

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of)	
Duke Energy Ohio, Inc., for an)	Case No. 21-887-EL-AIR
Increase in Electric Distribution Rates.)	
In the Matter of the Application of)	
Duke Energy Ohio, Inc., for Tariff)	Case No. 21-888-EL-ATA
Approval.)	
In the Matter of the Application of)	
Duke Energy Ohio, Inc., for Approval)	Case No. 21-889-EL-AAM
to Change Accounting Methods.)	

DIRECT TESTIMONY OF

DAVID G. RAIFORD

ON BEHALF OF

DUKE ENERGY OHIO, INC.

_____	Management policies, practices, and organization
_____	Operating income
_____	Rate Base
_____	Allocations
_____	Rate of return
_____	Rates and tariffs
<u> X </u>	Other: Fixed Assets

October 15, 2021

TABLE OF CONTENTS

	<u>PAGE</u>
I. INTRODUCTION.....	1
II. SCHEDULES AND FILING REQUIREMENTS SPONSORED BY WITNESS	2
III. CONCLUSION	8

I. INTRODUCTION

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

2 A. My name is David G. Raiford, and my business address is currently 550 South
3 Tryon Street, Charlotte, North Carolina 28202. Effective November 1, 2021, that
4 address will change to 526 South Church Street, Charlotte, North Carolina 28202.

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

6 A. I am employed by Duke Energy Business Services LLC (DEBS) as Manager
7 Accounting I. DEBS provides various administrative and other services to Duke
8 Energy Ohio, Inc., (Duke Energy Ohio or Company) and other affiliated
9 companies of Duke Energy Corporation (Duke Energy).

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

12 A. I am a graduate of the University of North Carolina at Wilmington, with a
13 Bachelor of Science degree in Business Administration, and a Master of Science
14 degree in Accountancy. I am a Certified Public Accountant in the State of North
15 Carolina. I began my employment with Duke Energy in 2010 in the Financial
16 Reporting group within the Accounting Department and have also supported the
17 accounting for Asset Retirement Obligations within Asset Accounting. I
18 transitioned to my current position within Asset Accounting in June 2020. My
19 work experience prior to Duke Energy was with Grant Thornton LLP as an Audit
20 Senior Associate serving clients in a variety of industries.

21 **Q. PLEASE DESCRIBE YOUR RESPONSIBILITIES AS MANAGER**
22 **ACCOUNTING I.**

1 A. As Manager Accounting I, I have responsibility for accounting and reporting
2 activities within Duke Energy's electric and gas utilities related to fixed assets,
3 including electric plant in service, construction work in progress, depreciation,
4 asset retirement obligations, as well as the asset accounting research group.

5 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PUBLIC**
6 **UTILITIES COMMISSION OF OHIO?**

7 A. No.

8 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THESE**
9 **PROCEEDINGS?**

10 A. I am responsible for net plant in service contained in rate base as of the date
11 certain, June 30, 2021, and other plant-related items. I sponsor the following
12 Schedules: B-2, B-2.1, B-2.2, B-2.3, B-2.4, B-2.5, B-3, B-3.1, B-3.2, B-3.2a, B-
13 3.3, B-3.4, B-6.2, and C-3.4. I also sponsor page 1 of both Schedule D-5A and
14 Schedule D-5B, and Supplemental Filing Requirements (C)(12), (C)(16), (C)(17),
15 (C)(19), and (C)(21).

II. SCHEDULES AND FILING REQUIREMENTS
SPONSORED BY WITNESS

16 **Q. PLEASE DESCRIBE THE INFORMATION CONTAINED IN THE**
17 **SCHEDULES OF SECTION B THAT YOU SPONSOR.**

18 A. The schedules of Section B that I sponsor develop the Jurisdictional Net Plant in
19 Service. The schedules are based on Duke Energy Ohio's property records as of
20 June 30, 2021, the date certain in these proceedings.

21 **Q. PLEASE DESCRIBE SCHEDULE B-2.**

22 A. Schedule B-2 shows the investment in electric plant in service, including allocated

1 common plant by major property grouping, as of the date certain, June 30, 2021.
2 The amount shown in the column labeled "Adjusted Total Company" represents
3 plant in service that is used and useful in providing electric distribution service to
4 Duke Energy Ohio's jurisdictional customers.

5 **Q. PLEASE DESCRIBE SCHEDULE B-2.1.**

6 A. Schedule B-2.1 consists of a further breakdown of Schedule B-2 by the Federal
7 Energy Regulatory Commission (FERC) and Company Account for each major
8 property grouping. The plant investment shown in the column labeled "Adjusted
9 Total Company" represents plant in service that is used and useful in providing
10 electric distribution service to Duke Energy Ohio's jurisdictional customers.

11 **Q. PLEASE DESCRIBE SCHEDULE B-2.2.**

12 A. Adjustments to plant in service are shown on Schedule B-2.2.

13 **Q. PLEASE DESCRIBE SCHEDULE B-2.3.**

14 A. Schedule B-2.3 shows gross additions, retirements, and transfers by the FERC and
15 Company Account for each major property grouping from June 30, 2016, the date
16 certain in the Company's most recent electric distribution rate case (Case No. 17-
17 0032-EL-AIR, *et al.*) through the date certain in these proceedings of June 30,
18 2021.

19 **Q. PLEASE DESCRIBE SCHEDULE B-2.4.**

20 A. Schedule B-2.4 is entitled "Leased Property." Duke Energy Ohio did not have any
21 leased property at June 30, 2021. Subsequent to the Company's most recent
22 electric distribution rate case (Case No. 17-0032-EL-AIR, *et al.*), Duke Energy
23 Ohio's plant investment in electric meters capitalized in Account 3701 Meters

1 was retired and leasehold improvements that were capitalized in Account 1900 -
2 Structures and Improvements were also retired, as Duke Energy Ohio's lease
3 related to office space at the Fourth and Walnut (Clopay) Building and Holiday
4 Park expired.

5 **Q. PLEASE DESCRIBE SCHEDULE B-2.5.**

6 A. Schedule B-2.5 is a standard filing requirement to identify property to be
7 excluded from rate base. As Duke Energy Ohio is not proposing any exclusions in
8 these proceedings, this schedule is not applicable.

9 **Q. PLEASE DESCRIBE SCHEDULE B-3.**

10 A. Schedule B-3 shows the total plant investment and the Reserve for Accumulated
11 Depreciation and Amortization by FERC and Company Account grouping as of
12 June 30, 2021. The allocated jurisdictional reserve in the last column is applicable
13 to the jurisdictional plant shown on Schedule B-2, "Allocated Jurisdiction."

14 **Q. PLEASE DESCRIBE SCHEDULE B-3.1.**

15 A. Schedule B-3.1 is a standard filing requirement to identify adjustments to
16 Accumulated Depreciation and Amortization.

17 **Q. PLEASE DESCRIBE SCHEDULE B-3.2.**

18 A. Schedule B-3.2 lists the jurisdictional plant investment and reserve balance at
19 June 30, 2021, for each FERC and Company Account within each major property
20 grouping. It also shows the proposed depreciation and amortization accrual rate,
21 calculated annual depreciation and amortization expense, percentage of net
22 salvage, average service life and curve form, as applicable, for each account. The
23 calculated annual depreciation and amortization for Electric Plant was determined

1 by multiplying the allocated jurisdictional plant investment at June 30, 2021, by
2 the proposed electric depreciation or amortization accrual rate. With this filing,
3 Duke Energy Ohio has also filed with the Public Utilities Commission of Ohio
4 (Commission) proposed depreciation and amortization accrual rates. The account
5 numbers referred to in the depreciation study were those in effect at March 31,
6 2021, for Duke Energy Ohio. These depreciation and amortization accrual rates
7 were established by Duke Energy Ohio witness John J. Spanos. Mr. Spanos, of
8 Gannett Fleming Valuation and Rate Consultants, LLC, supports the Company's
9 depreciation and amortization study through his testimony. Duke Energy Ohio
10 requests that the Commission approve the depreciation and amortization accrual
11 rates submitted in this case and that the depreciation and amortization accrual
12 rates be effective with the electric distribution rates established in these
13 proceedings.

14 **Q. PLEASE DESCRIBE SCHEDULE B-3.2a.**

15 A. Schedule B-3.2a is the same as Schedule B-3.2, except that it shows the current
16 depreciation and amortization accrual rate and current annual depreciation and
17 amortization expense. Duke Energy Ohio is filing Schedule B-3.2a so that the
18 current and proposed depreciation and amortization accrual rates, and resulting
19 depreciation and amortization expense, can be easily compared.

20 **Q. PLEASE DESCRIBE SCHEDULE B-3.3.**

21 A. Schedule B-3.3 shows depreciation accruals, salvage, retirements, cost of
22 removal, and transfers by FERC and Company Account for each major property
23 grouping from June 30, 2016, the date certain in the Company's most recent

1 electric distribution rate case, through the date certain in these proceedings of
2 June 30, 2021.

3 **Q. PLEASE DESCRIBE SCHEDULE B-3.4.**

4 A. Schedule B-3.4 contains accumulated depreciation reserve, depreciation rates, and
5 the annual depreciation expense for leased property. Duke Energy Ohio does not
6 have any leased property as of June 30, 2021.

7 **Q. PLEASE DESCRIBE SCHEDULE B-6.2.**

8 A. This schedule presents Contributions in Aid of Construction by Account and
9 Subaccount. Duke Energy Ohio nets all Contributions in Aid of Construction
10 against gross plant pursuant to Federal Power Commission (now FERC) Order
11 No. 490.

12 **Q. PLEASE DESCRIBE SCHEDULE C-3.4.**

13 A. Schedule C-3.4 calculates the annualized depreciation expense adjustment
14 between the proposed depreciation on Schedule B-3.2 and the test period
15 depreciation calculated using three months of actual depreciation expense and
16 nine months of projected depreciation expense.

17 **Q. PLEASE DESCRIBE PAGE 1 OF BOTH SCHEDULE D-5A AND**
18 **SCHEDULE D-5B.**

19 A. I sponsor page 1 of both Schedule D-5A and Schedule D-5B, which include plant
20 in service by major property grouping and Reserve for Accumulated Depreciation
21 and Amortization by utility service as of the date certain, and for each of the ten
22 prior years. Plant held for future use, acquisition adjustments, CWIP, and
23 composite depreciation rates have also been provided for the same periods.

1 Schedule D-5A presents this information for Duke Energy Ohio and Schedule D-
2 5B presents the same information on a consolidated Duke Energy basis as of the
3 date certain, and for each of the ten prior years.

4 **Q. PLEASE DESCRIBE SUPPLEMENTAL FILING REQUIREMENT**
5 **(C)(12).**

6 A. Supplemental Filing Requirement (C)(12) provides information on depreciation
7 expense related to specific accounts that are charged to clearing accounts.

8 **Q. PLEASE DESCRIBE SUPPLEMENTAL FILING REQUIREMENT**
9 **(C)(16).**

10 A. Supplemental Filing Requirement (C)(16) requests information in the same
11 general format as Schedule B-2.3, which shows plant in service data from the date
12 certain in the Company's last electric distribution base rate case to the date certain
13 in these proceedings. The requested information is available on workpaper WPB-
14 2.3.

15 **Q. PLEASE DESCRIBE SUPPLEMENTAL FILING REQUIREMENT**
16 **(C)(17).**

17 A. Supplemental Filing Requirement (C)(17) requires that Duke Energy Ohio
18 provide the allocation of the depreciation reserve if it was allocated based on a
19 theoretical study. The depreciation reserve was not allocated to accounts based on
20 a theoretical reserve study. Reference is made to the depreciation study reflected
21 in Supplemental Filing Requirement (C)(18) and supported by the Direct
22 Testimony of Mr. Spanos.

23

1 **Q. PLEASE DESCRIBE SUPPLEMENTAL FILING REQUIREMENT**
2 **(C)(19).**

3 A. Supplemental Filing Requirement (C)(19) requests information in the same
4 general format as Schedule B-3.3, which shows depreciation reserve data from the
5 date certain in the Company's most recent electric distribution base rate case to
6 the date certain in these proceedings. The requested information is available on
7 workpaper WPB-3.3.

8 **Q. PLEASE DESCRIBE SUPPLEMENTAL FILING REQUIREMENT**
9 **(C)(21).**

10 A. Supplemental Filing Requirement (C)(21) is information concerning surviving
11 dollars by vintage year of placement (original cost data as of date certain).

III. CONCLUSION

12 **Q. WERE SCHEDULES B-2, B-2.1, B-2.2, B-2.3, B-2.4, B-2.5, B-3, B-3.1, B-3.2,**
13 **B-3.2a, B-3.3, B-3.4, B-6.2, C-3.4, THE INFORMATION ON PAGE 1 OF**
14 **BOTH SCHEDULE D-5A AND SCHEDULE D-5B, AND SUPPLEMENTAL**
15 **FILING REQUIREMENTS (C)(12), (C)(16), (C)(17), (C)(19), AND (C)(21)**
16 **PREPARED BY YOU OR UNDER YOUR DIRECTION AND**
17 **SUPERVISION OR SUBJECT TO YOUR REVIEW?**

18 A. Yes.

19 **Q. IS THE INFORMATION CONTAINED IN THESE SCHEDULES AND**
20 **FILING REQUIREMENTS ACCURATE TO THE BEST OF YOUR**
21 **KNOWLEDGE AND BELIEF?**

22 A. Yes.

1 **Q. DOES THIS CONCLUDE YOUR PRE-FILED DIRECT TESTIMONY?**

2 **A. Yes.**

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

10/15/2021 11:14:30 AM

in

Case No(s). 21-0887-EL-AIR, 21-0888-EL-ATA, 21-0889-EL-AAM

Summary: Testimony Direct Testimony of David G. Raiford electronically filed by Mrs. Tammy M. Meyer on behalf of Duke Energy Ohio Inc. and D'Ascenzo, Rocco and Kingery, Jeanne W. and Vaysman, Larisa and Elizabeth M. Brama