

**BEFORE**

**THE PUBLIC UTILITIES COMMISSION OF OHIO**

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

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**DIRECT TESTIMONY OF**

**DANIELLE L. WEATHERSTON**

**ON BEHALF OF**

**DUKE ENERGY OHIO, INC.**

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

October 15, 2021

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**I.     INTRODUCTION AND PURPOSE**

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

2     A.     My name is Danielle L. Weatherston and my business address is 400 South Tryon  
3             Street, Charlotte, North Carolina 28202.

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

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

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

11    A.     I graduated from Indiana State University with a Bachelor of Science in Accounting  
12             and from Ball State University with a Master of Arts in Business Education. I am  
13             also a certified public accountant in Indiana. I have held various accounting roles  
14             at Sony Disc Manufacturing and Hill-Rom in Indiana, prior to joining Duke Energy.  
15             At Duke Energy I have worked in various groups such as corporate accounting,  
16             regulated accounting, and commercial power before accepting my current role as  
17             Manager Accounting II in Charlotte.

18    **Q.     PLEASE DESCRIBE YOUR RESPONSIBILITIES AS MANAGER**  
19            **ACCOUNTING II.**

20    A.     I am responsible for maintaining the books of account and reporting the financial  
21             position and the results of electric operations for Duke Energy's public utility  
22             operating companies in Ohio and Kentucky.

1   **Q.    HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PUBLIC UTILITIES**  
2           **COMMISSION OF OHIO?**

3    A.   No.

4   **Q.    WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THESE**  
5           **PROCEEDINGS?**

6    A.   I sponsor information related to Duke Energy Ohio's financial position and the actual  
7           results of the Company's operations as of June 30, 2021. I also sponsor actual income  
8           statement data from April 1, 2021, through June 30, 2021, which is included in the  
9           test period. In particular, I sponsor Schedules C-10.1 and C-10.2, pages 2 and 4 of  
10          both Schedule D-5A and Schedule D-5B, and the following Supplemental Filing  
11          Requirements: (C)(1), (C)(3), and (C)(4). At the request of Duke Energy Ohio witness  
12          Lisa D. Steinkuhl, I made certain accounting adjustments to Duke Energy Ohio's  
13          financial position per the accounting books, which I will discuss in more detail below  
14          and as shown on Workpaper WPD-1a. I provided this information to Duke Energy  
15          Ohio witness Christopher R. Bauer, for his use in determining Duke Energy Ohio's  
16          capital structure as of the date certain used in these proceedings, June 30, 2021, and  
17          in preparing Schedule D.

**II.    OVERVIEW OF DUKE ENERGY OHIO'S**  
          **ACCOUNTING RECORDS**

18   **Q.    ARE YOU FAMILIAR WITH THE ACCOUNTING PROCEDURES AND**  
19           **BOOKS OF ACCOUNT OF DUKE ENERGY OHIO?**

20    A.   Yes. The books of account for Duke Energy Ohio's regulated business follow the  
21          Uniform System of Accounts prescribed by the Federal Energy Regulatory  
22          Commission (FERC).

**DANIELLE L. WEATHERSTON DIRECT**

1    **Q.    ARE THE BOOKS OF ACCOUNT FOR THE ELECTRIC BUSINESS OF**  
2           **DUKE ENERGY OHIO PREPARED AT YOUR DIRECTION AND UNDER**  
3           **YOUR SUPERVISION?**

4    A.    Yes.

5    **Q.    ARE THE CAPITAL AND OPERATING EXPENDITURES REPRESENTED**  
6           **ON DUKE ENERGY OHIO'S BOOKS OF ACCOUNT ACCURATE AND**  
7           **REASONABLE?**

8    A.    Yes. Duke Energy Ohio has various budgeting, planning, and review procedures in  
9           place to establish and monitor the capital and operating budgets, as well as actual  
10          expenditures. The system of internal accounting controls provides reasonable  
11          assurance that all transactions are executed in accordance with management's  
12          authorization and are recorded properly.

13                The system of internal accounting controls is annually reviewed, tested, and  
14          documented by Duke Energy Ohio to provide reasonable assurance that amounts  
15          recorded on the books and records of the Company are accurate and proper. In  
16          addition, independent certified public accountants perform an annual audit to  
17          provide assurance that internal accounting controls are operating effectively and  
18          that Duke Energy Ohio's financial statements are materially accurate.

**III.    SCHEDULES AND SUPPLEMENT FILING REQUIREMENTS**  
**SPONSORED BY WITNESS**

19   **Q.    PLEASE DESCRIBE SCHEDULES C-10.1 AND C-10.2.**

20   A.    Schedules C-10.1 and C-10.2 consist of Duke Energy Ohio's comparative Balance  
21          Sheets and Income Statements for the most recent five calendar years and the date  
22          certain.

**DANIELLE L. WEATHERSTON DIRECT**

1   **Q.   PLEASE DESCRIBE PAGE 2 OF BOTH SCHEDULE D-5A AND**  
2       **SCHEDULE D-5B.**

3   A.   Page 2 of Schedule D-5A and Schedule D-5B includes the capital structure,  
4       condensed income statement, and data for the test year and the ten prior years.  
5       Schedule D-5A presents this information for Duke Energy Ohio and Schedule D-  
6       5B presents this same information on a consolidated Duke Energy basis.

7   **Q.   PLEASE BRIEFLY DESCRIBE PAGE 4 OF BOTH SCHEDULE D-5A AND**  
8       **SCHEDULE D-5B.**

9   A.   Page 4 of both Schedule D-5A and Schedule D-5B includes the common stock data  
10      and rate of return measures for the test year and the ten prior years. Schedule D-5A  
11      presents this information for Duke Energy Ohio and Schedule D-5B presents this  
12      same information on a consolidated Duke Energy basis.

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

14  A.   Supplemental Filing Requirement (C)(1) consists of the most recent FERC audit  
15      report. The audit report is dated March 29, 2016, and covers the period January 1,  
16      2011, through January 31, 2016.

17  **Q.   PLEASE DESCRIBE SUPPLEMENTAL FILING REQUIREMENT (C)(3).**

18  A.   Supplemental Filing Requirement (C)(3) is the URL for Duke Energy Ohio's  
19      ultimate parent company's annual reports to shareholders for the past five years.

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

1 A. Supplemental Filing Requirement (C)(4) consists of the URL for the most recent  
2 Securities Exchange Commission Forms 10-K, 10-Q, and 8-K for Duke Energy and  
3 Subsidiary Registrants, which includes Duke Energy Ohio consolidated.<sup>1</sup>

#### IV. ACCOUNTING ADJUSTMENTS

4 **Q. WHAT ACCOUNTING ADJUSTMENTS DID YOU PROVIDE RELATED**  
5 **TO DUKE ENERGY OHIO'S CAPITAL STRUCTURE?**

6 A. Ms. Steinkuhl asked me to make two adjustments to the capital structure contained  
7 on Duke Energy Ohio's accounting books relating to the merger between Duke  
8 Energy and Cinergy Corp. As required under generally accepted accounting  
9 principles, the merger caused Duke Energy Ohio to apply purchase accounting to  
10 its assets and liabilities. As a result, Duke Energy Ohio wrote up the value of its  
11 assets and liabilities to fair market value as of the merger closing date, which caused  
12 an increase in the shareholder's equity component of the capital structure. My first  
13 adjustment, therefore, was to adjust Duke Energy Ohio's capital structure to  
14 eliminate the impact of purchase accounting. Second, I adjusted Duke Energy  
15 Ohio's capital structure to eliminate the remaining accounting impact of the  
16 generation assets contributed to Duke Energy Ohio by Duke Energy North  
17 America, LLC. Although these assets were later sold to a third party, there are still  
18 some accounting issues that need to be eliminated for retail ratemaking purposes.  
19 Workpaper WPD-1a shows these two adjustments to Duke Energy Ohio's capital  
20 structure. These two particular adjustments are consistent with adjustments made  
21 by the Company in its last two electric distribution rate cases and that have been

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<sup>1</sup> Duke Energy Ohio consolidated includes all of Duke Energy Ohio's gas and electric business plus its subsidiaries, including Duke Energy Kentucky and KO Transmission Company.

1           accepted by the Commission. I provided the adjusted capital structure to Mr. Bauer  
2           for his use in determining the capital structure for Duke Energy Ohio and in  
3           preparing Schedule D-1 and Schedule D-3.

**V.     CONCLUSION**

4     **Q.     WAS THE INFORMATION YOU SPONSORED IN SCHEDULES C-10.1**  
5           **AND 10.2, PAGES 2 AND 4 OF BOTH SCHEDULE D-5A AND SCHEDULE**  
6           **D-5B, AND SUPPLEMENTAL FILING REQUIREMENTS (C)(1), (C)(3),**  
7           **AND (C)(4) PREPARED BY YOU OR UNDER YOUR DIRECTION AND**  
8           **SUPERVISION?**

9     A.     Yes.

10    **Q.     IS THE INFORMATION YOU SPONSORED IN THOSE SCHEDULES**  
11          **AND SUPPLEMENTAL FILING REQUIREMENTS ACCURATE TO THE**  
12          **BEST OF YOUR KNOWLEDGE AND BELIEF?**

13    A.     Yes.

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

15    A.     Yes.



**This foregoing document was electronically filed with the Public Utilities**

**Commission of Ohio Docketing Information System on**

**10/15/2021 12:08:43 PM**

**in**

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

Summary: Testimony Direct Testimony of Danielle L. Weatherston 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