Duke Energy Ohio Exhibit ______

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Annual Application of Duke Energy Ohio, Inc., for an Adjustment to Rider AMRP Rates.	))))	Case No. 21-1036-GA-RDR
In the Matter of the Application of Duke Energy Ohio, Inc., for Tariff Approval.	)))	Case No. 21-1037-GA-ATA

DIRECT TESTIMONY OF

DOUGLAS J. HEITKAMP

ON BEHALF OF

DUKE ENERGY OHIO, INC.

February 22, 2022

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I. INTRODUCTION AND PURPOSE

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Douglas J. Heitkamp and my business address is 139 East Fourth Street, Cincinnati, Ohio 45202.

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

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

Q. PLEASE SUMMARIZE YOUR EDUCATION AND PROFESSIONAL QUALIFICATIONS.

A. I earned a Bachelor of Science in Business Administration degree with a concentration in accounting from Saint Louis University and subsequently a Master of Science in Accountancy from the University of Notre Dame. I am a Certified Public Accountant licensed in Missouri. I began my career with Deloitte & Touche LLP as an audit associate in September 2008. In November 2009, I joined the internal audit department at Ameren Corporation, an electric and gas investor-owned utility based in St. Louis, Missouri. In 2013, I left Ameren for Macy’s, Inc., a national department store and online retailer, where I worked in internal audit initially and then in Selling Support as Manager, Investment Strategies. I began working at Duke Energy in May 2017, in the Rates and Regulatory Strategy department.

Q. PLEASE SUMMARIZE YOUR DUTIES AS LEAD ANALYST, RATES AND REGULATORY STRATEGY.

A. I organize and prepare financial and accounting data used in Duke Energy Ohio and Duke Energy Kentucky, Inc., retail rate filings and changes in various other rate recovery mechanisms.

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

A. Yes. I have testified in support of the application for the previous years' adjustments to Rider AMRP rates, in Case Nos. 19-1769-GA-RDR, 20-1526-GA-RDR and in support of one of the Company's annual SmartGrid Rider filings, Rider DR-IM, Case No. 18-0838-EL-RDR.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. I will explain the updated schedules filed by Duke Energy Ohio in this proceeding for both the Accelerated Main Replacement Program (AMRP) and the Riser Replacement Program (RRP). I will also support the reasonableness of Duke Energy Ohio's request for revised Rider AMRP rates.

II. EXPLANATION OF SCHEDULES

Q. PLEASE EXPLAIN SCHEDULES 1 AND 2.

A. Schedules 1 and 2 provide the annualized revenue requirement for Duke Energy Ohio's revised Rider AMRP rates based on the Net Rate Base of the AMRP (Schedule 1) and the RRP (Schedule 2) at December 31, 2021. The information on these schedules is supported by various other schedules from Schedules 3 through 14. Schedules 1 and 2 also include an approved pre-tax rate of return that reflects a reduction of the corporate federal tax rate from 35% to 21% as a result of the Tax Cut and Jobs Act of 2017 becoming law.

Q. PLEASE EXPLAIN SCHEDULE 3.

A. Schedule 3 provides the actual provision for depreciation from January 2021 through December 2021 to calculate the balance at December 31, 2021. This schedule provides information for the AMRP.

Q. PLEASE EXPLAIN SCHEDULES 4 AND 5.

A. Schedules 4 and 5 provide the Post In-Service Carrying Cost (PISCC) activity by month from January 2021 through December 2021 to calculate the balance at December 31, 2021. These schedules show that the only activity in 2021 is the actual PISCC amortization. Additionally, the Net PISCC Regulatory Asset for the periods is provided. Schedule 4 provides information for the AMRP and Schedule 5 provides information for the RRP.

Q. PLEASE EXPLAIN SCHEDULES 6-A, 6-B, AND 7.

A. Schedules 6-A, 6-B, and 7 provide the calculation of deferred taxes on liberalized depreciation for actual deferred taxes as of December 31, 2021. These deferred taxes are calculated only on the plant in-service added through the AMRP and the RRP since the date certain in the Company's last natural gas base rate case. The schedules also provide the calculation of excess deferred income taxes as of December 31, 2021. Schedules 6-A and 6-B provide information for the AMRP. Schedule 7 provides information for the RRP.

Q. PLEASE EXPLAIN SCHEDULE 8.

A. Schedule 8 provides the calculation of the annualized reduction in depreciation expense associated with retirements based on actual AMRP retirements from the date certain of the Company's last natural gas base rate case through 2021.

Q. PLEASE EXPLAIN SCHEDULE 9.

A. Schedule 9 provides a calculation of the annualized amortization of the PISCC accrued from the date certain of the Company's last natural gas base rate case through 2021 for AMRP.

Q. PLEASE EXPLAIN SCHEDULE 10.

A. Schedule 10 demonstrates that there are $312,532 of savings included in the Company's filing. In Case No. 10-2788-GA-RDR, the Company committed to savings of $929,670. Schedule 10 shows the savings of $617,138 when comparing the penultimate natural gas base rate case, Case No. 07-589-GA-AIR, *et al.*, to the most recent natural gas base rate case, Case No. 12-1685-GA-AIR, *et al*. The difference between the $929,670 and $617,138 is a guaranteed savings amount of $312,532, as shown on Schedule 10 and on the revenue requirement page, Schedule 1 for this Application. This schedule does not include any expenses for the Integrity Management Program.

Q. PLEASE EXPLAIN SCHEDULE 11.

A. Schedule 11 provides actual camera work expenses by month for the twelve months ended December 31, 2021.

Q. PLEASE EXPLAIN SCHEDULES 12 AND 13.

A. Schedules 12 and 13 provide the calculation of the annualized property tax expense based on actual additions and retirements to plant in-service from the date certain of the Company's last natural gas base rate case through 2015. This calculation follows the process used in Duke Energy Ohio's Annual Report to the Ohio Department of Taxation to determine the Net Property Valuation and uses the latest known average property tax rate per $1,000 of valuation. Schedule 12 provides information for the AMRP and Schedule 13 provides information for the RRP.

Q. PLEASE EXPLAIN SCHEDULE 14.

A. Schedule 14 provides the Rider AMRP charge by rate class using the allocation percentages for the AMRP and the RRP included in the Stipulation and Recommendation approved by the Commission in Case No. 12-1685-GA-AIR, *et al.*; the number of customer bills for the twelve months ended December 31, 2021; Mcf Sales to Interruptible Transportation customers for the twelve months ended December 31, 2021; and the annualized AMRP and RRP revenue requirement as calculated on Schedules 1 and 2. The Rider AMRP Rate Cap for 2021 for residential customers in accordance with the Stipulation and Recommendation is $4.00 per month.

III. REASONABLENESS OF REQUESTED RATE

Q. ARE YOU FAMILIAR WITH THE STIPULATION AND RECOMMENDATION FILED WITH THE COMMISSION ON APRIL 2, 2013, AND APPROVED BY THE COMMISSION IN ITS OPINION AND ORDER ON NOVEMBER 13, 2013, IN CASE NO. 12-1685-GA-AIR, *et al.*?

A. Yes.

Q. IN YOUR OPINION, HAS THE COMPANY STAYED UNDER THE RATE CAPS ESTABLISHED IN THAT BASE RATE CASE PROCEEDING?

A. Yes.

Q. HAVE YOU REVIEWED DUKE ENERGY OHIO'S APPLICATION IN THESE PROCEEDINGS?

A. Yes.

Q. DO YOU HAVE AN OPINION REGARDING WHETHER DUKE ENERGY OHIO'S REQUEST FOR NEW RIDER AMRP RATES IS REASONABLE?

A. Yes.

Q. PLEASE STATE YOUR OPINION.

A. Duke Energy Ohio's rate request is fair and reasonable. I believe that the costs of service are properly allocated to customer classes and the rate design was properly performed in accordance with the terms and conditions of the approved Stipulation and Recommendation. The proposed Rider AMRP rates are within the rate caps established in the Stipulation and Recommendation approved in Case No. 12-1685-GA-AIR, *et al*.

IV. <u>CONCLUSION</u>

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.