

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

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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.	:	

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

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

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

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PROCEEDINGS

before Mr. Nicholas Walstra and Ms. Stacie Cathcart,
Attorney Examiners, at the Public Utilities
Commission of Ohio, 180 East Broad Street, Room 11-A,
Columbus, Ohio, called at 10:00 a.m. on Monday,
August 6, 2018.

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VOLUME XIII - REBUTTAL

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IDENTIFIED ADMITTED

22 - Rebuttal Testimony of
Wm. Ross Willis filed
July 30, 2018

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- - -

Monday Morning Session,

August 6, 2018.

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EXAMINER WALSTRA: Go on the record.

We are here for rebuttal testimony regarding In Re: Duke Energy Ohio, Incorporated, regarding their global stipulation. I believe one party has requested rebuttal testimony.

OCC, if you would like to call your witness.

MR. HEALEY: Yes, your Honor. At this time the Ohio Consumers' Counsel would call Mr. Ross Willis. And if I may mark his testimony as OCC Exhibit I believe 22 and approach the witness.

EXAMINER WALSTRA: So marked.

(EXHIBIT MARKED FOR IDENTIFICATION.)

- - -

WILLIAM ROSS WILLIS

being first duly sworn, as prescribed by law, was examined and testified on rebuttal as follows:

DIRECT EXAMINATION

By Mr. Healey:

Q. Mr. Willis, can you please state your name and address for the record, please.

A. My name is William Ross Willis, 65 East

1 State Street, Columbus, Ohio 43215.

2 Q. And on whom -- on whose behalf are you
3 testifying today?

4 A. The Ohio Consumers' Counsel.

5 Q. And do you have in front of you what has
6 now been marked OCC Exhibit No. 22?

7 A. I do.

8 Q. And what is OCC Exhibit No. 22?

9 A. It is my rebuttal testimony.

10 Q. And did you draft this testimony
11 yourself?

12 A. I did.

13 Q. And is everything in this testimony true
14 and accurate to the best of your belief?

15 A. It is.

16 Q. And if I were to ask you all the
17 questions found in this testimony today, would your
18 answers all be the same?

19 A. Yes.

20 Q. Do you have any corrections or edits to
21 your testimony?

22 A. No.

23 MR. HEALEY: Thank you, your Honor. Mr.
24 Willis is now available for cross-examination.

25 EXAMINER WALSTRA: Thank you.

1 I think it's you, Mr. Olikier.

2 MR. OLIER: Does the company have any
3 cross?

4 MS. WATTS: No. Thanks for asking
5 though.

6 MR. OLIER: Wouldn't want to steal your
7 thunder.

8 - - -

9 CROSS-EXAMINATION

10 By Mr. Olikier:

11 Q. Good morning, Mr. Willis.

12 A. Good morning, Mr. Olikier.

13 Q. Good to see you again so soon. Just a
14 few questions this morning about your rebuttal
15 testimony. First, you're familiar with the terms to
16 functionalize, classify, and allocate costs?

17 A. Yes.

18 Q. And those terms are often used in
19 distribution rate cases, correct?

20 A. In setting rates, yes.

21 Q. Okay. And one of the purposes of a
22 distribution rate case is to functionalize costs to
23 distribution service when the cost relates to that
24 service.

25 A. Yes.

1 Q. And you are familiar with allocation
2 factors, correct?

3 A. Yes.

4 Q. And allocation factors may be used to
5 functionalize costs to a service component or
6 customer class, right?

7 A. Yes.

8 Q. And allocation factors are used when a
9 cost cannot be directly assigned to a service
10 component, correct?

11 A. Yes.

12 Q. One allocation factor is customer
13 account.

14 A. That is one.

15 Q. And another allocation factor is revenue.

16 A. That is one. Another could be sales.
17 Another could be plant. Another could be
18 depreciation. There's a lot of different components
19 that could be made up of -- considered in allocation
20 factors.

21 Q. Okay. And on page 3 of your rebuttal
22 testimony, you state that Mr. Hess proposes that SSO
23 customers are charged an additional \$23 million for
24 distribution service. You would agree that Mr. Hess
25 is seeking to charge SSO customers \$23 million more

1 for SSO services, not distribution service, right?

2 A. That is his testimony.

3 Q. And that is because Mr. Hess has
4 determined that shopping customers' distribution
5 rates are \$23 million too high, correct?

6 A. That is Mr. Hess's testimony.

7 Q. And this is also on page 3, when you
8 allege that there is a cross-subsidy, your
9 testimony's conclusion is based upon there being
10 92 percent of that 23 million of the avoidable charge
11 allocated to SSO residential customers but only
12 89 percent of the credit to residential customers,
13 correct?

14 A. That is part of the cross-subsidization,
15 just the fact that he -- the SSO is available to all
16 customers every day all the time, and it is properly
17 included in the distribution functions. So when he
18 tries to reallocate that to only the SSO customer or
19 only to the nonshopping customer, I believe that's
20 a -- also a cross-subsidization.

21 Q. Okay. Let's stick with the -- you're
22 familiar with the 89 to 92 percent numbers that
23 you've included in your testimony?

24 A. Yes.

25 Q. And when you say there is a

1 cross-subsidization in the avoidable rider charge to
2 nonshopping customers, the total amount, the
3 difference between the 89 percent and the 92 percent,
4 is approximately \$700,000, correct?

5 A. Well, to the -- to the residential
6 customer. He wants to credit the residential
7 customers approximately \$700,000 less than what he
8 wants to charge --

9 Q. Okay.

10 A. -- through the avoidable rider.

11 Q. Okay. And do you agree that customer
12 rates are typically based on either dollars per
13 megawatt-hour or cents per kilowatt-hour?

14 A. Yes.

15 Q. And you have not quantified in dollars
16 per megawatt-hour or cents per kilowatt-hour the
17 impact of the alleged cross-subsidy for any
18 particular customer, correct?

19 A. No. It's just the flow of methodology
20 that Mr. Hess has proposed.

21 Q. And, in fact, you didn't evaluate
22 Mr. Hess's methodology in any detail, did you?

23 A. No. I read it and felt it was a flawed
24 methodology, and so I -- that's as far as I went with
25 it.

1 Q. So you didn't evaluate the numbers at
2 all?

3 A. No. Again, the SSO is available to all
4 customers all the time. It's a default service that
5 is available to the shopping customers should the
6 CRES provider default or go bankrupt, and so the --
7 setting aside the generation portion of the -- of the
8 SSO, the administrative costs and processing costs
9 that Mr. Hess has identified are properly assigned to
10 the distribution function.

11 MR. OLIKER: Can I have my question and
12 his answer reread, please.

13 (Record read.)

14 MR. OLIKER: Your Honor, I would move to
15 strike everything after "No." I asked him if he
16 looked at the numbers. He said "No," and then he
17 talked about a lot of other stuff unrelated to my
18 question.

19 EXAMINER WALSTRA: I'll sustain.

20 MR. HEALEY: Your Honor, may I respond
21 despite your sustaining? Mr. Willis was explaining
22 with his follow-up statements why he didn't do that.
23 His point, which I think was relatively clear, was
24 that he did not look at the numbers because he didn't
25 have to because he disagrees that any calculation

1 should be done at all so there was no reason to do
2 those calculations, to dig into the numbers, and
3 that's what he was explaining with everything that he
4 stated after the word "No."

5 EXAMINER WALSTRA: I think that's
6 something you could explore on redirect. Sustained.

7 MR. OLIKER: Thank you, your Honor.

8 Q. (By Mr. Oliker) And, Mr. Willis, you
9 reference in your testimony cost causation
10 principles. Would you agree that such principles
11 require that those that cause a cost to be incurred
12 should pay for that cost?

13 A. Where in my testimony are you referring
14 to?

15 Q. I believe it was page 5, but I am
16 speaking generally to the principle of cost
17 causation. Would you like me to restate the
18 question?

19 A. Yes, please.

20 Q. You would agree that cost causation
21 principles require that those costs that are caused
22 by customers be paid for by the customers causing
23 those costs.

24 A. Yes.

25 Q. Okay. And under perfect cost causation

1 principles, we would be able to directly assign to
2 every single customer the cost that they caused to be
3 incurred, correct?

4 A. Yes.

5 Q. But that's very difficult to do, right?

6 A. Yes.

7 Q. Okay. And generally in ratemaking it can
8 be very difficult to follow perfect cost causation
9 principles, right?

10 A. Yes.

11 Q. Okay. And you agree that you have been
12 involved in cases where there have been revenues and
13 cost shifts between rate classes?

14 A. Yes.

15 Q. And part of the reason that cost in
16 revenues may be shifted between rate classes is rate
17 design.

18 A. Yes.

19 Q. And rate design is often referred to as
20 an art rather than a science, right?

21 A. Yes.

22 Q. And you agree with that conclusion,
23 right?

24 A. Yes, I do.

25 Q. Okay. And turning to page 4, you mention

1 that the credit rider Mr. Hess proposed creates a
2 negative revenue requirement. Would you agree that
3 the impact of the credit rider is to reduce
4 distribution rates by \$23 million?

5 A. Well, the distribution rates are not
6 reduced. It's a rider that in effect takes costs
7 that are recovered through the distribution rate and
8 provide a credit and a -- a credit rider and an
9 avoidable rider.

10 MR. OLIKER: Your Honor, may I approach,
11 please?

12 EXAMINER WALSTRA: You may.

13 Q. Mr. Willis, did I take your deposition in
14 this case last week?

15 A. You did.

16 Q. And that deposition was under oath, was
17 it not?

18 A. It is.

19 Q. And do you see the document that's been
20 placed in front of you?

21 A. Yes.

22 Q. Is that a copy of your deposition
23 transcript?

24 A. It appears to be.

25 Q. And turning to page 9 of that transcript,

1 let me know when you're there.

2 A. Okay.

3 Q. And at line 22, the question, let me know
4 if I read this correctly, "Okay. And would you
5 agree" --

6 A. Wait a minute. Wait a minute. There's
7 actually -- on page 9 there's like four pages here so
8 which --

9 Q. And that's page 9. You will notice there
10 are four pages per sheet.

11 A. Oh. I went to page 9. Okay.

12 Q. And let me know if I read this correct at
13 line 22, "Okay. And would you agree that the impact
14 of the credit rider is to effectively reduce
15 distribution rates by 23 million?

16 "Answer: That's -- I think that's
17 Mr. Hess's intent." Did I read that correctly?

18 A. Yes.

19 Q. Okay.

20 A. Actually I believe it said I think that's
21 Mr. -- yes.

22 Q. Okay. And the credit rider reallocates
23 23 million to SSO bypassable rates, right?

24 A. Yes.

25 Q. And you agree that the net impact of the

1 credit rider in the avoidable charge is to
2 refunctionalize \$23 million to Duke's competitive
3 retail electric service rate otherwise known as the
4 SSO rate.

5 A. Yes.

6 Q. Okay. And, Mr. Willis, in this case you
7 would agree that Duke has proposed for recovery
8 through distribution rates costs that are necessary
9 to support the SSO rate.

10 A. Yes.

11 Q. And you have not attempted to quantify
12 the amount of SSO-related costs that the stipulation
13 proposes Duke be allowed to recover through
14 distribution rates.

15 A. I don't believe it's necessary because,
16 again, the SSO provides a service to both the
17 shopping and nonshopping customers. It is therefore
18 all customers should pay.

19 Q. And turning to page 14 of your
20 deposition, this is line 18. The question "And have
21 you attempted to quantify the amount of SSO-related
22 costs that the stipulation recommends Duke be allowed
23 to recover through distribution rates?

24 "Answer: No." Did I read that
25 correctly?

1 MR. HEALEY: Objection, your Honor.
2 That's an improper impeachment to cut the answer
3 short from the deposition transcript. If he wants to
4 read the whole answer, that would be potentially
5 proper impeachment.

6 MR. OLIKER: If he wants to read the rest
7 of the answer during redirect, he is free to do that.

8 A. Well, that was not my answer.

9 EXAMINER WALSTRA: You can read the
10 entire answer.

11 A. The answer is "No. I believe the SSO is
12 a benefit to all customers, it's available every day,
13 all day, every -- all day, anytime, and all customers
14 should pay for it, and it's properly recognized as a
15 distribution cost -- expense cost."

16 Q. Just so we're clear, you made no attempt
17 to quantify that amount proposed for recovery through
18 distribution rates?

19 MR. HEALEY: Objection, your Honor.
20 Asked and answered. It's the same question he just
21 asked.

22 EXAMINER WALSTRA: I'll allow the
23 question.

24 A. I answered it. It wasn't -- it's not
25 necessary. All costs to administer and process the

1 SSO is available to -- should be assigned to the
2 distribution function because both the -- it's
3 available to the SSO customer and the shopping
4 customer.

5 MR. OLIKER: Your Honor, the answer is
6 not responsive. Whether or not he thinks it's
7 necessary is different than whether he did it, so I
8 would move to strike his answer.

9 EXAMINER WALSTRA: Please ask the
10 question again.

11 Q. (By Mr. Olikier) Again, Mr. Willis, you
12 made no attempt to quantify the amount of SSO-related
13 costs in distribution rates, correct?

14 A. I didn't believe it was necessary. No, I
15 did not.

16 Q. Okay. And you have also not attempted to
17 quantify the amount of Choice-related costs that Duke
18 proposed to recover through distribution rates,
19 correct?

20 A. No.

21 Q. And one of the SSO-related costs that is
22 proposed for recovery through distribution rates is
23 the Duke Energy Ohio call center, correct?

24 A. That's one of the costs.

25 Q. And another one of the SSO-related costs

1 proposed for recovery through distribution rates
2 would include billing functionality for SSO
3 customers?

4 A. Yes.

5 Q. And you do not know whether each time
6 there is a change to the SSO structure or bypassable
7 rates whether Duke incurs costs.

8 A. No.

9 Q. But you agree that there are, in fact,
10 technology and software expenses related to the SSO
11 product.

12 A. Yes.

13 Q. And you do not know whether Duke has
14 time-of-use rates for generation service, correct?

15 A. I do not know.

16 Q. But if Duke didn't, in fact, have
17 time-of-use rates, you don't have an opinion whether
18 Duke should allocate any of its administering and
19 processing costs to those rates?

20 A. I don't know.

21 Q. So you don't have an opinion?

22 A. I don't have an opinion.

23 Q. And you are familiar with the PUCO and
24 OCC assessment, correct?

25 A. I am.

1 Q. And you would agree that annually each
2 year each regulated entity that has to pay the PUCO
3 and OCC assessment gets a bill.

4 A. Yes.

5 Q. And Duke is one of those entities,
6 correct?

7 A. Yes.

8 Q. IGS is one of those entities?

9 A. Yes.

10 Q. And one of the components to calculate
11 the annual bill is gross receipts, correct?

12 A. Yes.

13 Q. And those gross receipts don't
14 differentiate between whether it is SSO revenue or
15 distribution revenue, right?

16 A. No.

17 Q. And so the SSO revenue is a component of
18 the gross receipts calculation.

19 A. Yes.

20 Q. And regarding Choice costs that Duke may
21 incur, would you agree that Duke does not market any
22 specific CRES offer or product, if you know?

23 A. I don't know.

24 Q. And switching gears to CRES providers,
25 you would agree that CRES providers must adhere to

1 certain compliance requirements?

2 MR. HEALEY: Objection, your Honor.

3 A. Yes.

4 MR. HEALEY: Relevance as to CRES
5 compliance with the rules has nothing to do with
6 Duke's distribution rates.

7 MR. OLIKER: It's foundational, and we're
8 going to whether costs and rate structures are
9 comparable. I think it's appropriate to talk about
10 costs that Duke may incur and costs we may incur for
11 purposes of what's being proposed here is fair.

12 EXAMINER WALSTRA: I'll allow the
13 question.

14 MR. OLIKER: I can restate it. Thank
15 you, your Honor.

16 Q. (By Mr. Oliker) Mr. Willis, you are aware
17 that CRES providers must adhere to certain compliance
18 requirements?

19 A. Yes.

20 Q. And they must have a call center or
21 outsource the function of a call center to a third
22 party?

23 A. Yes.

24 Q. And you agree that CRES providers must
25 incur costs to operate their call center?

1 A. Yes.

2 Q. And are you familiar with the costs that
3 a CRES provider must incur to make a retail product
4 available?

5 A. No.

6 Q. And you are also not familiar with the
7 manner in which CRES providers receive customer usage
8 information from Duke.

9 THE WITNESS: Could I have that question
10 reread, please.

11 (Record read.)

12 A. I don't know all of the ways they get the
13 information. I know they get electronic data from
14 them, but I don't know if that is the only way or
15 not.

16 Q. You are not familiar in depth with how
17 CRES providers receive billing information?

18 A. No.

19 Q. And you are not familiar with how CRES
20 providers incur IT or software costs?

21 A. No.

22 Q. But you do agree that in order to make a
23 profit, CRES providers must recover all of their
24 incurred costs to make a retail product available?

25 MR. HEALEY: Objection, your Honor. We

1 are going down a long path of CRES profits now. I
2 don't see what that could possibly have to do with
3 whether Duke's distribution costs should be
4 reallocated to SSO customers.

5 MR. OLIKER: Isn't that the heart of the
6 issue though, your Honor, whether or not we're
7 authorizing rates that are an artificial subsidy that
8 make it more difficult for CRES providers to recover
9 their costs?

10 EXAMINER WALSTRA: He can answer.

11 A. Yes.

12 Q. Thank you. And in your answer No. 15 --

13 A. Answer?

14 Q. This is on page 6. When you indicate all
15 electric utilities are required to provide Standard
16 Service Offer to customers, there is a footnote No. 4
17 citing to RC 4928.141. First, you are not a lawyer,
18 are you?

19 A. No, but I know how to read.

20 Q. In this portion of your testimony you are
21 not stating that RC 4928.141 provides the Commission
22 with any independent ratemaking authority, are you?

23 MR. HEALEY: Objection, your Honor. We
24 just established he is not a lawyer, and now we are
25 asking him to state what the Commission's authority

1 might be with respect to ratemaking.

2 MR. OLIKER: My question is whether -- I
3 am trying to make sure that's not what he is saying.

4 EXAMINER WALSTRA: He can answer.

5 A. I believe 4928.141 is -- is an obligation
6 of the electric distribution utility to provide on a
7 comparable and nondiscriminatory basis within its
8 certified territory the Standard Service Offer of all
9 competitive retail electric services necessary to
10 maintain essential electric service to customers
11 including a firm supply of electric generation
12 service.

13 Q. But to get to my question, you're not
14 suggesting that the statute you cited provides the
15 Commission any ratemaking authority, are you?

16 A. No. I believe it's the obligation.

17 Q. And you would agree that the Standard
18 Service Offer is an offering of all competitive
19 retail electric services necessary to maintain
20 essential electric service to customers; is that what
21 the statute says?

22 A. That's what the statute says.

23 Q. And the SSO can be set in two ways, an
24 ESP or MRO?

25 A. Yes.

1 Q. Turning to the next page of your
2 testimony, which is page 7, you reference the
3 provider of last resort. First, you would agree that
4 there is no actual reference to the words "provider
5 of last resort" in Ohio law.

6 MR. HEALEY: Objection, your Honor. This
7 witness can't be charged with knowing the entirety of
8 Ohio law. It's unclear whether he is referring to
9 statutes or Supreme Court precedent as well which
10 could be considered Ohio law.

11 EXAMINER WALSTRA: He can answer if he
12 knows.

13 A. I make this reference simply because
14 it's -- the SSO is the default service.

15 Q. Okay. And at one point in time the
16 Commission authorized certain electric distribution
17 utilities to collect a provider of last resort
18 charge, correct?

19 MR. HEALEY: Objection, your Honor.

20 A. Yes.

21 MR. HEALEY: The Commission's orders
22 speak for themselves. Whether they did or did not is
23 not up to Mr. Willis's interpretation.

24 MR. OLIKER: I think he already answered
25 the question, your Honor.

1 EXAMINER WALSTRA: Overruled.

2 Q. And but you are not recommending that the
3 Commission permit Duke to collect a POLR charge,
4 right?

5 A. No. Again, my reference here is the fact
6 that they are the -- the SSO is the default service
7 and it's a safety net and it's a provider of last
8 resort.

9 MR. OLIKER: Could I have that answer
10 reread, Karen. Sorry.

11 (Record read.)

12 Q. Turning to -- I think we are actually on
13 page 7 already. When you say "All costs that Duke
14 incurs to provide services to or on behalf of
15 shopping and non-shopping customers are appropriately
16 assigned to the distribution function of Duke,"
17 regarding this statement, does Duke actually collect
18 through distribution rates all of the costs
19 associated with nonshopping customers administering
20 and processing?

21 A. No. There's the capacity, energy, the
22 ancillary services. That's recovered through --
23 excuse me, it's recovered through generation.

24 Q. Okay. But you agree there also are fees
25 assessed to shopping customers and to CRES providers.

1 A. Yes.

2 Q. And because of those fees the
3 corresponding Duke service that those fees relate to
4 was not recovered through distribution rates,
5 correct?

6 A. I don't know.

7 Q. And would you agree that you don't know
8 how many fees -- or how much money and fees Duke
9 collected from CRES providers and customers in any
10 given year?

11 A. I don't know.

12 Q. And so I understand your proposal in your
13 testimony, you would agree that your proposal is that
14 the administering and processing costs of the SSO are
15 considered a distribution cost but the administering
16 and processing costs associated with Customer Choice
17 are directly assigned to Choice customers and CRES
18 providers?

19 MR. HEALEY: Objection, your Honor. It's
20 compound. It may not have a "yes" or "no" answer as
21 a result of its compoundness.

22 EXAMINER WALSTRA: Would you break it up.

23 MR. OLIKER: I'll try to.

24 Q. (By Mr. Olikier) Let's start with the
25 latter half of that question. Under your proposal in

1 your testimony you agree that the administering and
2 processing costs associated with Customer Choice are
3 directly assessed to Choice customers and CRES
4 providers?

5 THE WITNESS: Could I have the question
6 reread, please.

7 (Record read.)

8 A. I believe that costs that's associated
9 with the SSO are properly recovered and assigned to
10 both shopping and nonshopping customers.

11 MR. OLIKER: Your Honor, I would move to
12 strike. I asked him about the administering and
13 processing costs associated with Choice customers.
14 He provided an answer regarding the SSO. And then I
15 would ask he also be directed to answer my question.

16 EXAMINER WALSTRA: I'll deny the motion
17 to strike. Go ahead and rephrase.

18 Q. Let's -- Mr. Willis, let's take the SSO
19 customers off the table for a second just so you
20 understand my question. Under your -- the proposal
21 in your testimony, you would agree that the
22 administering and processing costs that Duke incurs
23 regarding Choice customers are directly assigned to
24 Choice customers and CRES providers.

25 A. Yes.

1 Q. And going back to your answer in A17, you
2 would agree that where it says "All costs Duke incurs
3 to provide services to or on behalf of shopping and
4 non-shopping customers are appropriately assigned to
5 the distribution function of Duke," you would agree
6 that if that were actually true, there would be no
7 fees or charges to CRES providers and their customers
8 from Duke.

9 MR. HEALEY: Objection, your Honor.
10 Incomplete hypothetical as to what effect anything in
11 Mr. Willis's testimony might have on CRES fees.

12 EXAMINER WALSTRA: The witness can
13 answer. If he needs clarification, he can ask.

14 A. The answer relates to the question, and
15 the question was "Mr. Hess recommends a cost
16 allocation methodology to shift all standard service
17 costs away from the shopping customers and to
18 reassign them to only the non-shopping customers."
19 And my response to that is it's available to all
20 customers. Therefore, it's probably assigned to the
21 distribution function of Duke.

22 Q. Okay. So -- so we understand that
23 response you gave, you're saying you can't read lines
24 11 and 13 in a vacuum. That statement has to be
25 understood within the context of the question?

1 A. No. I think the answer speaks for
2 itself.

3 Q. Okay. So hypothetically speaking if all
4 costs that Duke incurred to provide services to or on
5 behalf of shopping and nonshopping customers was
6 appropriately assigned to the distribution function
7 of Duke, in that hypothetical situation, why would
8 there be fees to CRES providers or customers that are
9 shopping? Wouldn't that be double collection?

10 A. No. This again speaks to the Standard
11 Service Offer costs.

12 Q. When Duke allows a customer to switch,
13 they are not providing any services to that customer?

14 MR. HEALEY: Objection, your Honor. Is
15 that a question?

16 MR. OLIKER: It is.

17 MR. HEALEY: It appears to be a
18 statement.

19 MR. OLIKER: Most leading questions sound
20 that way.

21 EXAMINER WALSTRA: Overruled.

22 A. They provide services to the CRES
23 provider.

24 Q. And that's -- when a customer switches,
25 that's not a service to a Duke customer?

1 A. There's services that Duke provides
2 through Choice that -- there's the price-to-compare
3 that the SSO is available on the customer's bill so
4 the customer has an -- has the option to stay with
5 the EDU or could go to -- could choose to go to
6 another supplier.

7 Q. Okay. And you've mentioned a few times
8 that Duke has an obligation to provide the Standard
9 Service Offer. Do you know whether Duke has an
10 obligation to allow customers to switch if they want
11 to?

12 A. Yeah. I believe as part of Choice.

13 Q. So the answer is "yes"?

14 A. Yes.

15 Q. And the bottom of page 7, and I think you
16 mentioned this before, you mentioned that the SSO is
17 a safety net in case a supplier defaults. You would
18 agree that if Mr. Hess's recommendation is accepted,
19 the SSO will still exist.

20 A. It will exist at a higher price.

21 Q. And you have not performed any
22 calculations to know how much higher, correct?

23 A. No.

24 Q. On page 7, line 22, when you state "The
25 standard service offer also provides the benefit of a

1 competitive price-to-compare that customers can use
2 to evaluate marketer offers when deciding whether to
3 shop for the generation," do you believe it would be
4 a benefit to artificially depress the price to
5 compare?

6 A. No.

7 MR. OLIKER: Can I have one minute, your
8 Honor?

9 EXAMINER WALSTRA: Sure.

10 Q. Mr. Willis, earlier when we were talking
11 about services that CRES providers are required to
12 provide and that Duke may provide to shopping
13 customers, just a few more questions on that topic.
14 Would you support Duke being responsible for issuing
15 all customer notices to customers including on behalf
16 of CRES providers?

17 MR. HEALEY: Objection, your Honor,
18 outside the scope. Whether he supports customer
19 notices now, what does that have to do with whether
20 costs should be reallocated or not to SSO customers?

21 MR. OLIKER: Your Honor, we're simply
22 talking about costs that the marketer may incur,
23 costs that Duke may incur, and who should be
24 responsible for bearing those costs if he's
25 recommending that Duke has the responsibility and

1 recovers the distribution rates costs for CRESs and
2 SSO customers.

3 MS. WATTS: And, your Honor, I join in
4 the objection because I don't have any idea what kind
5 of notices we're talking about here, and many of the
6 notices are statutory or regulatory, so it's kind of
7 an odd path to go down.

8 EXAMINER WALSTRA: I'll allow the
9 question.

10 A. I don't have an opinion.

11 Q. And would you support eliminating the
12 requirement that CRES providers maintain a call
13 center?

14 MR. HEALEY: Objection, your Honor. Now
15 we are getting into whether Mr. Willis wants to
16 change the law.

17 EXAMINER WALSTRA: Overruled.

18 A. I don't have an opinion.

19 Q. Okay. And earlier we discussed some of
20 the fees that CRES providers that are customers paid
21 to Duke. Do you remember that conversation?

22 A. Yes.

23 Q. Do you know whether in this case under
24 the standard filing requirements or the stipulation
25 there is any recognition in the amount of money that

1 Duke needs to collect for those fees?

2 A. I don't know.

3 MR. OLIKER: Okay. I believe those are
4 all the questions I have, your Honor.

5 Thank you, Mr. Willis.

6 THE WITNESS: Thank you.

7 EXAMINER WALSTRA: Thank you.

8 Any redirect?

9 MR. HEALEY: No redirect, your Honor. We
10 would move for the admission of OCC Exhibit 22.

11 EXAMINER WALSTRA: Any objections?

12 MR. OLIKER: No objections, your Honor.

13 EXAMINER WALSTRA: Hearing none, it will
14 be admitted.

15 (EXHIBIT ADMITTED INTO EVIDENCE.)

16 EXAMINER WALSTRA: You're all set. Thank
17 you.

18 I think we established for initial briefs
19 are due September 11, replies October 2. Anything
20 else?

21 This concludes our hearing. We're
22 adjourned. Thank you.

23 (Thereupon, at 10:48 a.m., the hearing
24 was concluded.)

25 - - -

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CERTIFICATE

I do hereby certify that the foregoing is
a true and correct transcript of the proceedings
taken by me in this matter on Monday, August 6, 2018,
and carefully compared with my original stenographic
notes.

Karen Sue Gibson, Registered
Merit Reporter.

(KSG-6597)

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Summary: Transcript in the matter of the Duke Energy Ohio, Inc. hearing held on 08/06/18 - Volume XIII electronically filed by Mr. Ken Spencer on behalf of Armstrong & Okey, Inc. and Gibson, Karen Sue Mrs.