

**BEFORE**

**THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of	)	
Duke Energy Ohio, Inc., for an Increase	)	Case No. 21-887-EL-AIR
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.	)	

---

**SUPPLEMENTAL TESTIMONY OF**

**AMY B. SPILLER**

**ON BEHALF OF**

**DUKE ENERGY OHIO, INC.**

**IN SUPPORT OF SETTLEMENT**

---

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

September 22, 2022

## **TABLE OF CONTENTS**

	<b><u>PAGE</u></b>
<b>I. INTRODUCTION.....</b>	<b>1</b>
<b>II. OVERVIEW OF THE STIPULATION .....</b>	<b>2</b>
<b>III. STANDARD FOR CONSIDERING THE REASONABLENESS OF A STIPULATION .....</b>	<b>10</b>
<b>IV. INTRODUCTION OF WITNESSES.....</b>	<b>14</b>
<b>V. CONCLUSION .....</b>	<b>15</b>

## **I. INTRODUCTION**

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

2 A. My name is Amy B. Spiller, and my business address is 139 East Fourth Street,  
3 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 State President  
6 of Duke Energy Ohio, Inc., (Duke Energy Ohio or the Company) and its subsidiary,  
7 Duke Energy Kentucky, Inc. (Duke Energy Kentucky). DEBS provides various  
8 administrative and other services to Duke Energy Ohio and other affiliated  
9 companies of Duke Energy Corporation (Duke Energy).

10 **Q. ARE YOU THE SAME AMY SPILLER WHO PROVIDED DIRECT**  
11 **TESTIMONY IN THESE PROCEEDINGS?**

12 A. Yes.

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

15 A. My Supplemental Direct Testimony describes and supports the Corrected  
16 Stipulation and Recommendation filed on September 19, 2022 (Stipulation), in  
17 these proceedings. In doing so, I discuss the terms and conditions of the Stipulation  
18 and explain how it:

- 19       • Resolves these proceedings in a fair and reasonable manner;  
20       • Provides numerous customer benefits; and  
21       • Satisfies the Commission's three-part test for reasonableness of a  
22 settlement.

1 I also introduce the Company's other witnesses who will testify in support of the  
2 Stipulation in these proceedings.

## 3 II. OVERVIEW OF THE STIPULATION

3 **Q. PLEASE BRIEFLY DESCRIBE DUKE ENERGY OHIO'S APPLICATION**  
4 **AND THE EVENTS LEADING TO THE STIPULATION FILED IN THESE**  
5 **PROCEEDINGS.**

6 A. On October 1, 2021, Duke Energy Ohio filed an Application seeking a review of  
7 our electric distribution base rates. Duke Energy Ohio's Application proposed to  
8 adjust electric distribution base rates to increase our annual electric distribution  
9 base revenues by approximately \$55 million, which equated to an approximate 3.3  
10 percent average increase to a customer's total bill. The Company's Application was  
11 driven by nearly \$800 million in increased rate base since our last electric  
12 distribution base rate proceeding, reflecting investments to enable a more reliable  
13 and resilient grid. The Company's Application was based upon a test year that  
14 spanned the twelve months beginning April 1, 2021, and ending March 31, 2022,  
15 with a date certain of June 30, 2021. The Company's Application also included, but  
16 was not limited to, the following components:

- 17 • Requested return on equity of 10.3 percent;
- 18 • A 50.5 percent equity-based capital structure;
- 19 • Rolling into base rates and/or resetting of various existing riders,  
20 including: (1) the Distribution Capital Investment Rider (Rider DCI);  
21 (2) the Electric Service Reliability Rider (Rider ESRR); (3) the  
22 Distribution Decoupling Rider (Rider DDR); (4) the Distribution Storm

- 1 Rider (Rider DSR); (5) the Electric Tax Cuts and Jobs Act Rider (Rider  
2 ETCJA); and (6) the Power Future Initiatives Rider (Rider PF);
- 3 • Public Information and Awareness Campaign;
  - 4 • Community-Driven Investments Rider (Rider CDI);
  - 5 • Continued development of our new Customer Connect, Customer  
6 Information System;
  - 7 • Revisions to our Economic Development Tariff;
  - 8 • Enhancements to our GoGreen Ohio program;
  - 9 • Fee-free electronic payment program;
  - 10 • A Retail Reconciliation Rider;
  - 11 • Street-Lighting LED conversions; and
  - 12 • Revisions to our Residential Time-of-Use rate.

13 The Company's Application was supported by the testimony of twenty Company  
14 witnesses, including me, and was subject to months of investigation by the  
15 Commission Staff (Staff) and numerous intervening parties that conducted  
16 extensive discovery. On May 19, 2022, the Staff issued their Report of  
17 Recommendations (Staff Report). Objections to the Staff Report were filed by the  
18 Company and intervening parties on June 17, 2022, and June 21, 2022, respectively.  
19 On June 28, 2022, a prehearing conference was scheduled by the Commission,  
20 which among other things, initiated settlement discussions to explore resolution of  
21 these proceedings. In the intervening months leading up to the filing of the  
22 Stipulation, Duke Energy Ohio met with the intervening parties numerous times,  
23 both individually and as a group, to discuss the issues raised in these proceedings.

1 To facilitate full participation, settlement discussions occurred in person, virtually,  
2 via telephone, and by electronic means. Following comprehensive and exhaustive  
3 negotiations, nearly all of the parties to these proceedings reached agreement to  
4 resolve the matters raised in the Company's Application. That agreement is  
5 contained in the Stipulation, which identifies all agreements, conditions, and terms  
6 between and among the parties that have agreed to the Stipulation (Signatory  
7 Parties) and those that have agreed not to oppose (Non-Opposing Parties).<sup>1</sup>

8 **Q. HAVE YOU REVIEWED THE STIPULATION FILED IN THESE**  
9 **PROCEEDINGS?**

10 A. Yes.

11 **Q. PLEASE PROVIDE A BRIEF OVERVIEW OF THE SIGNIFICANT**  
12 **TERMS OF THE STIPULATION.**

13 A. As summarized below, the Stipulation addresses all of the matters set forth in the  
14 Company's Application, as well as several other issues that were raised by the  
15 Signatory Parties and Non-Opposing Parties. By way of example, the Stipulation  
16 includes the following terms that address matters in the Company's Application:

- 17 • A revenue requirement for electric distribution service of \$578.1  
18 million, excluding all riders, which reflects an increase of \$22.6 million  
19 in overall electric distribution service revenues.
- 20 • Capital structure consisting of 50.5 percent equity and 49.5 percent debt;

---

<sup>1</sup> The Signatory Parties include: 1) Duke Energy Ohio; 2) Staff of the Commission; 3) the City of Cincinnati; 4) Ohio Energy Group; 5) Ohio Partners for Affordable Energy; 6) People Working Cooperatively; 7) Retail Energy Supply Association; 8) Wal-Mart Stores East, LP/Sam's Club East, Inc; 9) Interstate Gas Supply Inc; 10) One Energy Enterprises Inc.; 11) Nationwide Energy Partners, LLC; and 12) Citizens Utility Board of Ohio. The Non-Opposing Parties include: 1) Ohio Manufacturers' Association Energy Group; 2) The Kroger Company; and ChargePoint, Inc.

- 1                   • Return on equity of 9.5 percent;
- 2                   • Depreciation rates as proposed in the Company’s Application and as
- 3                   modified in the Staff Report;
- 4                   • A cost of service based upon a 64 percent allocation of base distribution
- 5                   revenues to residential customers and 36 percent allocation to non-
- 6                   residential customers;
- 7                   • Billing determinants based upon the test year actual weather normalized
- 8                   sales, except for lighting rates that will use the billing determinants in
- 9                   the Company’s Application;
- 10                  • Customer charges as follows:
  - 11                      • Rates RS, ORH, TD-CPP \$8.00 per bill;
  - 12                      • Rate RS3P \$10.50 per bill;
  - 13                      • Rate TD \$17.50 per bill;
  - 14                      • Rate RSLI remains at \$2.00 per bill;
  - 15                      • Rate DM \$12 per bill for single-phase service and \$24 per
  - 16                      bill for three-phase service;
  - 17                      • Rate TS \$197 per bill;
  - 18                      • All other non-residential as proposed in the Company’s
  - 19                      Application;
- 20                  • Revisions to caps on the Company’s Rider DCI with performance-based
- 21                   metrics through May 2025;
- 22                  • Revisions to the Company’s Rider ESRR for vegetation management
- 23                   expense as proposed in the Company’s Application and agreed to by

- 1                   Staff;
- 2                   • Revisions to and resetting of the Company’s Rider DSR;
- 3                   • Resetting of the baseline in the Company’s Rider DDR;
- 4                   • Withdrawal of the proposed fee-free electronic payment proposal and
- 5                   Rider CDI;
- 6                   • Approval of changes to the Company’s Economic Development tariff;
- 7                   • Withdrawal of proposed changes to the Company’s GoGreen program;
- 8                   • Implementation of a revised Time of Day/Critical Peak Pricing tariff
- 9                   (Rate TD-CPP); and
- 10                  • Changes to the Company’s LED Street Lighting tariff.

11                In addition, the Stipulation resolves issues raised by the Commission Staff and

12                intervening parties during the course of these proceedings, which resolution

13                produces additional benefits to customers, low-income interests, and competitive

14                retail electric service (CRES) providers. These benefits include, but are not limited

15                to:

- 16                  • Commitments to partner with low-income interests on future energy
- 17                    efficiency and demand side management programs;
- 18                  • Continuation of existing weatherization programs included in base
- 19                    electric distribution rates;
- 20                  • Coordination agreements between the Company and the City of
- 21                    Cincinnati regarding the City’s future investments in street lighting and
- 22                    new technologies; enhanced communication with outages impacting
- 23                    their water district facilities and facility relocations; and stability in



1 franchise fees, with the resolution of the franchise issue including a  
2 commitment from the City to use a portion of the franchise fee to fund  
3 low-income weatherization and bill assistance programs for qualifying  
4 City residents;

- 5 • Adjustments to various fees for CRES providers eliminating the End-  
6 Use Customer Enrollment/Switching Fee and the Customer Usage  
7 Request Charges, and reducing the fee for the Pre-Enrollment End Use  
8 Customer Information List, thereby reducing costs for CRES providers;
- 9 • Collaborative for evaluating supplier consolidated billing;
- 10 • Tariff clarifications for power brokers;
- 11 • A process to address a change in law related to a mandate to separate  
12 default service costs from distribution rates, should one come to pass;
- 13 Agreement to keep the Company's Field Collection Charge at current  
14 levels; and
- 15 • Modifications to the Company's residential tariffs to clarify that at a  
16 residential customer's request, the Company will waive late fees one  
17 time in a twelve-month period.

1   **Q.   PLEASE SUMMARIZE THE BENEFITS TO CUSTOMERS AND THE**  
2       **COMPANY THAT ARE PROVIDED BY THE PROPOSED STIPULATION.**

3   A.   In general, the Stipulation resolves these complex proceedings in a fair and  
4       balanced manner. Additionally, the settlement in these proceedings produces a  
5       more efficient resolution path than if all parties were to litigate all issues. Although  
6       this efficiency does not reduce overall litigation costs because one party is opposing  
7       this comprehensive and constructive agreement, it does reduce such costs for many  
8       of the Signatory Parties.

9               As explained by Company witnesses Sarah Lawler, Jeff Hesse, Bruce  
10       Sailers, Chris Bauer, and Dylan D'Ascendis, the Stipulation package, among other  
11       things, produces an overall lower revenue requirement and return on equity than  
12       that included in the Company's Application and caps on the Company's Rider DCI  
13       that are coupled with a reliability performance metric incentive. This settlement  
14       package results in a lower overall increase to all customers than what the Company  
15       requested in our Application. The agreed-upon allocations produce a fair  
16       distribution of the settled revenues that, as I explain further below, are consistent  
17       with recognized regulatory and rate-making practices and principles. The Company  
18       agreed to withdraw several proposals that intervening parties opposed and reached  
19       resolution on several proposals that were of importance to the Company. Overall,  
20       this produces a balancing of interests among the Stipulating Parties and Non-  
21       Opposing Parties.

22              Specifically, the quantifiable benefits that are made possible by the  
23       Stipulation include:

- 1                   • A 59 percent reduction in the Company’s revenue requirement  
2                   increase as compared to our Application;
- 3                   • An agreement not to increase the customer charge for low-income  
4                   customers;
- 5                   • A smaller increase to the residential customer charge than what was  
6                   proposed and supported in the Company’s cost of service study;
- 7                   • Commitments to continue existing funding for low-income  
8                   weatherization programs and the City of Cincinnati’s dedication of  
9                   funding for their own weatherization and bill assistance programs;
- 10                  • Commitments to partner with low-income interests to examine the  
11                  feasibility of introducing new energy efficiency and demand-side  
12                  management programs for low-income customers;
- 13                  • An agreement not to increase the Company’s field collection  
14                  charges;
- 15                  • Modifications to the Company’s residential tariffs to clarify that at  
16                  a residential customer’s request, the Company will waive one late  
17                  payment charge in any given twelve-month period, for residential  
18                  customers who miss a bill payment;
- 19                  • An agreement to lower caps on the Company’s Rider DCI, coupled  
20                  with a reliability performance-based incentive; and
- 21                  • Elimination of or reduction in certain tariffed charges and customer  
22                  choice participation conditions that could serve to enhance the  
23                  competitive market in Duke Energy Ohio’s service territory.

**III. STANDARD FOR CONSIDERING THE REASONABLENESS OF A  
STIPULATION**

1   **Q.    PLEASE IDENTIFY THE CRITERIA USED BY THE COMMISSION**  
2       **WHEN CONSIDERING APPROVAL OF A STIPULATION.**

3   A.    The Commission will approve a stipulation when it, as a total package, 1) is the  
4       product of serious bargaining among capable, knowledgeable parties; 2) does not  
5       violate any important regulatory principle or practice; and 3) benefits customers  
6       and the public interest.

7   **Q.    DOES THE STIPULATION, AS A TOTAL PACKAGE, REPRESENT THE**  
8       **PRODUCT OF SERIOUS BARGAINING AMONG CAPABLE,**  
9       **KNOWLEDGEABLE PARTIES?**

10  A.    Yes. The capability and knowledge of the Signatory Parties and Non-Opposing  
11       Parties and their counsel is readily apparent. The Signatory Parties and Non-  
12       Opposing Parties comprise stakeholder interests representing all customer classes  
13       as well as other interests. The Commission Staff represents all interests. The City  
14       of Cincinnati represents not only itself as a large governmental entity, but also its  
15       citizens that comprise residential and commercial businesses. Moreover, the City  
16       itself is a large energy user through its provision of water and sewer services to  
17       much of Hamilton County. Low-income interests are represented by the Ohio  
18       Partners for Affordable Energy and People Working Cooperatively. Non-  
19       residential interests are represented by the Ohio Energy Group, Walmart/Sam's  
20       Club, Ohio Manufacturers' Association Energy Group, and The Kroger Company.  
21       The Stipulation also includes Interstate Gas Supply and the Retail Energy Supply  
22       Association representing competitive marketers. One Energy Enterprises and

1 ChargePoint represent power broker and energy product suppliers, respectively. All  
2 of these parties regularly participate in rate proceedings before the Commission,  
3 are very knowledgeable in regulatory matters, and are represented in these  
4 proceedings by experienced, competent counsel.

5 The process that culminated in the Stipulation addressed all of the issues  
6 raised by the Signatory Parties and Non-Opposing Parties in these proceedings,  
7 with those issues being thoroughly reviewed, discussed, and to the extent agreement  
8 could be reached, resolved during negotiations. Despite the divergent interests  
9 among them, all parties, including the party deciding to oppose the Stipulation, had  
10 the opportunity to express their opinions during the negotiation process. These  
11 proceedings have been pending before the Commission for nearly a year and all  
12 parties have had the opportunity to conduct significant discovery and ample time  
13 to review the Company's Application, Direct Testimony, Objections, and  
14 Supplemental Testimony supporting objections. As a total package, this Stipulation  
15 represents a balance of issues raised in these proceedings and achieves a reasonable  
16 outcome.

17 **Q. DOES THE STIPULATION VIOLATE ANY IMPORTANT**  
18 **REGULATORY PRINCIPLE OR PRACTICE?**

19 **A.** No. Based upon my experience, involvement in these proceedings, and review of  
20 the Stipulation, I believe that it complies with all relevant and important principles  
21 and practices. This Stipulation provides certainty to all stakeholders by resolving  
22 these proceedings in a fair and balanced way. The Stipulation addresses the

1 Company's revenue deficiency and enables recovery of reasonable costs to  
2 continue providing safe, reliable, and reasonable electric distribution service.

3 In her Second Supplemental Testimony Supporting the Stipulation,  
4 Company witness Lawler addresses, among other things, how the stipulated  
5 revenue requirement was calculated and explains how this amount is consistent  
6 with the important regulatory principles of gradualism, avoids unreasonable  
7 subsidies, and follows cost causation principles. Witness Bauer discusses how the  
8 settlement is in the public interest insofar as enabling Duke Energy Ohio to  
9 maintain sufficient credit metrics to attract and access capital to continue to invest  
10 in our system. Duke Energy Ohio witness D'Ascendis explains how the agreed-  
11 upon return on equity provides an opportunity for the Company to earn a reasonable  
12 return, which, in turn, helps maintain the financial integrity critically needed for  
13 ongoing operation. Company witness Hesse describes how the reliability-based  
14 capital investment provisions in the Stipulation are reasonable and will provide the  
15 Company the opportunity to continue investing in our electric distribution system  
16 to provide safe and reliable electric service. Company witness Sailers describes and  
17 supports the various tariff changes that were agreed to in the Stipulation.

18 **Q. DOES THE STIPULATION, AS A TOTAL PACKAGE, BENEFIT**  
19 **CUSTOMERS AND THE PUBLIC INTEREST?**

20 A. Yes. As I previously discussed, and as agreed upon by the Signatory and Non-  
21 Opposing Parties, the Stipulation provides numerous and significant benefits across  
22 all customer groups and for interested stakeholders. Moreover, this Stipulation  
23 provides certainty to Duke Energy Ohio and, if approved without material

1 modification, will allow the Company sufficient revenues to continue to provide  
2 safe, reliable and necessary electric distribution service, while providing an  
3 opportunity to continue to receive timely recovery of a portion of our distribution  
4 capital investments, coupled with an incentive to achieve a new reliability metric.

5 All stakeholders and customers benefit from an electric utility that is able  
6 to operate with sufficient revenues to cover its ongoing costs of operations and  
7 receives a reasonable opportunity to earn a return on its invested capital. The  
8 constructive outcome in this Stipulation, if unmodified in any material respect,  
9 should allow the Company to maintain sufficient credit metrics through funds from  
10 operations to access capital markets as necessary to attract investors at reasonable  
11 rates.

12 As I previously described, and as further explained by other Company  
13 witnesses, the public interest benefits embodied in the Stipulation are numerous  
14 and apparent. The most significant of such benefits include: 1) a lower overall  
15 revenue increase, including a lower return on equity than requested; 2) new tariffs  
16 and programs for customers, such as enhancements to the Company's LED tariff  
17 and economic development tariff; 3) redefining the Rider DCI annual revenue caps  
18 and adding a new performance-based reliability metric to the level of potential rider  
19 recovery; 4) agreement to withdraw several proposals; and 5) resetting of several  
20 riders.

21 The Stipulation provides enhancements to the competitive market,  
22 including: 1) reduction in or elimination of certain fees paid by suppliers; 2) credit  
23 and testing exemptions for certain types of power brokers; and 3) a process for

1 examination of supplier consolidated billing issues. The Stipulation includes  
2 additional customer protections, including, but not limited to: 1) an agreement not  
3 to increase the residential low-income customer charge; 2) agreement not to  
4 increase the field collection charge; 3) lower increase to the residential customer  
5 charges than supported by the cost of service study; and 4) commitments to  
6 continue existing funding for bill assistance and low-income energy  
7 efficiency/weatherization programs and to explore development of new programs.  
8 All of these settlement terms are in furtherance of the general public interest and  
9 provide direct benefits to both customers and other stakeholders. Further, many of  
10 the aforementioned terms would not have been realized in a fully litigated  
11 proceeding.

#### IV. INTRODUCTION OF WITNESSES

12 **Q. PLEASE INTRODUCE THE OTHER COMPANY WITNESSES IN THESE**  
13 **PROCEEDINGS WHO ARE SUPPORTING THE STIPULATION.**

14 **A.** I identify below the other individuals who will present testimony on behalf of Duke  
15 Energy Ohio, as well as the subject matters of their respective testimony:

- 16 • Christopher R. Bauer, Director, Corporate Finance, and Assistant  
17 Treasurer, discusses the Company's credit ratings, financial objectives,  
18 cash requirements, and capital structure;
- 19 • Dylan W. D'Ascendis, Director, Scott Madden Associates, offers  
20 testimony on the reasonableness of the stipulated rate of return;
- 21 • Jeffrey W. Hesse, Director of Asset Design, presents testimony  
22 regarding the resolution of the Company's Rider DCI annual caps and



1 the performance-based reliability target that incentivizes the Company  
2 to meet a SAIDI target;

3 • Sarah E. Lawler, Vice President, Rates and Regulatory Strategy  
4 OH/KY, provides a detailed overview of agreed-upon revenue  
5 requirement, rate impacts, and other terms and conditions; and

6 • Bruce L. Sailors, Manager Rates and Regulatory Strategy, offers  
7 testimony as to the agreed upon rate design and tariff language changes.

#### V. CONCLUSION

8 **Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL DIRECT**  
9 **TESTIMONY?**

10 A. Yes.

**This foregoing document was electronically filed with the Public Utilities  
Commission of Ohio Docketing Information System on**

**9/22/2022 3:42:43 PM**

**in**

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

Summary: Testimony Supplemental Testimony of Amy Spiller electronically filed by Mrs. Debbie L. Gates on behalf of Duke Energy Ohio Inc. and D'Ascenzo, Rocco O. Mr. and Kingery, Jeanne W and Vaysman, Larisa and Akhbari, Elyse