

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
)	

SUPPLEMENTAL DIRECT TESTIMONY OF

TIMOTHY J. DUFF

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: Community-Driven Investments

August 18, 2022

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I. INTRODUCTION AND PURPOSE

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

2 A. My name is Timothy J. Duff. My business address is 400 South Tryon Street,
3 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 General
6 Manager, Grid Strategy Enablement. DEBS provides various administrative and
7 other services to Duke Energy Ohio, Inc., (Duke Energy Ohio or Company) and
8 other affiliated companies of Duke Energy Corporation (Duke Energy).

9 **Q. ARE YOU THE SAME TIMOTHY J. DUFF THAT FILED DIRECT**
10 **TESTIMONY IN THESE PROCEEDINGS?**

11 A. Yes.

12 **Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL TESTIMONY IN**
13 **THESE PROCEEDINGS?**

14 A. My supplemental testimony describes and supports the Company's objections to
15 certain findings and recommendations contained in the Report by the Staff of the
16 Public Utilities Commission of Ohio (Staff) issued in these proceedings on May 19,
17 2022 (Staff Report). The Company filed its Objections to the Staff Report of
18 Investigation and Summary of Major Issues on June 17, 2022.

II. OBJECTIONS SPONSORED BY WITNESS

1 **Q. PLEASE EXPLAIN THE COMPANY'S OBJECTION NUMBER 28.**

2 A. Duke Energy Ohio objects to the Staff's recommendation that the Company's
3 proposal to create and implement its Community Driven Investment Rider (Rider
4 CDI) be denied.

5 **Q. DID THE STAFF PROVIDE ANY EXPLANATION WHY RIDER CDI**
6 **SHOULD BE DENIED.**

7 A. Staff's recommendation was based upon a concern with a lack of notice to local
8 rate payers or sufficient opportunity for engagement. Staff believes that customers
9 are more likely to pay attention to matters related to local improvements through
10 items included on a municipality or township's operating budget or specific items
11 proposed through a resolution or ordinance as compared to a proceeding before the
12 Commission. Second, Staff opines that some type of payment or financing plan
13 could be made available for communities to achieve a similar outcome.

14 **Q. DO YOU AGREE WITH THE STAFF'S CONCERN THAT RIDER CDI**
15 **WOULD ALLOW A PUBLIC AUTHORITY TO IMPOSE AN**
16 **OBLIGATION ON LOCAL RATEPAYERS WITHIN A TAX DISTRICT TO**
17 **PAY FOR PUBLIC INVESTMENTS WITHOUT PROPER NOTICE OR**
18 **SUFFICIENT OPPORTUNITY FOR ENGAGEMENT?**

19 A. No, I do not agree. While the decision to utilize Rider CDI to make an investment
20 in distribution system infrastructure for the betterment of a municipal authority falls
21 on the leadership of the municipal authority, the Staff provides no basis for the
22 claim that there would be less notice or opportunity for engagement around the

1 improvement. In fact, today when a municipal authority elects to make the type of
2 improvement that would be covered by CDI and directly pay for it, it simply falls
3 under the municipal authorities operating budget and is covered by the municipal
4 authority's tax revenues. Duke Energy Ohio fails to see how this current process
5 provides constituents any more transparency, clarity, or engagement regarding the
6 municipal authority's decision to invest in smart city technologies, such as
7 enhanced poles and conduit; distribution system undergrounding and beautification
8 projects; distribution system improvements to support electric vehicle (EV)
9 adoptions; and LED light conversions. In fact, because the Rider CDI charge is a
10 discreet charge on a constituent's electric bill and only associated with the
11 municipal authority's decision to invest in a specific distribution system investment
12 project, the transparency around the costs of the project are clearer and more
13 transparent to a constituent than if paid for by taxes.

14 Moreover, as to Staff's statements that customers will pay attention to
15 specific items proposed through an ordinance or resolution, that is exactly how
16 Rider CDI will work. Municipalities/Townships will follow their public process for
17 passing resolutions and ordinances for approving these projects and into a contract
18 with the Company. Governmental agencies have public notice obligations for
19 passage of resolutions and ordinances through open meetings. Then, the Company
20 and the governmental entity will proceed with a filing before the Commission.
21 Therefore, customers will have two opportunities for engagement, once before the
22 governmental entity and then again, before the Commission.

1 **Q. DOES THE COMPANY BELIEVE THAT A MUNICIPAL AUTHORITY**
2 **WILL BE INCLINED TO ENGAGE AND COMMUNICATE WITH ITS**
3 **CONSTITUENTS REGARDING ITS DECISION TO UTILIZE RIDER CDI**
4 **TO FUND DISTRIBUTION SYSTEM RELATED UPGRADES?**

5 A. Yes. The Company believes that municipal authorities will communicate with its
6 constituents regarding the decision to fund eligible distribution system investments
7 thru Rider CDI. The fact that the municipal authority is obligating its constituents
8 to pay a discreet charge on their electric bills will create the need to communicate,
9 but to alleviate any concern the Staff may have, the Company will create a
10 notification requirement in the special arrangement contract associated with a Rider
11 CDI project that it enters into with the municipal authority around constituent
12 notification. Essentially this contract provision will require the municipal authority
13 to communicate and engage its constituents around the Rider CDI project
14 description and benefits, as well as the monthly charge that constituents will be
15 obligated to pay, prior to initiating the project.

16 **Q. IS THE COMPANY WILLING TO ASSIST THE MUNICIPAL**
17 **AUTHORITY IN DEVELOPING COMMUNICATIONS TO**
18 **CONSTITUENTS AROUND THE MUNICIPAL AUTHORITY'S**
19 **DECISION TO UNDERTAKE A DISTRIBUTION SYSTEM RELATED**
20 **UPGRADES?**

21 A. While the responsibility to communicate with constituents regarding the decision
22 to fund a qualifying distribution system investment through Rider CDI falls on the
23 municipality authority, the Company is more than willing to assist in the

1 development of communication materials. The Company is uniquely positioned to
2 help describe the investment and the benefits that it will provide locally and to the
3 utility system. The Company believes that its assistance will help the municipal
4 authority best engage and create transparency with constituents regarding the
5 charge they will see on their electric bills.

6 **Q. HOW DO YOU RESPOND TO STAFF’S REASONING THAT SOME TYPE**
7 **OF PAYMENT OR FINANCING PLAN COULD BE MADE AVAILABLE**
8 **BY THE COMPANY IN LIEU OF RIDER CDI?**

9 A. As to the alternative financing plan, Staff’s recommendation is vague and
10 speculative. Staff makes no recommendation regarding what it means or intends by
11 “some type of payment or financing plan.” Even more glaring an omission is the
12 complete lack of rationale given by the Staff as to the manner that “some type of
13 payment or financing plan” would create more engagement around the cost of the
14 distribution system related project to be paid for by constituents thru tax revenues.

15 **Q. DOES DUKE ENERGY OHIO CONTINUE TO BELIEVE RIDER CDI IS**
16 **REASONABLE AND BENEFICIAL TO CUSTOMERS?**

17 A. Yes.

18 **Q. PLEASE EXPLAIN.**

19 A. The Company’s proposed CDI Rider will provide communities within its service
20 territory a voluntary flexible and affordable rate structure that enables the
21 leadership of communities to identify and pursue the electric distribution system
22 enhancements and improvements they desire and believe will benefit their
23 community. These investments, could drive additional private community

1 investment by attracting new businesses, and other economic development
2 opportunities. Constituents, who are obligated to pay for the portion of the
3 investment determined to provide only localized benefits have the ability to
4 understand the small cost they are being asked to pay in support of the community
5 enhancement as well as enjoy the localized benefits.

III. CONCLUSION

6 **Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL DIRECT**
7 **TESTIMONY?**

8 **A.** Yes, it does.

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Summary: Testimony Supplemental Direct Testimony of Timothy J. Duff on Behalf of Duke Energy Ohio, Inc. electronically filed by Mrs. Tammy M. Meyer on behalf of Duke Energy Ohio Inc. and D'Ascenzo, Rocco and Kingery, Jeanne and Akhbari, Elyse Hanson and Vaysman, Larisa and Brama, Elizabeth