unpack that a little bit.

20                     When you're performing cost allocation,  
21 would you agree there are some very limited  
22 circumstances where you can identify an asset or a  
23 cost and easily determine 100 percent who or what  
24 customer class should pay for that cost?

25           A.     That's correct. Most cost types actually

1     apply to, although the rate classes are various rate  
2     classes, only in the situation where you have a cost  
3     that is attributable solely to an individual customer  
4     or a very small group of customers is it really easy,  
5     in that case you can directly assign that cost to  
6     those customers.

7             Q.     Okay.  So you would agree most of the  
8     time it can be very challenging to allocate costs to  
9     customers.

10            A.     Correct.  It's an art and a science.

11            Q.     And when a cost cannot be unequivocally  
12     allocated to one company or one customer class, would  
13     you agree you have to utilize allocation factors?

14            A.     Yes.

15            Q.     And would you agree that many of the  
16     costs proposed for recovery through distribution  
17     rates are often initially incurred at the service  
18     company or parent company level?

19            A.     There are some costs that go -- that go  
20     to distribution that are costs that could be incurred  
21     at a higher level and allocated to distribution and  
22     then further allocated to individual rate classes.

23            Q.     Okay.  So in that case there has to be an  
24     allocation from the service company down to the  
25     distribution company, correct?

1           A.    Yes.

2           Q.    Okay.

3           A.    I would note though that I did not do  
4 that.  That's an area that I did not do --

5           Q.    And that's --

6           A.    -- in my cost-of-service study.

7           Q.    Thank you.

8                   And that's one of the next questions I  
9 have.  We have the C schedules which have been marked  
10 as -- the A, B, and C schedules which have been  
11 marked as Exhibit 7, would you agree that's the  
12 foundational cost information for the cost-of-service  
13 study?

14           A.    Although the data in the cost-of-service  
15 study comes from what we call our standard filing  
16 requirements model, otherwise known as revenue  
17 requirements model, that is the foundational data.  
18 All that data eventually feeds into the  
19 cost-of-service study.  And once again, the purpose  
20 of the cost-of-service study is to take that data on  
21 a line-by-line basis and allocate it to each of the  
22 rate classes ultimately to come up with a revenue  
23 target for each rate class.

24           Q.    Okay.  And just so you can clarify is --  
25 would you agree the standard filing requirements are

1 contained in the Schedules A through C and also D, I  
2 suppose?

3 A. I believe -- yes, I think A, B, and C  
4 contains it, but I did not prepare those, but that  
5 sounds right.

6 Q. Okay.

7 MR. OLIKER: Jeanne, do you have a copy  
8 of the C schedules yet?

9 MS. KINGERY: I do now. Thank you.

10 MR. OLIKER: Okay. I just wanted to make  
11 sure I didn't get too far ahead of you.

12 Q. (By Mr. Olikier) Just a moment ago we were  
13 talking about allocation factors from the parent  
14 company down to the distribution company, correct?

15 A. Yes.

16 Q. And you would agree that the C schedules,  
17 for example, would contain allocation factors?

18 A. Well, they do. But once again, I am not  
19 an expert on C schedules. They were prepared by  
20 Peggy Laub who doesn't even work for the company  
21 anymore and so we are getting into an area that is  
22 not what I did for this rate case.

23 Q. Right. And my next question is has Don  
24 Wathen adopted Peggy Laub's testimony as his own?

25 MS. KINGERY: Objection. You can

1 certainly ask Don Wathen that.

2 A. I don't know.

3 Q. Okay. Do you know what witness would be  
4 better to speak to it and is it Peggy Laub?

5 A. Well, Peggy Laub has retired so I would  
6 suggest talking to Peggy Laub. No, Mr. Wathen could  
7 probably answer this.

8 Q. So I understand, in the event that  
9 there's an allocation of costs between Duke Energy  
10 Ohio, the gas company, and Duke Energy Ohio the  
11 electric company, would those questions be better for  
12 Peggy Laub or some other witness?

13 A. Yes.

14 Q. Okay. Thank you. And am I correct,  
15 although you didn't perform the service company to  
16 Duke Energy Ohio allocations, your testimony does  
17 talk about allocation factors, correct?

18 A. My testimony talks about the retail  
19 allocation factors that -- I take the costs that have  
20 already been allocated or assigned to distribution  
21 and from there I further break down those costs to  
22 each of the rate classes, the classifying allocation  
23 for each of the rate classes.

24 Q. And your general goal is to ensure that  
25 costs are assigned to the rate classes associated



1 with cost-causation principles, correct?

2 A. Yes.

3 Q. What was your role in the cash working  
4 capital calculation?

5 A. I had no role in that.

6 Q. Do you know who did?

7 A. Ms. Laub prepared that schedule.

8 Q. That's very convenient.

9 A. And to be more specific on your question,  
10 I'm assuming you're talking about any calculations in  
11 the A, B, or C schedules.

12 Q. Yes.

13 A. I had no role in that.

14 Q. Turning to Schedule E-3.2, and this would  
15 be -- well, first, I'm sorry. I apologize. I'm  
16 jumping ahead. Could you turn to page 4 of your  
17 direct testimony and 5. And am I correct on page 5,  
18 Table 1, you set forth the specific categories of  
19 your cost-of-service study, correct?

20 A. Correct. Table 1 is kind of a table of  
21 contents of the cost-of-service study.

22 Q. And am I correct that to allocate costs  
23 between the classes, you used two main allocation  
24 factors?

25 A. Actually we -- the cost-of-service study

1 contains a number of different allocation factors.

2 Q. Can you talk about those allocation  
3 factors? Just give me an example, please.

4 A. Just as an example, substations would  
5 generally be allocated to each of the classes based  
6 on rate class, none -- the sum of rate class  
7 non-coincident peaks. Other distribution plant would  
8 be allocated based on a combination of customers  
9 and -- or assigned to a customer and -- and part of  
10 it would be allocated based on probably that same  
11 demand allocator that I just mentioned.

12 Other types of al -- distribution plants  
13 such as meters would be allocated based on customer  
14 accounts -- adjusted customer accounts for each rate  
15 class. So there is actually a number of different  
16 allocators that are used.

17 Q. Another one would be revenue, correct?

18 A. Yes.

19 Q. Okay. And if I now turn to E-3.2, and  
20 this is on page 1 of E-3.2, starting -- before you  
21 get to the specific line numbers, could you explain  
22 what "customer" means on column 4?

23 A. In a cost-of-service study the first --  
24 there are three steps to a cost-of-service study.  
25 And, remember, the purpose of a cost-of-service study

1 is to take your revenue requirement which is composed  
2 of many different both plants and expense items and  
3 allocate each of those lines, each of those items to  
4 the individual rate classes. The next -- so the  
5 first thing is to functionalize it, determine is this  
6 cost production related, transmission related, or  
7 distribution related.

8 This is a distribution base rate case so  
9 all -- everything is functionalized as distribution.  
10 Anything that's production or transmission has been  
11 excluded from this filing.

12 Q. And that's the A through C schedule part,  
13 correct?

14 A. That -- those -- the removal of  
15 production transmission-related costs would have been  
16 accomplished by Ms. Laub in the various A, B, and C  
17 schedules.

18 Q. Okay. I'm sorry I interrupted your  
19 answer. I didn't mean to do that.

20 A. So that's the first part. The second  
21 part is called classification. Then you look at each  
22 of those costs and classify it as either demand  
23 related, which means that it varies with the kW,  
24 energy related which means that it varies with kWh,  
25 or customer related means -- meaning that that cost

1 exists solely because the customer exists at a  
2 location. So those are the three classifications.

3 And then, finally, once you know those  
4 two things, the functional -- functionalization and  
5 classification, at that point you have enough  
6 information where you can determine the appropriate  
7 allocator to use.

8 Q. And --

9 A. And so when we talk about customer here,  
10 we are talking about some of these line items you can  
11 see that it's been classified as both partly demand  
12 and partly customer.

13 Q. And under, for example, "Total O&M  
14 Expense," it's predominantly related to the customer  
15 accounts, correct?

16 A. Well, are you referring to line 8, "Total  
17 O&M Expense"?

18 Q. Yes, I'm referring to line 8 and then  
19 column 4.

20 A. Well, there's a substantial  
21 demand-related piece of total O&M and a substantial  
22 customer piece, and the customer piece is larger than  
23 the demand piece, but they are both substantial.

24 Q. Okay.

25 A. I am not sure I would use the term

1 "predominant" though.

2 Q. You are familiar with the way Duke  
3 assigns billing determinants to commercial and  
4 industrial customers, correct?

5 A. Well, the company doesn't really assign  
6 billing determinants to commercial and industrial  
7 customers. The company -- those numbers are what  
8 they are, and so the company tabulates those billing  
9 determinants generally.

10 Q. Maybe I can rephrase my question.

11 Are you familiar with the way the company  
12 determines a customer's demand for purposes of  
13 assigning distribution rates to commercial and  
14 industrial customers?

15 A. Well, once again, when we're -- when we  
16 are calculating doing rate design, we don't assign  
17 or -- we simply generally we tabulate for the test  
18 period what those kW and kWhs were, so if that  
19 answers your question.

20 Q. Earlier you used the term non-coincident  
21 peak, did you not?

22 A. I used that, correct.

23 Q. Is your definition of non-coincident peak  
24 an addition of all peaks of every customer within the  
25 customer class?

1           A.     There are a couple of ways that term  
2 non-coincident peak can be used. Non-coincident peak  
3 can simply be the sum of all customers' billing  
4 demands. You can take everyone's billing demand  
5 for -- for an entire year and add those up, and in  
6 some of those -- a lot of those billing demands are  
7 going to occur at different times of the day and add  
8 those up and that is a non-coincident peak.

9           But earlier when I described the demand  
10 allocator for distribution plant, I referred to rate  
11 class non-coincident peaks which is a different term  
12 and that refers to summing up the total peak for an  
13 individual rate class. And, however, and the reason  
14 that's called non-coincident because it is not  
15 necessarily coincident with the company's overall  
16 peak which would be more of a PJM-type issue, the  
17 1CP, for example, so it's you need to be careful with  
18 the terminology here.

19          Q.     And that's part of what I am trying to  
20 drill down to. For purposes of a customer's  
21 individual demand for purposes of the distribution  
22 rate they pay, would you agree that it is their peak  
23 demand within a month whenever --

24          A.     Correct. Our billing system looks at the  
25 customer peak demand for the month generally speaking

1 because there can be some modifications, but  
2 generally we take a -- we look at their peak demand,  
3 and we apply the tariff demand charge to that peak  
4 demand.

5 Q. Would you agree that first -- earlier we  
6 talked about several different peaks. There's --  
7 let's see, there is five PJM peaks for PJM  
8 transmission rate, correct?

9 A. Correct.

10 Q. And there's the ICP for the local Duke  
11 transmission grid, correct, for NITs charges?

12 A. I believe so but that's my understanding  
13 but that's not a calculation that I'm involved with,  
14 the NITs charges, but that's my understanding.

15 Q. And, now, let's come down on the  
16 distribution level. Would you agree the most  
17 important peak are each of the individual peaks that  
18 occur on each distribution circuit, or feeder?

19 A. I need to -- when we talk about  
20 distribution level and distribution costs and  
21 assigning distribution costs, as we previously  
22 discussed, actually a portion of distribution costs  
23 is classified as occurs per even feeders and poles  
24 and towers. There's a piece of that which is  
25 assigned as customer related and because it exists

1 solely because the customer is on the system and but  
2 the majority of that is related to demand. The  
3 closer you get to an end-use customer the less  
4 diversity there is and non-coincident demand, that  
5 customer's individual demand becomes important.  
6 So -- so demand is important in allocating  
7 distribution plant, and so.

8 Q. Okay. For purposes of the cost of  
9 maintaining the distribution grid, would you agree  
10 that each distribution circuit is designed for the  
11 peak demand on that circuit?

12 A. Not necessarily. Each -- and this is --  
13 I don't do distribution design, but my understanding  
14 is each -- each distribution circuit is designed in  
15 accordance with normal distribution circuit design  
16 standards and the -- the number of customers and the  
17 size of customers are then limited based on how much  
18 capacity that circuit has. Distribution circuits  
19 have a finite amount of capacity, say, 10 megawatts  
20 or 15 megawatts. And so we don't say, well, there's  
21 100 megawatts of load, so we are going to put in 100  
22 megawatt of distribution feeder.

23 It doesn't work that way. You may have  
24 to put in additional distribution feeders, but, once  
25 again, I am not a distribution design engineer so.



1           Q.    Under cost-of-service principles or cost  
2    causation, would you agree that there are instances  
3    where a customer could be receiving inefficient price  
4    signaling if their usage is peaking at a time when  
5    the distribution circuit is not peaking?

6           A.    I'm not sure what price signal you're  
7    referring to.

8           Q.    Let's -- maybe a hypothetical. I had to  
9    ask one.

10           MR. MICHAEL: We've been waiting, Joe.

11           Q.    Okay. Would you agree that there are  
12   many factories that operate three shifts?

13           A.    Yes.

14           Q.    And which means they're largely static  
15   demand all day long.

16           A.    Yes.

17           Q.    And they may install solar panels on  
18   their roof and --

19           A.    Sure.

20           Q.    And would you agree that typically  
21   speaking the peaks are likely to occur during the  
22   daytime?

23           A.    If they've installed solar panels, I  
24   would suggest that their daytime peak as seen by Duke  
25   might be lower because they are supplying a lot of

1 their own needs from the solar panel.

2 Q. And that's sort of what I'm trying to get  
3 at here is would you agree that if they are running  
4 three shifts, they've got solar panels on their roof,  
5 they're -- although their demand, their actual power  
6 requirements may stay static, their demand is metered  
7 by Duke, may increase at a time when the stress on  
8 the distribution grid is not very high.

9 A. That can happen but in that situation  
10 that's why we have our Load Measure Rider Sheet No.  
11 76 which allows customers in that situation to  
12 basically avoid -- to only be billed on their on-peak  
13 demand which in this example is going to be much  
14 lower, so they would get the appropriate price signal  
15 in that case.

16 Q. And with the load management rider, would  
17 they only be billed based upon -- could you explain  
18 how that works?

19 A. Under the load management rider just  
20 keeping -- not going into all the details because  
21 people can look at Sheet No. 76, but basically if a  
22 customer signs up for load management rider and they  
23 are on Rate DS or DP, it's a nominal charge each  
24 month. I forget, maybe \$7.50 a month. But under  
25 that -- if they are on that rider, then we are only

1 going to bill them for their on-peak demand. And if  
2 they have, say, solar panels or they aggressively  
3 control their demand, then they can avoid most, some,  
4 much, or all of -- or the majority of their billing  
5 demand through load management rider, assume they  
6 just operate on peak and don't have substantial  
7 off-peak load.

8 Q. What is the peak demand on that rider?  
9 What are the hours specifically or times?

10 A. During the summer June, July, August, and  
11 September on peak is 11:00 in the morning until 8:00  
12 in the evening, and during the winter it is 9:00 a.m.  
13 to 2:00 p.m. and then 5:00 p.m. to 9:00 p.m.

14 Q. Just a few more questions. Turning to  
15 pages 17, 18, and 19 of Schedule E-3.2, particularly  
16 page 18. And you previously referred to direct  
17 assignment of costs. Is line No. 31 an example of  
18 that direct assignment to residential?

19 A. Yes. That would be an allocator that we  
20 have -- that we are calling K402.

21 MR. OLKER: I believe those are all the  
22 questions I have. Thank you, your Honor.

23 Thank you, Mr. Ziolkowski.

24 EXAMINER WALSTRA: Thank you.

25 - - -

## CROSS-EXAMINATION

By Mr. Michael:

Q. Hello, Mr. Ziolkowski. How are you?

A. I'm good.

Q. Good. I would like to direct your attention to we are going to go back to your 17-1263 ESP testimony.

A. I have that.

Q. Okay. And I want to direct your attention to page 3 of that testimony, lines 9 through 10.

A. I'm there.

Q. The bill impacts of the proposed rate structure that you referenced there don't address the bill impacts of the proposed rate structure under the settlement, correct?

A. Correct.

Q. And on page 3, Mr. Ziolkowski, line 18, you reference Attachment JEZ-3 there, correct?

A. Correct.

Q. And those bill impacts there are not the bill impacts under the proposed settlement, correct?

A. Correct.

Q. And on page 3, line 19, you reference Attachment JEZ-4. Do you see that, Mr. Ziolkowski?

1           A.    Yes.

2           Q.    And the table of new eliminated,  
3 modified, and continuing riders don't reflect that  
4 information under the proposed settlement, correct?

5           A.    Correct. This testimony was filed and  
6 prepared prior to the settlement.

7           Q.    If I could have you turn to page 10 of  
8 your testimony, Mr. Ziolkowski, lines 20 through 22.  
9 Let me know when you're there.

10          A.    I'm there.

11          Q.    And you changed your original testimony  
12 to include Rate TD there on line 20, correct?

13          A.    Correct.

14          Q.    And I want to understand the implications  
15 of that. I understood that Duke originally proposed  
16 stopping Rate TD in its application; is that correct?

17          A.    That's correct.

18          Q.    And the staff in its Staff Report said,  
19 no, we don't think you should be able to withdraw  
20 that Rate TD, correct?

21          A.    Correct.

22          Q.    And by this alteration, Duke is now  
23 basically saying okay to the Staff Report; we'll  
24 continue Rate TD?

25          A.    Yes.

1 MR. MICHAEL: I have no further  
2 questions, your Honor.

3 Thank you, Mr. Ziolkowski.

4 MS. KINGERY: Duke has no redirect.

5 EXAMINER WALSTRA: Thank you,  
6 Mr. Ziolkowski.

7 Duke, would you like to move your  
8 motion -- move your exhibit?

9 MS. KINGERY: Thank you, your Honor. I  
10 would move for the admission of Duke Energy Ohio  
11 Exhibit 18 -- oh, now, I am now told it's 17.

12 EXAMINER WALSTRA: 18 is correct.

13 MS. KINGERY: Okay, 18.

14 EXAMINER WALSTRA: Any objections?

15 Hearing none, it will be admitted

16 (EXHIBIT ADMITTED INTO EVIDENCE.)

17 EXAMINER WALSTRA: IGS.

18 MR. OLIKER: Your Honor, I would move for  
19 the admission of IGS Exhibit 5, and although 6 and 7  
20 are already part of the record, I would also move for  
21 their admission given that I referenced them in  
22 cross-examination.

23 EXAMINER WALSTRA: Any objection?

24 MS. KINGERY: Yes, your Honor. I would  
25 renew my prior objections. The rate case testimony

1 was not deemed appropriate for admission in these  
2 proceedings under your Honor's rulings by Duke Energy  
3 Ohio, and although the cost-of-service study was  
4 prepared by this witness, the other material that IGS  
5 sought to question him on was not prepared by him, so  
6 I would vigorously oppose the admission of all of  
7 these IGS exhibits.

8 EXAMINER WALSTRA: I will admit  
9 Exhibits 5 and 6.

10 (EXHIBITS ADMITTED INTO EVIDENCE.)

11 EXAMINER WALSTRA: Regarding Exhibit 7,  
12 he did not prepare, those and I'll just maintain my  
13 previous decision regarding admission of this exhibit  
14 that I think it is relevant towards both the Staff  
15 Report and their objections and the stipulation.

16 MS. KINGERY: Thank you, your Honor.

17 MR. OLIKER: Did I understand -- did you  
18 admit 7 or not?

19 EXAMINER WALSTRA: I did not admit 7.

20 MR. OLIKER: Thank you. That's fine.

21 EXAMINER WALSTRA: With that, we can go  
22 off the record.

23 (Discussion off the record.)

24 (Thereupon, at 4:34 p.m., the hearing was  
25 adjourned.)

## 1 CERTIFICATE

2 I do hereby certify that the foregoing is  
3 a true and correct transcript of the proceedings  
4 taken by us in this matter on Wednesday, July 11,  
5 2018, and carefully compared with our original  
6 stenographic notes.

7  
8  
9 Karen Sue Gibson, Registered  
Merit Reporter.

10  
11 Carolyn M. Burke, Registered  
12 Professional Reporter.

13 (KSG-6578)

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Summary: Transcript in the matter of the Duke Energy Ohio, Inc. hearing held on 07/11/18 electronically filed by Mr. Ken Spencer on behalf of Armstrong & Okey, Inc. and Gibson, Karen Sue Mrs.