



## **TABLE OF CONTENTS**

	<b><u>PAGE</u></b>
<b>I. INTRODUCTION .....</b>	<b>1</b>
<b>II. BACKGROUND AND OVERVIEW OF RIDER PSR CALCULATION.....</b>	<b>3</b>
<b>III. CONCLUSION .....</b>	<b>5</b>

## **I. INTRODUCTION**

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

2   A.   My name is James E. Ziolkowski, and my business address is 139 East Fourth  
3       Street, 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 Director, Rates  
6       and Regulatory Planning. DEBS provides various administrative and other services  
7       to Duke Energy Ohio, Inc., (Duke Energy Ohio or the Company) and other  
8       affiliated companies of Duke Energy Corporation (Duke Energy).

9   **Q.   PLEASE SUMMARIZE YOUR EDUCATION AND PROFESSIONAL**  
10       **EXPERIENCE.**

11   A.   I received a Bachelor of Science degree in Mechanical Engineering from the U.S.  
12       Naval Academy in 1979 and a Master of Business Administration degree from  
13       Miami University in 1988. I am also a licensed Professional Engineer in the state  
14       of Ohio.

15       After graduating from the Naval Academy, I attended the Naval Nuclear  
16       Power School and other follow-on schools. I served as a nuclear-trained officer on  
17       various ships in the U.S. Navy through 1986. From 1988 through 1990, I worked  
18       for Mobil Oil Corporation as a Marine Marketing Representative in the New York  
19       City area.

20       I joined The Cincinnati Gas & Electric Company (CG&E) in 1990 as a  
21       Product Applications Engineer, in which capacity I designed and managed some of  
22       CG&E's demand side management programs, including Energy Audits and

1 Interruptible Rates. From 1996 until 1998, I was an Account Engineer and worked  
2 with large customers to resolve various service-related issues, particularly in the  
3 areas of billing, metering, and demand management. In 1998, I joined Cinergy  
4 Services, Inc.'s, Rate Department, where I focused on rate design and tariff  
5 administration. I was significantly involved with the initial unbundling and design  
6 of CG&E's retail electric rates. I was appointed to my current position in January  
7 2014.

8 **Q. PLEASE DESCRIBE YOUR DUTIES AS DIRECTOR, RATES AND**  
9 **REGULATORY PLANNING.**

10 A. I am responsible for various rider filings, tariff administration, billing, and revenue  
11 reporting issues in Ohio and Kentucky. I also prepare filings to modify charges and  
12 terms in retail tariffs of Duke Energy Ohio and Duke Energy Kentucky, Inc., (Duke  
13 Energy Kentucky) and develop rates for new services. During rate cases, I prepare  
14 cost of service studies and help with the design of the new base rates. I assisted in  
15 the development of the retail electric tariffs in the Company's Case No. 03-93-EL-  
16 ATA, which established the Company's market-based standard service offer.  
17 Additionally, I frequently work with customer contact and billing personnel of  
18 Duke Energy Ohio and Duke Energy Kentucky to answer rate-related questions and  
19 to apply the retail tariffs to specific situations. Occasionally, I meet with customers  
20 and Company representatives to explain rates or provide rate training. I also prepare  
21 reports that are required by regulatory authorities.

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

3   A.    Yes.  Most recently, I provided testimony before the Public Utilities Commission  
4       (Commission) of Ohio in support of Duke Energy Ohio's electric distribution base  
5       rate case, filed under Case No. 21-0887-EL-AIR.  I provided testimony before the  
6       Commission in support of Duke Energy Ohio's electric distribution base rate case and  
7       Electric Security Plan, filed under Case Number 17-0032-EL-AIR and Case No. 17-  
8       1263-EL-SSO, respectively.  I was also a witness in the Company's Electric Security  
9       Plan case, filed under Case Number 14-841-EL-SSO and the Energy Efficiency cases,  
10      filed under Case Number 16-576-EL-POR, 13-753-EL-RDR, Case No. 14-457-EL-  
11      RDR, Case No. 15-534-EL-RDR, Case No. 16-664-EL-RDR, Case No. 17-781-EL-  
12      RDR, Case No. 18-397-EL-RDR, Case No. 19-622-EL-RDR, Case No. 20-613-EL-  
13      RDR, and Case No. 21-482-EL-RDR.  I have testified in many other cases before the  
14      Commission.

15  **Q.     WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

16  A.    The purpose of my testimony is to provide information about the Company's Price  
17      Stabilization Rider (Rider PSR).  I discuss the history of the rider.  I also discuss  
18      the calculation of the rider, including allocation methodology and applicability.

II.    **BACKGROUND AND OVERVIEW OF RIDER PSR CALCULATION**

19  **Q.     PLEASE BRIEFLY DISCUSS THE HISTORY OF RIDER PSR.**

20  A.    Rider PSR was first approved in Duke Energy Ohio's electric security plan (ESP)  
21      proceeding for the period of June 1, 2015, through May 31, 2018.  *In re Duke*  
22      *Energy Ohio*, Case No. 14-841-EL-SSO, *et al.*, Opinion and Order (April 2, 2015).

1 At that time, the Commission concluded that Rider PSR met requirements set forth  
2 in R.C. 4928.143(B)(2)(d) and authorized the rider mechanism as a zero-  
3 placeholder rider. In March of 2017, Duke Energy Ohio filed an application to  
4 modify and amend Rider PSR and for approval to change its accounting methods.  
5 *In re Duke Energy Ohio*, Case No. 17-872-EL-ATA, *et al.*, Application (March 31,  
6 2017) (ESP4). These cases were resolved by stipulation. The Commission  
7 approved the terms of the stipulation on December 19, 2018, wherein the Company  
8 would adjust Rider PSR to recover or credit the net amount resulting from  
9 transactions incurred on or after January 1, 2018, through May 31, 2025, subject to  
10 final reconciliation, in the wholesale market, relating to Duke Energy Ohio's  
11 entitlement under the Amended and Restated Intercompany Power Agreement  
12 (ICPA) with the Ohio Valley Electric Corporation (OVEC). The Company  
13 implemented Rider PSR beginning with the April 2019 billing month. Rider PSR  
14 terminated after December 31, 2019. Unrecovered Rider PSR balances are  
15 recovered through Rider LGR, Legacy Generation Rider.

16 **Q. PLEASE DISCUSS THE RATE DESIGN AND OTHER DETAILS**  
17 **RELATED TO THE IMPLEMENTATION OF RIDER PSR.**

18 A. Duke Energy Ohio began billing Rider PSR in April 2019. Rider PSR was updated  
19 quarterly and temporarily approved thirty days after filing subject to subsequent  
20 reconciliation based upon an annual audit. Updated rates went into effect with July  
21 2019 billing and again with October 2019 billing. Rider PSR was set to zero at the  
22 end of 2019.

23 The Rider PSR revenue requirement for each quarterly filing consisted of

1 two pieces: a true-up of actual net gains/losses for preceding months offset by  
2 actual revenues for those months, and a one-year of forecast net gains/losses. The  
3 sum of these two pieces was grossed up by the Commercial Activity Tax rate. This  
4 total revenue requirement was allocated to each of the major rate classes based on  
5 50 percent demand (5CP, as used in Rider RC) and fifty percent energy (annual  
6 kWh obtained from Case No. 17-32-EL-AIR, *et al.*). The following table shows  
7 the combined allocation factors:

	Allocate Using:		
	5 CP Demand <sup>(a)</sup>	kWh Sales <sup>(a)</sup>	50% 5CP + 50% kWh
<b>Rate Classification</b>			
RS, ORH, CUR, RS3P, RSLI	43.87%	35.98%	39.93%
DM	3.48%	2.77%	3.13%
DS, DS-RTP, EH, GSFL, SFL-ADPL	33.60%	32.69%	33.15%
DP, DP-RTP	9.45%	10.81%	10.13%
TS, TS-RTP	9.56%	17.19%	13.37%
Lighting	0.04%	0.56%	0.30%
Total	100.00%	100.00%	100.00%

8 Rider PSR was billed to each of the rate classes on a per-kWh basis. The per-kWh  
9 rates were calculated by dividing the allocated revenue requirement, as described above,  
10 by the annual kWh for each rate class that was filed in Case No. 17-32-EL-AIR, *et al.*

### III. CONCLUSION

11 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

12 A. Yes.

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

**Commission of Ohio Docketing Information System on**

**10/19/2021 4:29:13 PM**

**in**

**Case No(s). 20-0167-EL-RDR**

Summary: Testimony Direct Testimony of James E. Ziolkowski electronically filed by Ms. Emily Olive on behalf of Duke Energy Ohio and D'Ascenzo, Rocco O. Mr. and Kingery, Jeanne W. Ms. and Vaysman, Larisa M. Ms.