

**BEFORE**

**THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Duke )  
Energy Ohio, Inc., for an Adjustment to Rider ) Case No. 14-0375-GA-RDR  
MGP Rates. )

In the Matter of the Application of Duke ) Case No. 14-0376-GA-ATA  
Energy Ohio, Inc., for Tariff Approval. )

In the Matter of the Application of Duke )  
Energy Ohio, Inc., for an Adjustment to Rider ) Case No. 15-0452-GA-RDR  
MGP Rates. )

In the Matter of the Application of Duke ) Case No. 15-0453-GA-ATA  
Energy Ohio, Inc., for Tariff Approval. )

In the Matter of the Application of Duke )  
Energy Ohio, Inc., for an Adjustment to Rider ) Case No. 16-0542-GA-RDR  
MGP Rates. )

In the Matter of the Application of Duke ) Case No. 16-0543-GA-ATA  
Energy Ohio, Inc., for Tariff Approval. )

In the Matter of the Application of Duke )  
Energy Ohio, Inc., for an Adjustment to Rider ) Case No. 17-0596-GA-RDR  
MGP Rates. )

In the Matter of the Application of Duke ) Case No. 17-0597-GA-ATA  
Energy Ohio, Inc., for Tariff Approval. )

In the Matter of the Application of Duke )  
Energy Ohio, Inc., for an Adjustment to Rider ) Case No. 18-0283-GA-RDR  
MGP Rates. )

In the Matter of the Application of Duke ) Case No. 18-0284-GA-ATA  
Energy Ohio, Inc., for Tariff Approval. )

In the Matter of the Application of Duke )  
Energy Ohio, Inc., for Implementation of the ) Case No. 18-1830-GA-UNC  
Tax Cuts and Jobs Act of 2017. )

In the Matter of the Application of Duke )  
Energy Ohio, Inc., for Approval of Tariff ) Case No. 18-1831-GA-UNC  
Amendments. )

In the Matter of the Application of Duke )  
Energy Ohio, Inc., for an Adjustment to Rider ) Case No. 19-0174-GA-RDR  
MGP Rates. )

In the Matter of the Application of Duke ) Case No. 19-0175-GA-ATA  
Energy Ohio, Inc., for Tariff Approval. )

In the Matter of the Application of Duke )  
Energy Ohio, Inc., for Authority to Defer ) Case No. 19-1085-GA-AAM  
Environmental Investigation and Remediation )  
Costs. )

In the Matter of the Application of Duke ) Case No. 19-1086-GA-UNC  
Energy Ohio, Inc., for Tariff Approval. )

In the Matter of the Application of Duke )  
Energy Ohio, Inc., for an Adjustment to Rider ) Case No. 20-0053-GA-RDR  
MGP Rates. )

In the Matter of the Application of Duke ) Case No. 20-0054-GA-ATA  
Energy Ohio, Inc., for Tariff Approval. )

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**SUPPLEMENTAL TESTIMONY OF**  
**SARAH E. LAWLER**  
**ON BEHALF OF**  
**DUKE ENERGY OHIO, INC.**  
**IN SUPPORT OF STIPULATION**

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August 31, 2021

## TABLE OF CONTENTS

### PAGE

I.	INTRODUCTION AND PURPOSE.....	1
II.	OVERVIEW OF THE MGP AND TCJA CASES .....	3
III.	DISCUSSION OF THE STIPULATION .....	7
	A. OVERVIEW OF THE STIPULATION .....	7
	B. THE THREE-PART TEST.....	15
IV.	CONCLUSION .....	18

### ATTACHMENTS

**SEL-SUPP-1 Attachment - Rider GCTJA workpapers**

**SEL-SUPP-2 Attachment – Bill credit workpapers**

## **I. INTRODUCTION AND PURPOSE**

1   **Q.   PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2   A.   My name is Sarah E. Lawler and my business address is 139 East Fourth Street,  
3       Cincinnati, Ohio 45202.

4   **Q.   BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5   A.   I am employed by Duke Energy Business Services LLC (DEBS) as Vice  
6       President, Rates and Regulatory Strategy, for Duke Energy Ohio, Inc., (Duke  
7       Energy Ohio or Company) and Duke Energy Kentucky, Inc. DEBS provides  
8       various administrative and other services to Duke Energy Ohio and other  
9       affiliated companies of Duke Energy Corporation (Duke Energy).

10  **Q.   PLEASE BRIEFLY DESCRIBE YOUR EDUCATION AND**  
11  **PROFESSIONAL EXPERIENCE.**

12  A.   I earned a Bachelor of Science in Accountancy from Miami University, Oxford,  
13       Ohio, in 1993. I am also a Certified Public Accountant. I began my career in  
14       September 1993 with Coopers & Lybrand, L.L.P., as an audit associate and  
15       progressed to a senior audit associate. In August 1997, I moved to Kendle  
16       International Inc., where I held various positions in the accounting department,  
17       ultimately being promoted to Corporate Controller. In August 2003, I began  
18       working for Cinergy Corp., the parent of Duke Energy Ohio, as External  
19       Reporting Manager, where I was responsible for the Company's Securities &  
20       Exchange Commission filings. In August 2005, I moved into the role of Manager,  
21       Budgets & Forecasts. In June 2006, following the merger between Cinergy Corp.  
22       and Duke Energy, I became Manager, Financial Forecasting. In February 2015, I

1 was promoted to Utility Strategy Director, Midwest, where I was responsible for  
2 the preparation of business plans and other internal managerial reporting for Duke  
3 Energy Ohio and Duke Energy Kentucky, Inc. In December 2017, I assumed the  
4 role of Director, Rates and Regulatory Planning where I was responsible for the  
5 preparation of financial and accounting data used in Duke Energy Ohio and Duke  
6 Energy Kentucky retail rate recovery mechanisms. In May 2020, I was promoted  
7 to my current role of Vice President, Rates & Regulatory Strategy, where I am  
8 responsible for all state and federal regulatory rate matters involving Duke Energy  
9 Ohio and Duke Energy Kentucky.

10 **Q. ARE YOU THE SAME SARAH LAWLER THAT PROVIDED DIRECT**  
11 **TESTIMONY IN CASE NO. 17-596-GA-RDR, *et al.*, CASE NO. 18-283-GA-**  
12 **RDR, *et al.*, DIRECT AND SUPPLEMENTAL TESIMONY IN CASE NO.**  
13 **19-174-GA-RDR, *et al.*, AND DIRECT TESTIMONY IN CASE NO. 20-**  
14 **0053-GA-RDR, *et al.* ?**

15 A. Yes.

16 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THESE**  
17 **PROCEEDINGS?**

18 A. The purpose of my testimony is to support the Stipulation and Recommendation  
19 (Stipulation) filed in these proceedings on August 31, 2021, which, if approved,  
20 will resolve several complex regulatory proceedings, including eight applications  
21 involving the Company's investigation and remediation activities at its two  
22 former manufactured gas plant (MGP) sites located in southwest Ohio and the  
23 Company's pending application addressing the Federal Tax Cuts and Jobs Act

1 (TCJA) for its natural gas operations. The submitted Stipulation has been signed  
2 by the Staff of the Public Utilities Commission of Ohio (Staff), the Office of the  
3 Ohio Consumers' Counsel (OCC), the Ohio Energy Group (OEG), and the  
4 Company. The Ohio Manufacturing Association Energy Group (OMAEG),  
5 Kroger Corp. (Kroger), and Ohio Partners for Affordable Energy (OPAE) have  
6 taken a non-opposition position on the Stipulation.

7 I will provide an overview of the Stipulation, focusing primarily on the  
8 rate impacts to Duke Energy Ohio's natural gas customers. I also briefly discuss  
9 the criteria employed by the Public Utilities Commission of Ohio (Commission)  
10 when reviewing stipulations. My testimony will confirm that the Stipulation filed  
11 in this proceeding: (1) is the product of serious bargaining among capable,  
12 knowledgeable parties; (2) does not violate any important regulatory principle or  
13 practice; and (3) as a package, benefits ratepayers and the public interest. I will  
14 explain that the Stipulation is a fair and reasonable resolution to the issues  
15 relevant to this proceeding and describe the overall rate impacts and benefits  
16 provided by the Stipulation.

## **II. OVERVIEW OF THE MGP AND TCJA CASES**

17 **Q. PLEASE BRIEFLY ADDRESS THE COMPANY'S MGP APPLICATIONS**  
18 **PENDING BEFORE THE COMMISSION.**

19 A. Duke Energy Ohio witness Amy B. Spiller discusses, in detail, the various  
20 proceedings initiated by the Company since 2013 relative to the environmental  
21 investigation and remediation of its two former MGP sites. Seven of those  
22 proceedings concern recovery of environmental investigation and remediation

1 costs incurred between 2013 and 2019,<sup>1</sup> while an eighth relates to the Company's  
2 request to extend its deferral authority due to exigent circumstances.<sup>2</sup>  
3 Collectively, I refer to all the aforementioned pending MGP dockets as the "MGP  
4 Proceedings."

5 The Company's MGP investigation and remediation costs incurred  
6 between 2013 and 2019 total \$85,217,593 and it has recorded a reserve of  
7 approximately \$19 million for the probable and estimable costs of investigating  
8 and remediating presently inaccessible areas associated with the East End MGP  
9 site and the estimated costs of investigating MGP impacts in and along the Ohio  
10 River.

11 The Commission previously directed Duke Energy Ohio to pursue  
12 coverage under historic policies of insurance covering the former MGP sites and  
13 the Company has done so. As discussed in detail later in my testimony,  
14 \$50,562,476 in insurance proceeds is available to mitigate recoverable MGP costs  
15 or otherwise benefit natural gas customers.

16 **Q. PLEASE BRIEFLY ADDRESS THE COMPANY'S PENDING NATURAL**  
17 **GAS TCJA PROCEEDING.**

18 A. Duke Energy Ohio witness Spiller summarizes the manner in which the Company  
19 proposed to pass applicable benefits of the TCJA to its natural gas customers.  
20 That proposal included, among other things, the creation of a discrete rider (Rider  
21 GTCJA) to refund both Excess Accumulated Deferred Income Taxes (EDITs)

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<sup>1</sup> See Case No. 14-0375-GA-RDR, *et al.*; Case No. 15-0452-GA-RDR, *et al.*; Case No. 16-0542-GA-RDR, *et al.*; Case No. 17-0596-GA-RDR, *et al.*; Case No. 18-0283-GA-RDR, *et al.*; Case No. 19-0174-GA-RDR, *et al.*; and, Case No. 20-0053-GA-RDR, *et al.*

<sup>2</sup> See Case No. 19-1085-GA-AAM, *et al.*

included in the Company's natural gas base rates and deferrals the Company has recorded since January 1, 2018, through the date of the Commission's order approving the Company's application (Stub Period).<sup>3</sup> With respect to the valuation of EDITs, the Company maintained that the valuation date should be March 31, 2012, the date certain of the Company's last natural gas base rate proceeding, which would reflect the amount of rate base currently in customer base rates. The Company also maintained that the valuation date should be December 31, 2017, for the EDITs included in Riders AMRP and AU, which reflected the amount currently in customer rates for those riders.

**Q. WHAT IS THE BALANCE OF THE PROTECTED AND UNPROTECTED EDITs THE COMPANY PROPOSED IN ITS APPLICATION TO REFUND TO CUSTOMERS?**

A. The balance of protected and unprotected EDITs reflected in the Company's base rates as of March 31, 2012, and included in Riders AMRP and AU as of December 31, 2017, is as follows:

Description	Protected	Unprotected	Total
Natural Gas EDIT Balances as of 3/31/12	(\$93,716,060)	(\$19,464,066)	(\$113,180,126)
Additional EDITs on AU at 12/31/17 per rider filing Sch 1	(3,107,786)	(1,849,881)	(4,957,667)
Additional EDITs on AMRP at 12/31/17 per rider filing Sch 1	(19,496,148)	(878,675)	(20,374,823)
Additional EDITs on AMRP Risers at 12/31/17 per rider filing Sch 2	(144,024)	(11,905)	(155,929)
Total EDITs to Refund	(\$116,464,018)	(\$22,204,527)	(\$138,668,545)
Amount Owed to Customers (grossed up)	(\$147,422,807)	(\$28,106,996)	(\$175,529,803)

<sup>3</sup> See *Application of Duke Energy Ohio, Inc., to Establish a Rider to Credit Its Natural Gas Customers with the Benefits of the Tax Cuts and Jobs Act*, Case No. 18-1830-GA-UNC, *et al.*, Application, pp. 4-5 (Dec. 21, 2018).



1   **Q.     PLEASE EXPLAIN HOW THE BALANCES BETWEEN PROTECTED**  
2       **AND UNPROTECTED EDITS CHANGE OVER TIME.**

3   A.    In accordance with tax normalization rules, protected EDITs begin amortizing  
4       monthly immediately after they are established. Until that amortization is  
5       reflected in customer rates, however, the amounts simply amortize from protected  
6       EDIT to unprotected EDIT, ensuring the full EDIT balance is ultimately refunded  
7       to customers. As a result, the unprotected EDIT to be refunded to natural gas  
8       customers at the time an order is issued in this proceeding will be greater than the  
9       amounts reflected in the table above and the protected EDIT balances will be  
10      lower by an equal amount. Because unprotected EDITs can be refunded to  
11      customers sooner than protected EDITs, customers can realize these benefits  
12      sooner.

13               When I discuss the terms of the Stipulation later, I will outline how the  
14      Stipulation will allow the Company to immediately refund these additional  
15      unprotected EDITs to customers in the form of a bill credit. The value of this  
16      additional unprotected EDIT (and lower protected EDIT) on a grossed-up basis as  
17      of July 31, 2021, is \$12,097,270. This additional unprotected EDIT grows  
18      monthly until protected EDITs begin amortizing to customers through Rider  
19      GTCJA. The actual amount refunded to natural gas customers will be the  
20      additional unprotected EDIT value as of the end of the month preceding the date  
21      of the order approving this Stipulation. Similarly, the actual amount of protected  
22      EDIT to be included in Rider GTCJA will be the value as of the end of the month  
23      preceding the date of the order approving this Stipulation, so as to ensure all of

1 the EDITs are refunded to customers. I will discuss later how these amounts will  
2 be refunded to customers – either as protected EDIT through Rider GTCJA or as  
3 unprotected EDIT through an immediate offset to MGP costs and an additional  
4 bill credit.

5 **Q. WHAT IS THE CURRENT BALANCE OF THE FIT DEFERRAL FOR**  
6 **THE STUB PERIOD?**

7 A. The current FIT Deferral as of July 31, 2021, including carrying charges is  
8 \$54,251,681. This balance grows monthly until base rates are adjusted as outlined  
9 in this Stipulation. The actual amount refunded to customers will be the value as  
10 of the end of the month prior to new base rates going into effect as outlined in this  
11 Stipulation.

**III. DISCUSSION OF THE STIPULATION**

**A. OVERVIEW OF THE STIPULATION**

12 **Q. PLEASE BRIEFLY DESCRIBE THE STIPULATION.**

13 A. The Stipulation resolves the following applications pending before the  
14 Commission:

- 15 • Duke Energy Ohio's seven pending annual Rider MGP adjustments filings  
16 for the periods of January 1, 2013 through December 31, 2019;
- 17 • Duke Energy Ohio's Natural Gas TCJA proceeding; and
- 18 • Duke Energy Ohio's request to extend its MGP deferral authority for  
19 ongoing investigation and remediation during periods after December 31,  
20 2019 as a result of exigent circumstances beyond the Company's control.

1 This Stipulation resolves cost recovery for MGP investigation and remediation  
2 costs already incurred without increasing natural gas customer bills. It resolves  
3 issues regarding the allocation of \$50,562,476 in net insurance proceeds the  
4 Company was able to negotiate with carriers possessing policies that the  
5 Company argued covered the MGP remediation (Insurance Proceeds). The  
6 Stipulation provides a solution for known MGP investigation and remediation  
7 costs that will have to occur in the near future, but have not occurred to date due  
8 to the presence of operating utility infrastructure that must first be retired and  
9 decommissioned, again, without increasing natural gas customer bills. The  
10 Stipulation will ultimately reduce current natural gas base rates and further  
11 provides for additional bill credits to customers. The Stipulation provides funding  
12 for qualifying natural gas customers experiencing financial hardship, including  
13 low-income residential customers and senior citizens. The Stipulation enhances  
14 the competitive natural gas market by moving the Company to a natural gas  
15 standard service offer (SSO) auction and transitions away from the current gas-  
16 cost recovery (GCR) process. Finally, this Stipulation will support Duke Energy  
17 Ohio's financial health in a manner that provides certainty and cost recovery  
18 allthwhile reducing natural gas rates for customers.

19 **Q. PLEASE DESCRIBE HOW THE STIPULATION PROVIDES**  
20 **RESOLUTION OF ALL MGP AND NATURAL GAS TCJA ISSUES.**

21 A. The Stipulation resolves all disputed issues involving cost recovery of pending  
22 and known MGP investigation and remediation expense as well as all pending  
23 natural gas TCJA issues. The Stipulation applies credits from the natural gas

1 TCJA against the charges related to MGP investigation and remediation resulting  
2 in a complete offset of the MGP charges and terminates Rider MGP. The net  
3 result is that customers will not have to pay for any of the MGP investigation and  
4 remediation costs incurred since January 1, 2013, while still receiving net bill  
5 credits and an overall reduction to current natural gas base rates for the remaining  
6 benefits of the natural gas TCJA not offsetting MGP costs.

7 **Q. PLEASE EXPLAIN HOW THIS SETTLEMENT WORKS AND THE**  
8 **RATE IMPACT OF THE STIPULATION TO CUSTOMERS?**

9 A. As explained in the Stipulation and as shown in Table 1 of the Stipulation, the  
10 benefits from the natural gas TCJA along with the net insurance proceeds  
11 obtained through negotiation with insurance carriers, will be used to offset all  
12 MGP investigation and remediation expenses. The Company has incurred  
13 \$85,217,593 in MGP investigation and remediation costs from January 1, 2013,  
14 through December 31, 2019. The Company is agreeing to a disallowance of  
15 \$11,357,579 related to MGP investigation and remediation performed in the  
16 disputed areas as the Company testified during the hearing in November 2019 for  
17 the proceedings covering costs incurred in calendar years 2013 through 2018 and  
18 supported in the calendar year 2019 Rider MGP adjustment application. After  
19 agreeing to that disallowance, the net MGP investigation and remediation costs  
20 the Company seeks to recover is \$73,860,014.

21 As explained in the Stipulation and consistent with the Company's natural  
22 gas TCJA Application, EDITs created as a result of the TCJA will be valued as of  
23 March 31, 2012, the date certain of the Company's last natural gas base rate

1 proceeding, which as I previously described, would reflect the amount of rate base  
2 currently in customer base rates. The Company also maintained that the valuation  
3 date should be December 31, 2017 for the EDITs included in Riders AMRP and  
4 AU, which reflected the amount in customer rates for those riders.

5 As I outlined in the table earlier in my testimony, the unprotected EDITs  
6 on a grossed-up basis are valued at \$28,106,996. Because tax normalization rules  
7 do not apply to unprotected EDIT balances, those unprotected EDITs will be used  
8 to immediately offset MGP remediation costs, thereby reducing the “recoverable”  
9 MGP costs by \$28,106,996, leaving remaining net MGP investigation and  
10 remediation costs of \$45,753,018. These details are also shown on Table 1 in the  
11 Stipulation.

12 The Company has obtained \$50,562,476 in net insurance proceeds. As  
13 shown on Table 1 in the Stipulation, \$45,753,018 of those proceeds will be used  
14 to offset the remaining net MGP investigation and remediation costs, thereby fully  
15 offsetting natural gas customers’ obligations for said costs. Rider MGP, which is  
16 already suspended, will then be terminated. This leaves \$4,809,458 of remaining  
17 insurance proceeds to be refunded to customers which I will now discuss.

18 **Q. WHAT HAPPENS TO THE REMAINING BENEFITS OF THE TCJA**  
19 **(PROTECTED EDITS, PROTECTED EDITS THAT HAVE BECOME**  
20 **UNPROTECTED WITH THE PASSAGE OF TIME, FIT DEFERRAL FOR**  
21 **THE STUB PERIOD, REDUCTION IN BASE RATES FOR THE FIT) AND**  
22 **THE REMAINING INSURANCE PROCEEDS?**

23 **A.** All of those benefits will be provided directly to customers.

1           The protected EDITs will be credited back to customer in accordance with  
2           tax normalization rules through Rider GTCJA. This will offset natural gas rates  
3           going forward.

4           Next, all customers except those customers taking service through Rate IT  
5           will receive a one-time bill credit. Rate IT customers will receive the credit over a  
6           twelve-month period. The one-time bill credit for residential customers will  
7           include the FIT Deferral for the Stub Period and the protected EDITs that have  
8           become unprotected with the passage of time. The one-time bill credit for non-  
9           residential customers (twelve-month credit for Rate IT) will include the FIT  
10          Deferral for the Stub Period, the protected EDITs that have become unprotected  
11          with the passage of time and \$1 million of insurance proceeds.

12          The Company will also reduce its natural gas base rates by 5.3558% to  
13          account for the FIT reduction going forward.

14          And finally, the remaining \$3,809,458 of insurance proceeds will be used  
15          to create additional bill relief for qualifying low-income residential customers and  
16          senior citizens experiencing hardship due to COVID-19.

17   **Q.   PLEASE EXPLAIN HOW THE STIPULATION RESOLVES THE**  
18   **COMPANY’S PENDING APPLICATION TO EXTEND ITS DEFERRAL**  
19   **AUTHORITY.**

20   A.   Under the Stipulation, Duke Energy Ohio will withdraw its pending application  
21          for additional deferral authority. As I previously explained, the Company  
22          currently estimates costs associated with investigation and remediation of  
23          inaccessible areas to be approximately \$15 million and currently estimates costs

1 associated with Ohio River investigation to be approximately \$4 million. Because  
2 these costs are probable and estimable, they have been recorded as a liability on the  
3 Company's balance sheet.

4 **Q. PLEASE EXPLAIN THE OVERALL IMPACTS OF THE SETTLEMENT**  
5 **TO DUKE ENERGY OHIO'S FINANCIAL INTEGRITY.**

6 A. Once the Company withdraws its deferral application, all MGP regulatory assets  
7 will be immediately expensed, including the \$19 million associated with  
8 investigation and remediation of inaccessible areas and Ohio River investigation.  
9 The Company will also immediately reverse EDIT liabilities on its balance sheet  
10 for the amount of EDIT not included in current customer rates and for the  
11 unprotected EDITs that will be applied to remaining MGP costs. The Company  
12 will also establish liabilities for the remaining insurance proceeds that will be  
13 used to fund the agreed upon low-income and seniors assistance programs. The  
14 overall net impact to the Company will be a net loss.

15 **Q. CAN YOU PLEASE QUANTIFY THE RATE IMPACT TO CUSTOMERS**  
16 **AS A RESULT OF THIS SETTLEMENT?**

17 A. Yes. There are several rate impacts.

18 First, all customers will see a 5.3558% decrease in base rates. Revised  
19 tariffs are included in Joint Exhibit 2 to the Stipulation.

20 Secondly, customers will receive an additional decrease in rates associated  
21 with the implementation of Rider GTCJA. The residential Rider GTCJA credit is  
22 currently estimated to be \$0.42 per month as of July 31, 2021. The credit for  
23 customers taking service under Rates GS-S and GS-L is currently estimated to be

1       \$1.36 and \$5.00 per month, respectively. The credit for customers taking service  
2       under Rate IT is currently estimated to be \$.0011 per CCF. Rider GTCJA  
3       workpapers are included in Attachment SEL-SUPP-1 and by way of illustration  
4       reflect protected EDIT beginning balances as of July 31, 2021. As outlined in the  
5       Stipulation, the beginning balance of protected EDIT included in Rider GTCJA  
6       will be the balance remaining as of the end of the month preceding the month  
7       revised base rates and Rider GTCJA become effective in customer rates.

8               Thirdly, customers will receive a bill credit within 60 days of a  
9       Commission order approving this settlement. The total credit for residential  
10      customers to be refunded to customers as an immediate one-time bill credit is  
11      currently estimated to be approximately \$107 as of July 31, 2021. The total credit  
12      for customers taking service under Rates GS-S and GS-L is currently estimated to  
13      be approximately \$369 and \$1,420, respectively as of July 31, 2021. Bill credit  
14      workpapers are included in Attachment SEL-SUPP-2 which include FIT deferrals,  
15      unprotected EDIT balances as of July 31, 2021 and \$1 million of insurance  
16      proceeds. As outlined in this Stipulation, the final bill credit will be calculated as  
17      of the end of the month preceding the month revised base rates and Rider GTCJA  
18      become effective in customer rates.

19              Finally, Rider MGP, which is currently suspended, will be terminated.

20   **Q.     PLEASE SUMMARIZE THE OTHER TERMS OF THE STIPULATION.**

21   A.     The Stipulation calls for the Company to file an application (Auction Application)  
22           to transition to a natural gas auction in the form of an SSO and to transition away  
23           from the GCR. As outlined in the Stipulation, Duke Energy Ohio will conduct



1 stakeholder sessions with interested parties to discuss the transition to the SSO  
2 auction in an effort to gain agreement from interested parties. Following approval  
3 of the Company's Auction Application, Duke Energy Ohio shall conduct its first  
4 SSO auction for natural gas supply as soon as January 2022, but no more than  
5 three months following the Commission's order approving the Auction  
6 Application. The first delivery period under the auction shall commence no  
7 sooner than November 2022 but will occur no later than three months following  
8 the first auction.

9 **Q. PLEASE DESCRIBE HOW THE COMPETITIVE AUCTION WILL BE**  
10 **STRUCTURED FROM A RATE PERSPECTIVE.**

11 A. Once the transition from the GCR to SSO occurs, natural gas customers will be  
12 billed for the cost of the commodity at the SSO rate instead of the GCR rate.  
13 Additionally, ongoing costs incurred by the Company to administer the SSO  
14 auctions will be recovered in a bypassable rider on natural gas customer bills. The  
15 final rate structures for the SSO process will be included in the Company's  
16 Auction Application.

17 **Q. PLEASE EXPLAIN THE TRANSITION COSTS TO AN AUCTION AND**  
18 **HOW THOSE WILL BE RECOVERED.**

19 A. Per terms of the Stipulation, SSO Transition Costs (including but not limited to,  
20 incremental external labor and consultants necessary to expedite preparation of its  
21 Auction Application and obtain approval thereof) are to be recovered by a non-  
22 bypassable rider on residential natural gas customer bills and by a bypassable  
23 rider on non-residential natural gas customer bills.

1   **Q.     PLEASE EXPLAIN OTHER BILLING SYSTEM CHANGES AS PART OF**  
2       **THE STIPULATION.**

3   A.   Beginning with the second billing month that a customer is billed based upon the  
4       SSO, Duke Energy Ohio will begin including an SSO price-to-compare bill  
5       message on its natural gas customers' bills. The price-to-compare message will be  
6       included on all shopping customer bills, including those customers who have  
7       natural gas service only and those customers who are combination natural gas and  
8       electric.

9   **Q.     PLEASE EXPLAIN THE SHADOW BILLING CONCEPT.**

10  A.   Per terms of the Stipulation, beginning with the second billing month following  
11       approval of this Stipulation, Duke Energy Ohio will provide the OCC, upon the  
12       OCC's request, shadow billing information for natural gas customers in a format  
13       to be mutually agreed upon by the OCC and the Company. The shadow billing  
14       information shall also include calculations of historic twenty-four months of data  
15       comparing aggregate shopping customer costs to what those customers would  
16       have paid had they been served on Duke Energy Ohio's GCR or SSO (beginning  
17       with the twenty-four months prior to the signing of this Stipulation) and will be  
18       carried forward with aggregate customer data each month thereafter.

**B.     THE THREE-PART TEST**

19  **Q.     PLEASE IDENTIFY THE CRITERIA USED BY THE COMMISSION IN**  
20       **REVIEWING A STIPULATION.**

21  A.   As I understand it, the Commission will approve a stipulation when it (1) is the  
22       product of serious bargaining among capable, knowledgeable parties; (2) does not

1 violate any important regulatory principle or practice, and (3) as a package  
2 benefits ratepayers and the public interest.

3 **Q. IS THE STIPULATION THE PRODUCT OF SERIOUS BARGAINING**  
4 **AMONG CAPABLE, KNOWLEDGEABLE PARTIES?**

5 A. Yes, it is. The Stipulation was many months in the making. Representatives of the  
6 Company met multiple times with Staff, OCC, OEG, Kroger, OMAEG and  
7 OPAE. Settlement discussions occurred via telephone, video conference, and  
8 email. Multiple meetings occurred over many months. The Signatory Parties in  
9 those discussions were represented by experienced, competent counsel and  
10 subject matter experts. All were provided with an opportunity to express their  
11 concerns that resulted in the resolution of issues contained in the Stipulation. For  
12 these reasons, I believe that the Stipulation resulted from thorough analysis,  
13 discussion, and understanding among capable parties, that also included divergent  
14 interests and, therefore, represents the product of the efforts of capable,  
15 knowledgeable parties.

16 **Q. DOES THE STIPULATION VIOLATE ANY IMPORTANT**  
17 **REGULATORY PRINCIPLE OR PRACTICE?**

18 A. No. Based on the advice of counsel, my understanding is that the Stipulation  
19 complies with all relevant and important regulatory principles and practices. For  
20 instance, the Stipulation does not result in any anti-competitive subsidies, it is  
21 consistent with principles of gradualism, will not produce rate shock, and will  
22 enhance competitive natural gas market in Ohio. This settlement results in an  
23 overall rate decrease to customers. Customers will receive the intended benefits

1 of the natural gas TCJA insofar as funds that are capable of flexibility in terms of  
2 timing of passing the benefits back, will be on an accelerated basis, whether  
3 through a direct bill credit or to use to offset and eliminate other cost increases.  
4 This settlement provides certainty for all stakeholders, including the Company, in  
5 resolving complex regulatory proceedings that have been pending for many years.  
6 The settlement also provides an opportunity for the Company to request deferral  
7 authority, if the Commission permits, for future remediation required under the  
8 law if necessary in the Ohio River with agreed upon limitations.

9 Based upon my experience with regulatory matters, my involvement in  
10 these proceedings, and my examination of the Stipulation, I have concluded that  
11 the Stipulation does not violate any regulatory ratemaking principle, and in fact,  
12 furthers important regulatory principles.

13 **Q. DOES THE STIPULATION BENEFIT RATEPAYERS AND THE PUBLIC**  
14 **INTEREST?**

15 A. Yes. The Stipulation contains numerous benefits for ratepayers. Most  
16 significantly, it resolves complex regulatory proceedings that involve significant  
17 recoverable costs for MGP remediation and investigation that have been pending  
18 for nearly eight years, but in a way that actually results in customers not paying  
19 anything and in fact, receiving an overall natural gas base rate reduction and bill  
20 credits. The Stipulation enables customers to receive benefits of the natural gas  
21 TCJA on an accelerated basis, even faster than some other Ohio-utilities have  
22 agreed. The Stipulation provides immediate and significant bill credits, resulting

1 in timely relief for its customers as the State of Ohio transitions out of the  
2 COVID-19 pandemic.

3 **Q. IS THE STIPULATION A JUST AND REASONABLE RESOLUTION OF**  
4 **THE ISSUES?**

5 A. Yes. The Stipulation is consistent with (1) established regulatory principles and  
6 practices; and (2) commitments made in prior Commission decisions involving  
7 the relevant issues, and prior Commission determinations;. It also represents an  
8 efficient resolution of the issues raised in these proceedings, following thoughtful  
9 deliberation and discussion by the Signatory Parties.

10 **Q. DO YOU BELIEVE THE STIPULATION MEETS THE THREE-PART**  
11 **TEST REGARDING CONSIDERATION OF STIPULATIONS AND**  
12 **THEREFORE SHOULD BE ADOPTED BY THE COMMISSION?**

13 A. Yes, I do.

14 **Q. DOES THE STIPULATION RESOLVE ALL OF THE ISSUES IN THESE**  
15 **PROCEEDINGS?**

16 A. Yes.

#### IV. CONCLUSION

17 **Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL TESTIMONY?**

18 A. Yes.

## Duke Energy Ohio

## Calculation of Rider GTCJA Retail Rate

Line	Description	Amount	Percentage <sup>(2)</sup>
1	<b>Total Credit for Rider GTCJA (From Page 2)</b>	(\$3,098,948)	
2	Residential (RS, RSLI, RFT, RFTLI)	(\$2,072,886)	66.89%
3	GS-S, FT-S	(\$331,278)	10.69%
4	GS-L, FT-L	(\$483,126)	15.59%
5	IT	(\$211,659)	6.83%
<b>Calculation of Rider GTCJA Rates<sup>(1)</sup></b>		<b>Annual Bills / CCF</b>	<b>Rate</b>
6	Residential (RS, RSLI, RFT, RFTLI) Per Bill	4,933,971	<b>(\$0.42)</b>
7	GS-S, FT-S Per Bill	244,236	<b>(\$1.36)</b>
8	GS-L, FT-L Per Bill	96,591	<b>(\$5.00)</b>
9	IT Per CCF	192,981,910	<b>(\$0.0011)</b>

**Notes**

<sup>(1)</sup> Per Bill billing determinants based on annualized actuals for month ended July 31, 2021

IT CCF billing determinants based on actuals for 12 months ended July 31, 2021

<sup>(2)</sup> Percentage of total base revenue from settlement in Case No. 12-1685-GA-AIR

## Duke Energy Ohio

## Calculation of Rider GTCJA Credit

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Line	Description	Amount	Reference
	<b><u>Amortization of Excess EDITs</u></b>		
1	Protected EDITs	(\$2,448,174)	See Attachment, page 3, line 2
2	Excess EDIT Amortization Gross Up for Income Taxes	(\$3,098,948)	Line 3 x (1/(1-FIT))
3	Total Credit for Rider GTCJA	<u>(\$3,098,948)</u>	Line 2 + Line 3

GAS PLANT													
Line	Description	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22
Refund Begins August 2021													
<b>Protected Excess ADITs</b>													
1	Beginning Balance	(\$106,907,174)	(\$106,703,160)	(\$106,499,145)	(\$106,295,131)	(\$106,091,116)	(\$105,887,102)	(\$105,683,087)	(\$105,479,073)	(\$105,275,058)	(\$105,071,044)	(\$104,867,029)	(\$104,663,015)
2	Amortization	204,015	204,015	204,015	204,015	204,015	204,015	204,015	204,015	204,015	204,015	204,015	204,015
3	Adjustments/True Up	-	-	-	-	-	-	-	-	-	-	-	-
4	Ending Balance	(\$106,703,160)	(\$106,499,145)	(\$106,295,131)	(\$106,091,116)	(\$105,887,102)	(\$105,683,087)	(\$105,479,073)	(\$105,275,058)	(\$105,071,044)	(\$104,867,029)	(\$104,663,015)	(\$104,459,000)
<b>Assumptions</b>		<b>Rate</b>											
EDIT Annual Amortization Rate		2.290%											



		GAS PLANT											
Line	Description	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	
		Refund Continues August 2022											
<b>Protected Excess ADITs</b>													
1	Beginning Balance	(\$104,459,000)	(\$104,254,986)	(\$104,050,971)	(\$103,846,957)	(\$103,642,942)	(\$103,438,928)	(\$103,234,913)	(\$103,030,898)	(\$102,826,884)	(\$102,622,869)	(\$102,418,855)	
2	Amortization	204,015	204,015	204,015	204,015	204,015	204,015	204,015	204,015	204,015	204,015	204,015	
3	Adjustments/True Up	-	-	-	-	-	-	-	-	-	-	-	
4	Ending Balance	(\$104,254,986)	(\$104,050,971)	(\$103,846,957)	(\$103,642,942)	(\$103,438,928)	(\$103,234,913)	(\$103,030,898)	(\$102,826,884)	(\$102,622,869)	(\$102,418,855)	(\$102,214,840)	
<b>Assumptions</b> EDIT Annual Amortization Rate													

		GAS PLANT											
Line	Description	Jul-23	Aug-23	Aug-24	Aug-25	Aug-26	Aug-27	Aug-28	Aug-29	Aug-30	Aug-31	Aug-32	Aug-33
Refund Begins August billing cycle and concludes July billing cycle of each year (displayed on annual basis)													
<b>Protected Excess ADITs</b>													
1	Beginning Balance	(\$102,214,840)	(\$102,010,826)	(\$99,562,652)	(\$97,114,477)	(\$94,666,303)	(\$92,218,129)	(\$89,769,954)	(\$87,321,780)	(\$84,873,606)	(\$82,425,432)	(\$79,977,257)	(\$77,529,083)
2	Amortization	204,015	2,448,174	2,448,174	2,448,174	2,448,174	2,448,174	2,448,174	2,448,174	2,448,174	2,448,174	2,448,174	2,448,174
3	Adjustments/True Up		-	-	-	-	-	-	-	-	-	-	-
4	Ending Balance	(\$102,010,826)	(\$99,562,652)	(\$97,114,477)	(\$94,666,303)	(\$92,218,129)	(\$89,769,954)	(\$87,321,780)	(\$84,873,606)	(\$82,425,432)	(\$79,977,257)	(\$77,529,083)	(\$75,080,909)
<b>Assumptions</b> EDIT Annual Amortization Rate													

EDIT Annual Amortization Rate												
Line	Description	Aug-34	Aug-35	Aug-36	Aug-37	Aug-38	Aug-39	Aug-40	Aug-41	Aug-42	Aug-43	Aug-44
<b>Protected Excess ADITs</b>												
1	Beginning Balance	(\$75,080,909)	(\$72,632,734)	(\$70,184,560)	(\$67,736,386)	(\$65,288,211)	(\$62,840,037)	(\$60,391,863)	(\$57,943,689)	(\$55,495,514)	(\$53,047,340)	(\$50,599,166)
2	Amortization	2,448,174	2,448,174	2,448,174	2,448,174	2,448,174	2,448,174	2,448,174	2,448,174	2,448,174	2,448,174	2,448,174
3	Adjustments/True Up	-	-	-	-	-	-	-	-	-	-	-
4	Ending Balance	(\$72,632,734)	(\$70,184,560)	(\$67,736,386)	(\$65,288,211)	(\$62,840,037)	(\$60,391,863)	(\$57,943,689)	(\$55,495,514)	(\$53,047,340)	(\$50,599,166)	(\$48,150,991)
<b>Assumptions</b> EDIT Annual Amortization Rate												

Line	Description	EDIT Annual Amortization Rate							
		Aug-45	Aug-46	Aug-47	Aug-48	Aug-49	Aug-50	Aug-51	Aug-52
<b>Protected Excess ADITs</b>									
1	Beginning Balance	(\$48,150,991)	(\$45,702,817)	(\$43,254,643)	(\$40,806,468)	(\$38,358,294)	(\$35,910,120)	(\$33,461,946)	(\$31,013,771)
2	Amortization	2,448,174	2,448,174	2,448,174	2,448,174	2,448,174	2,448,174	2,448,174	2,448,174
3	Adjustments/True Up	-	-	-	-	-	-	-	-
4	Ending Balance	(\$45,702,817)	(\$43,254,643)	(\$40,806,468)	(\$38,358,294)	(\$35,910,120)	(\$33,461,946)	(\$31,013,771)	(\$28,565,597)
<b>Assumptions</b> EDIT Annual Amortization Rate									

Line	Description	Aug-53	Aug-54	Aug-55	Aug-56	Aug-57	Aug-58	Aug-59	Aug-60	Aug-61	Aug-62	Aug-63	Aug-64
<b>Protected Excess ADITs</b>													
1	Beginning Balance	(\$28,565,597)	(\$26,117,423)	(\$23,669,248)	(\$21,221,074)	(\$18,772,900)	(\$16,324,726)	(\$13,876,551)	(\$11,428,377)	(\$8,980,203)	(\$6,532,028)	(\$4,083,854)	(\$1,635,680)
2	Amortization	2,448,174	2,448,174	2,448,174	2,448,174	2,448,174	2,448,174	2,448,174	2,448,174	2,448,174	2,448,174	2,448,174	1,632,116
3	Adjustments/True Up	-	-	-	-	-	-	-	-	-	-	-	-
4	Ending Balance	(\$26,117,423)	(\$23,669,248)	(\$21,221,074)	(\$18,772,900)	(\$16,324,726)	(\$13,876,551)	(\$11,428,377)	(\$8,980,203)	(\$6,532,028)	(\$4,083,854)	(\$1,635,680)	(\$3,564)
<b>Assumptions</b>													
EDIT Annual Amortization Rate													

**Duke Energy Ohio**  
**Review of Excess Deferred Taxes**  
**as of March 31, 2012**

Line	Description	Protected	Unprotected	Total
1	Natural Gas EDIT Balances as of 3/31/12	(\$93,716,060)	(\$19,464,066)	(\$113,180,126)
2	Additional EDITs on AU at 12/31/17 per rider filing Sch 1	(3,107,786)	(1,849,881)	(4,957,667)
3	Additional EDITs on AMRP at 12/31/17 per rider filing Sch 1	(19,496,148)	(878,675)	(20,374,823)
4	Additional EDITs on AMRP Risers at 12/31/17 per rider filing Sch 2	(144,024)	(11,905)	(155,929)
5	Total EDITs to Refund	(\$116,464,018)	(\$22,204,527)	(\$138,668,545)
6	Amount Owed to Customers (grossed up)	(\$147,422,807)	(\$28,106,996)	(\$175,529,803)
7	Amounts reflecting amortization of protected to unprotected as of July 31, 2021	(\$106,907,174)	(\$31,761,370)	(\$138,668,545)
8	Amounts Owed to Customers (grossed up) (b)	(\$135,325,537)	(\$40,204,266)	(\$175,529,803)
9	Amounts moved from protected to unprotected to include in one time bill credit	\$12,097,270	(\$12,097,270)	\$0
10	<b>Summary of EDIT Customer Refund Mechanisms</b>	<b>EDIT Balance</b>	<b>Gross Up Factor</b>	<b>Grossed Up Value</b>
11	Unprotected EDIT refunded through Rider GTCJA (grossed up)	(\$106,907,174)	0.79	(\$135,325,537)
12	Unprotected EDIT offsetting MGP costs	(22,204,527)	0.79	(28,106,996)
13	Unprotected EDIT included in one-time bill credit	(9,556,843)	0.79	(12,097,270)
14		(\$138,668,545)		(\$175,529,803)

**Notes**

(a) The amounts are shown at the bottom of Stipulation Attachment 3 filed as part of our application in Case No. 18-1830-GA-UNC.

(b) Gross up at 21% FIT (1/(1-0.21))

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Reference
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Page 5, Line 42  
Case No. 19-0664-GA-RDR  
Case No. 18-1452-GA-RDR  
Case No. 18-1452-GA-RDR  
Line 1 + Line 2 + Line 3 + Line 4

Line 5 / (1-0.21)

Page 6, Line 53

Line 7 / (1-0.21)  
Line 6 - Line 8

Ties to Line 7 and 8

Duke Energy Ohio  
Review of Excess Deferred Taxes  
as of March 31, 2012

Line	Account	Description	In Customer Rates		14% Excess		
			Base Case 3/31/12 Def Bal	Total 3/31/12 Gross Balance	Protected	Unprotected	Total
			(As Filed)				
1	190	401(k) Incentive Plan	\$2,918	\$8,337		\$1,167	\$1,167
2	190	ARO Cumulative Effect	5,443,894	15,553,983		2,177,558	2,177,558
3	190	Environmental Reserve	8,903,184	25,437,669		3,561,274	3,561,274
4	190	FAS 106 OPEB	3,590,411	10,258,317		1,436,164	1,436,164
5	190	FAS 87 Non-Qualified Pension	351,343	1,003,837		140,537	140,537
6	190	FAS 87 Qualified Pension	(4,146,062)	(11,845,891)		(1,658,425)	(1,658,425)
7	190	Federal Deferred Tax Receivable	12,418,562	35,481,606		4,967,425	4,967,425
8	190	Gas Meters	(3,456,610)	(9,876,029)		(1,382,644)	(1,382,644)
9	190	Gas Supplier Refund	435,728	1,244,937		174,291	174,291
10	190	Incentive Plan	241,214	689,183		96,486	96,486
11	190	Misc	37,456	107,017		14,982	14,982
12	190	Natural Gas in Transit	96,538	275,823		38,615	38,615
13	190	Offsite Gas Storage	762,972	2,179,920		305,189	305,189
14	190	Post Retirement Benefits - SFAS 112	530,912	1,516,891		212,365	212,365
15	190	Property Tax on Propane	536,061	1,531,603		214,424	214,424
16	190	Unamortized Debt Premium	(1,647,565)	(4,707,329)		(659,026)	(659,026)
17	190	Uncollectible Accounts	76,777	219,363		30,711	30,711
18	190	Uncollectible Accounts PIP	(1,104,646)	(3,156,131)		(441,858)	(441,858)
19	190	Vacation Pay Accruals	1,138,153	3,251,866		455,261	455,261
20		Sub-Total	\$24,211,240	\$69,174,971	\$0	\$9,684,496	\$9,684,496
21	282	AFUDC Debt	(\$1,172,089)	(\$3,348,824)		(\$468,835)	(\$468,835)
22	282	CIAC	715,729	2,044,941		286,292	286,292
23	282	Cwip Differences	(461,822)	(1,319,492)		(184,729)	(184,729)
24	282	Leased Meters	(19,600,264)	(56,000,754)		(7,840,106)	(7,840,106)
25	282	Miscellaneous	(8,683,344)	(24,809,555)		(3,473,338)	(3,473,338)
26	282	Non-Cash Overheads	4,970,661	14,201,889		1,988,264	1,988,264
27	282	Tax Depreciation	(234,290,149)	(669,400,426)	(93,716,060)		(93,716,060)
28	282	Tax Interest Capitalized	2,730,405	7,801,157		1,092,162	1,092,162



Duke Energy Ohio  
Review of Excess Deferred Taxes  
as of March 31, 2012

Line	Account	Description	In Customer Rates		14% Excess		
			Base Case 3/31/12 Def Bal	Total 3/31/12 Gross Balance	Protected	Unprotected	Total
			(As Filed)				
29			(\$255,790,873)	(\$730,831,065)	(\$93,716,060)	(\$8,600,290)	(\$102,316,349)
30	283	ARO Cumulative Effect	(5,007,186)	(14,306,246)		(2,002,874)	(2,002,874)
31	283	Deferred Smart Grid Costs	584,718	1,670,623		233,887	233,887
32	283	Environmental Reserve	(25,595,018)	(73,128,623)		(10,238,007)	(10,238,007)
33	283	FAS 106 OPEB	(1,660,920)	(4,745,486)		(664,368)	(664,368)
34	283	FAS 87 Non-Qualified Pension	(19,464)	(55,611)		(7,786)	(7,786)
35	283	FAS 87 Qualified Pension	(8,699,583)	(24,855,951)		(3,479,833)	(3,479,833)
36	283	Loss on Reacquired Debt	(694,232)	(1,983,520)		(277,693)	(277,693)
37	283	Post In-Service Carrying Costs	(5,982,648)	(17,093,280)		(2,393,059)	(2,393,059)
38	283	Rate Case	(50,834)	(145,240)		(20,334)	(20,334)
39	283	Smart Grid	(5,264,619)	(15,041,769)		(2,105,848)	(2,105,848)
40	283	Uncollectible Accounts	1,705,185	4,871,957		682,074	682,074
41	283	Vacation Pay Accruals	(686,080)	(1,960,229)		(274,432)	(274,432)
			(\$51,370,681)	(\$146,773,374)	\$0	(\$20,548,272)	(\$20,548,272)
42			(\$282,950,314)	(\$808,429,468)	(\$93,716,060)	(\$19,464,066)	(\$113,180,126)

## Duke Energy Ohio

## Amortization of Protected to Unprotected Amounts from December 31, 2017

Line	EDIT	Unprotected	Protected	Total
1	EDIT to Amortize	(22,204,527)	(116,464,018)	(138,668,545)

Page 4, Line 5

	Date	Unprotected Amort.	Protected Amort.
2	Jan-18	(222,252)	222,252
3	Feb-18	(222,252)	222,252
4	Mar-18	(222,252)	222,252
5	Apr-18	(222,252)	222,252
6	May-18	(222,252)	222,252
7	Jun-18	(222,252)	222,252
8	Jul-18	(222,252)	222,252
9	Aug-18	(222,252)	222,252
10	Sep-18	(222,252)	222,252
11	Oct-18	(222,252)	222,252
12	Nov-18	(222,252)	222,252
13	Dec-18	(222,252)	222,252
14	Balance	(24,871,553)	(113,796,992)
15	Jan-19	(222,252)	222,252
16	Feb-19	(222,252)	222,252
17	Mar-19	(222,252)	222,252
18	Apr-19	(222,252)	222,252
19	May-19	(222,252)	222,252
20	Jun-19	(222,252)	222,252
21	Jul-19	(222,252)	222,252
22	Aug-19	(222,252)	222,252
23	Sep-19	(222,252)	222,252
24	Oct-19	(222,252)	222,252
25	Nov-19	(222,252)	222,252
26	Dec-19	(222,252)	222,252
27	Balance	(27,538,579)	(111,129,966)

Federal Tax Rate	21.00%
State Tax Rate	0.49%
Federal Tax Rate - Net of FBOS	20.90%
Effective Tax Rate	21.39%
Net of tax factor	78.61%
Net of tax factor	1.2721

Reverse South Georgia Method

Average Life 2.29%

## Duke Energy Ohio

## Amortization of Protected to Unprotected Amounts from December 31, 2017

Line	EDIT	Unprotected	Protected	Total
1	EDIT to Amortize	(22,204,527)	(116,464,018)	(138,668,545)

Page 4, Line 5

	Date	Unprotected Amort.	Protected Amort.
28	Jan-20	(222,252)	222,252
29	Feb-20	(222,252)	222,252
30	Mar-20	(222,252)	222,252
31	Apr-20	(222,252)	222,252
32	May-20	(222,252)	222,252
33	Jun-20	(222,252)	222,252
34	Jul-20	(222,252)	222,252
35	Aug-20	(222,252)	222,252
36	Sep-20	(222,252)	222,252
37	Oct-20	(222,252)	222,252
38	Nov-20	(222,252)	222,252
39	Dec-20	(222,252)	222,252
40	Balance	(30,205,605)	(108,462,940)
41	Jan-21	(222,252)	222,252
42	Feb-21	(222,252)	222,252
43	Mar-21	(222,252)	222,252
44	Apr-21	(222,252)	222,252
45	May-21	(222,252)	222,252
46	Jun-21	(222,252)	222,252
47	Jul-21	(222,252)	222,252
48	Aug-21	-	-
49	Sep-21	-	-
50	Oct-21	-	-
51	Nov-21	-	-
52	Dec-21	-	-
53	Balance	(31,761,370)	(106,907,174)

Page 3 Line 1 Beg Bal

Duke Energy Ohio  
Calculation of Bill Credit

Line	Description	Amount	Percentage <sup>(2)</sup>
1	<b>Bill Credit (From Page 2, Line 3)</b>	<b>(\$66,348,951)</b>	
2	Residential (RS, RSLI, RFT, RFTLI)	(\$44,380,813)	66.89%
3	GS-S, FT-S	(\$7,092,703)	10.69%
4	GS-L, FT-L	(\$10,343,801)	15.59%
5	IT	(\$4,531,634)	6.83%
6	<b>Bill Credit (From Page 2, Line 4)</b>	<b>(\$1,000,000)</b>	
7	GS-S, FT-S	(\$322,863)	32.29%
8	GS-L, FT-L	(\$470,855)	47.09%
9	IT	(\$206,282)	20.63%
10	<b>Total Bill Credit</b>	<b>(\$67,348,951)</b>	
11	Residential (RS, RSLI, RFT, RFTLI) (From Line 2)	(\$44,380,813)	
12	GS-S, FT-S (Line 3 + Line 7)	(\$7,415,566)	
13	GS-L, FT-L (Line 4 + Line 8)	(\$10,814,656)	
14	IT (Line 5 + Line 9)	(\$4,737,916)	
<b>Calculation of One Time Bill Credit <sup>(1)</sup></b>		<b>Monthly Bills / CCF</b>	<b>Rate</b>
15	Residential (RS, RSLI, RFT, RFTLI) Per Bill	413,019	<b>(\$107.45)</b>
16	GS-S, FT-S Per Bill	20,086	<b>(\$369.19)</b>
17	GS-L, FT-L Per Bill	7,614	<b>(\$1,420.36)</b>
18	IT Per CCF over 12 months	192,981,910	<b>(\$0.0246)</b>

**Notes**

<sup>(1)</sup> Per Bill billing determinants based on actuals for month ended July 31, 2021

IT CCF billing determinants based on actuals for 12 months ended July 31, 2021

<sup>(2)</sup> Percentage of total base revenue from settlement in Case No. 12-1685-GA-AIR

**Duke Energy Ohio**  
**Summary of Bill Credit**

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Line	Description	Amount	Reference
1	FIT Deferrals from 1/1/18 thru 7/31/21	(\$54,251,681)	Page 3, line 6
2	Unprotected EDIT not included in MGP offset	(12,097,270)	Page 4, line 13
3	Total Bill Credit to allocate to all customer classes	<u>(\$66,348,951)</u>	
4	Remaining Insurance Proceeds allocated to non-residential customers	<u>(\$1,000,000)</u>	
5	Total Bill Credit	<u>(\$67,348,951)</u>	

## Duke Energy Ohio

## Calculation of Deferrals Associated with FIT Change Since

January 1, 2018

Line	Description	DEFERRALS IN COMPLIANCE WITH CASE NO. 18-47-AU-COI						
		Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18
		Actuals						
1	Beginning Balance	\$0	\$1,644,348	\$3,183,052	\$4,634,341	\$6,070,785	\$7,139,529	\$8,163,671
2	Accrual of FIT Impact (est for 12/18 - 3/19)	1,640,711	1,528,043	1,434,046	1,412,843	1,039,630	990,424	977,324
3	Amortization	-	-	-	-	-	-	-
4	Ending Balance Before Carrying Charges	\$1,640,711	\$3,172,391	\$4,617,098	\$6,047,184	\$7,110,415	\$8,129,953	\$9,140,995
5	d Carrying Charge at Long-Term Debt Rate	\$3,637	\$10,661	\$17,243	\$23,601	\$29,114	\$33,718	\$38,209
6	Ending Balance of Reg Liability	\$1,644,348	\$3,183,052	\$4,634,341	\$6,070,785	\$7,139,529	\$8,163,671	\$9,179,204

Currently Approved Long-Term Debt Rate

5.32%

From Case No. 12-1682-GA-AIR

## Duke Energy Ohio

## Calculation of Deferrals Associated with FIT Change Since

January 1, 2018

Line	Description						
		Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19
1	Beginning Balance	\$9,179,204	\$10,191,695	\$11,207,689	\$12,254,160	\$13,411,780	\$14,718,382
2	Accrual of FIT Impact (est for 12/18 - 3/19)	969,816	968,852	994,787	1,101,082	1,244,635	1,269,005
3	Amortization	-	-	-	-	-	-
4	Ending Balance Before Carrying Charges	\$10,149,020	\$11,160,547	\$12,202,476	\$13,355,242	\$14,656,415	\$15,987,387
5	d Carrying Charge at Long-Term Debt Rate	\$42,675	\$47,142	\$51,684	\$56,538	\$61,967	\$67,790
6	Ending Balance of Reg Liability	\$10,191,695	\$11,207,689	\$12,254,160	\$13,411,780	\$14,718,382	\$16,055,177

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Currently Approved Long-Term Debt Rate

## Duke Energy Ohio

## Calculation of Deferrals Associated with FIT Change Since

January 1, 2018

Line	Description						
		Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19
1	Beginning Balance	\$16,055,177	\$17,444,472	\$18,782,121	\$20,013,759	\$21,150,203	\$22,325,988
2	Accrual of FIT Impact (est for 12/18 - 3/19)	1,315,502	1,257,851	1,146,184	1,045,777	1,080,027	998,647
3	Amortization	-	-	-	-	-	-
4	Ending Balance Before Carrying Charges	\$17,370,679	\$18,702,323	\$19,928,305	\$21,059,536	\$22,230,230	\$23,324,635
5	d Carrying Charge at Long-Term Debt Rate	\$73,793	\$79,798	\$85,454	\$90,667	\$95,758	\$100,768
6	Ending Balance of Reg Liability	\$17,444,472	\$18,782,121	\$20,013,759	\$21,150,203	\$22,325,988	\$23,425,403

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Currently Approved Long-Term Debt Rate



## Duke Energy Ohio

## Calculation of Deferrals Associated with FIT Change Since

January 1, 2018

Line	Description						
		Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20
1	Beginning Balance	\$23,425,403	\$24,532,007	\$25,633,855	\$26,746,388	\$27,974,334	\$29,339,059
2	Accrual of FIT Impact (est for 12/18 - 3/19)	1,000,979	991,360	997,169	1,107,427	1,238,494	1,253,702
3	Amortization						
4	Ending Balance Before Carrying Charges	\$24,426,382	\$25,523,367	\$26,631,024	\$27,853,815	\$29,212,828	\$30,592,761
5	d Carrying Charge at Long-Term Debt Rate	\$105,625	\$110,488	\$115,364	\$120,519	\$126,231	\$132,289
6	Ending Balance of Reg Liability	\$24,532,007	\$25,633,855	\$26,746,388	\$27,974,334	\$29,339,059	\$30,725,050

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Currently Approved Long-Term Debt Rate

## Duke Energy Ohio

## Calculation of Deferrals Associated with FIT Change Since

January 1, 2018

Line	Description						
		Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20
1	Beginning Balance	\$30,725,050	\$32,142,127	\$33,505,988	\$34,767,115	\$35,997,197	\$37,180,061
2	Accrual of FIT Impact <i>(est for 12/18 - 3/19)</i>	1,278,615	1,219,275	1,110,763	1,074,233	1,021,703	1,007,240
3	Amortization						
4	Ending Balance Before Carrying Charges	\$32,003,665	\$33,361,402	\$34,616,751	\$35,841,348	\$37,018,900	\$38,187,301
5	d Carrying Charge at Long-Term Debt Rate	\$138,462	\$144,586	\$150,364	\$155,849	\$161,161	\$166,350
6	Ending Balance of Reg Liability	<u>\$32,142,127</u>	<u>\$33,505,988</u>	<u>\$34,767,115</u>	<u>\$35,997,197</u>	<u>\$37,180,061</u>	<u>\$38,353,651</u>

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Currently Approved Long-Term Debt Rate

## Duke Energy Ohio

## Calculation of Deferrals Associated with FIT Change Since

January 1, 2018

Line	Description						
		Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21
1	Beginning Balance	\$38,353,651	\$39,522,917	\$40,699,359	\$41,905,821	\$43,175,229	\$44,594,460
2	Accrual of FIT Impact <i>(est for 12/18 - 3/19)</i>	997,757	999,768	1,024,540	1,082,034	1,225,934	1,316,959
3	Amortization						
4	Ending Balance Before Carrying Charges	\$39,351,408	\$40,522,685	\$41,723,899	\$42,987,855	\$44,401,163	\$45,911,419
5	d Carrying Charge at Long-Term Debt Rate	\$171,509	\$176,674	\$181,922	\$187,374	\$193,297	\$199,764
6	Ending Balance of Reg Liability	\$39,522,917	\$40,699,359	\$41,905,821	\$43,175,229	\$44,594,460	\$46,111,183

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Currently Approved Long-Term Debt Rate

## Duke Energy Ohio

## Calculation of Deferrals Associated with FIT Change Since

January 1, 2018

Line	Description						
		Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21
1	Beginning Balance	\$46,111,183	\$47,657,302	\$49,106,514	\$50,434,886	\$51,735,851	\$52,996,459
2	Accrual of FIT Impact <i>(est for 12/18 - 3/19)</i>	1,339,609	1,236,107	1,109,153	1,075,957	1,029,960	1,019,035
3	Amortization						
4	Ending Balance Before Carrying Charges	<u>\$47,450,792</u>	<u>\$48,893,409</u>	<u>\$50,215,667</u>	<u>\$51,510,843</u>	<u>\$52,765,811</u>	<u>\$54,015,494</u>
5	d Carrying Charge at Long-Term Debt Rate	\$206,510	\$213,105	\$219,219	\$225,008	\$230,648	\$236,187
6	Ending Balance of Reg Liability	<u>\$47,657,302</u>	<u>\$49,106,514</u>	<u>\$50,434,886</u>	<u>\$51,735,851</u>	<u>\$52,996,459</u>	<u>\$54,251,681</u>

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Currently Approved Long-Term Debt Rate

## Duke Energy Ohio

## Summary of Excess Deferred Income Taxes

Line	Description	Protected	Unprotected	Total	Reference
1	Natural Gas EDIT Balances as of 3/31/12 (a)	(\$93,716,060)	(\$19,464,066)	(\$113,180,126)	Page 5, Line 42
2	Additional EDITs on AU at 12/31/17 per rider filing Sch 1	(3,107,786)	(1,849,881)	(4,957,667)	Case No. 19-0664-GA-RDR
3	Additional EDITs on AMRP at 12/31/17 per rider filing Sch 1	(19,496,148)	(878,675)	(20,374,823)	Case No. 18-1452-GA-RDR
4	Additional EDITs on AMRP Risers at 12/31/17 per rider filing Sch 2	(144,024)	(11,905)	(155,929)	Case No. 18-1452-GA-RDR
5	Total EDITs to Refund	(\$116,464,018)	(\$22,204,527)	(\$138,668,545)	Line 1 + Line 2 + Line 3 + Line 4
6	Amount Owed to Customers (grossed up) (b)	(\$147,422,807)	(\$28,106,996)	(\$175,529,803)	Line 5 / (1-0.21)
7	Amounts reflecting amortization of protected to unprotected as of July 31, 2021	(\$106,907,174)	(\$31,761,370)	(\$138,668,545)	Page 5, Line 53
8	Amounts Owed to Customers (grossed up) (b)	(\$135,325,537)	(\$40,204,266)	(\$175,529,803)	Line 7 / (1-0.21)
9	Amounts moved from protected to unprotected to include in rider or one time bill credit	\$12,097,270	(\$12,097,270)	\$0	Line 6 - Line 8
10	<b>Summary of EDIT Customer Refund Mechanisms</b>	<b>EDIT Balance</b>	<b>Gross Up Factor</b>	<b>Grossed Up Value</b>	
11	Unprotected EDIT refunded through Rider GTCJA (grossed up)	(\$106,907,174)	0.79	(\$135,325,537)	
12	Unprotected EDIT offsetting MGP costs	(22,204,527)	0.79	(28,106,996)	
13	Unprotected EDIT included in one-time bill credit	(9,556,843)	0.79	(12,097,270)	
14	Total EDITs to Refund	(\$138,668,545)		(\$175,529,803)	Ties to Line 7 and 8

**Notes**

(a) The amounts are shown at the bottom of Stipulation Attachment 3 filed as part of our application in Case No. 18-1830-GA-UNC.

(b) Gross up at 21% FIT (1/(1-0.21))

## Duke Energy Ohio

## Amortization of Protected to Unprotected Amounts

Line	EDIT	Unprotected	Protected	Total
1	EDIT to Amortize	(22,204,527)	(116,464,018)	(138,668,545)

Page 4, Line 5

	Date	Unprotected Amort.	Protected Amort.
2	Jan-18	(222,252)	222,252
3	Feb-18	(222,252)	222,252
4	Mar-18	(222,252)	222,252
5	Apr-18	(222,252)	222,252
6	May-18	(222,252)	222,252
7	Jun-18	(222,252)	222,252
8	Jul-18	(222,252)	222,252
9	Aug-18	(222,252)	222,252
10	Sep-18	(222,252)	222,252
11	Oct-18	(222,252)	222,252
12	Nov-18	(222,252)	222,252
13	Dec-18	(222,252)	222,252
14	Balance	(24,871,553)	(113,796,992)
15	Jan-19	(222,252)	222,252
16	Feb-19	(222,252)	222,252
17	Mar-19	(222,252)	222,252
18	Apr-19	(222,252)	222,252
19	May-19	(222,252)	222,252
20	Jun-19	(222,252)	222,252
21	Jul-19	(222,252)	222,252
22	Aug-19	(222,252)	222,252
23	Sep-19	(222,252)	222,252
24	Oct-19	(222,252)	222,252
25	Nov-19	(222,252)	222,252
26	Dec-19	(222,252)	222,252
27	Balance	(27,538,579)	(111,129,966)

Federal Tax Rate	21.00%
State Tax Rate	0.49%
Federal Tax Rate - Net of FBOS	20.90%
Effective Tax Rate	21.39%
Net of tax factor	78.61%
Net of tax factor	1.2721

Reverse South Georgia Method

Average Life 2.29%

## Duke Energy Ohio

## Amortization of Protected to Unprotected Amounts

Line	EDIT	Unprotected	Protected	Total
1	EDIT to Amortize	(22,204,527)	(116,464,018)	(138,668,545)

Page 4, Line 5

	Date	Unprotected Amort.	Protected Amort.
28	Jan-20	(222,252)	222,252
29	Feb-20	(222,252)	222,252
30	Mar-20	(222,252)	222,252
31	Apr-20	(222,252)	222,252
32	May-20	(222,252)	222,252
33	Jun-20	(222,252)	222,252
34	Jul-20	(222,252)	222,252
35	Aug-20	(222,252)	222,252
36	Sep-20	(222,252)	222,252
37	Oct-20	(222,252)	222,252
38	Nov-20	(222,252)	222,252
39	Dec-20	(222,252)	222,252
40	Balance	(30,205,605)	(108,462,940)
41	Jan-21	(222,252)	222,252
42	Feb-21	(222,252)	222,252
43	Mar-21	(222,252)	222,252
44	Apr-21	(222,252)	222,252
45	May-21	(222,252)	222,252
46	Jun-21	(222,252)	222,252
47	Jul-21	(222,252)	222,252
48	Aug-21	-	-
49	Sep-21	-	-
50	Oct-21	-	-
51	Nov-21	-	-
52	Dec-21	-	-
53	Balance	(31,761,370)	(106,907,174)

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**Commission of Ohio Docketing Information System on**

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**in**

**Case No(s). 14-0375-GA-RDR, 14-0376-GA-ATA, 15-0452-GA-RDR, 15-0453-GA-ATA, 16-0542-GA-RD**

Summary: Testimony Supplemental Testimony of Sarah E. Lawler on Behalf of Duke Energy Ohio, Inc. in Support of Stipulation electronically filed by Mrs. Tammy M. Meyer on behalf of Duke Energy Ohio Inc. and D'Ascenzo, Rocco and Kingery, Jeanne W.