

REBUTTAL TESTIMONY OF PHILLIP O. STILLMAN
MANAGING DIRECTOR, LOAD FORECAST & CORPORATE STRATEGIC
REGULATORY INITIATIVES
DUKE ENERGY BUSINESS SERVICES LLC
ON BEHALF OF DUKE ENERGY INDIANA, LLC
CAUSE NO. 43955 DSM-8
BEFORE THE INDIANA UTILITY REGULATORY COMMISSION

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Phillip O. Stillman, and my business address is 550 South Tryon Street, Charlotte, North Carolina.

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

A. I am employed as Managing Director, Load Forecast & Corporate Strategic Regulatory Initiatives by Duke Energy Business Services LLC, a service company subsidiary of Duke Energy Corporation ("Duke Energy") and a non-utility affiliate of Duke Energy Indiana, LLC ("Duke Energy Indiana" or "Company").

Q. PLEASE BRIEFLY DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND.

A. I am a graduate of Catawba College, where I received a Bachelor of Arts Degree in Accounting and Business. I have also received a Master of Business Administration degree from the McColl Graduate School of Business at Queens University of Charlotte. I am a certified public accountant licensed in the state of North Carolina.

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1 I began my career with Duke Power Company (now known as Duke
2 Energy Carolinas, LLC (“Duke Energy Carolinas”)) in 1986 as a staff accountant
3 and have held a variety of positions in the finance, regulatory, and planning
4 organizations. From 1992 to 2004, I served in various roles in the Financial
5 Budgeting, Strategic Planning, and Load Forecasting areas. During this time, I
6 was named Director Financial Modeling and Load Forecasting. In 2004, I was
7 appointed Director Financial and Regulatory Accounting. In this role, I was
8 responsible for the general accounting functions and the books and records of
9 Duke Energy Carolinas. I joined the Rates & Regulatory Department in 2007 as
10 Director Regulatory Strategy & Research. In 2014, I entered the role of Director
11 Load Forecast & Fundamentals, and just recently, this role was expanded to
12 Managing Director, Load Forecast & Corporate Strategic Regulatory Initiatives.
13 In this role, I oversee the development of the long-term electric load forecasts for
14 each of Duke Energy’s electric service territories, as well as the long-term gas
15 forecast for the Ohio and Kentucky operations.

16 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY IN THIS**
17 **PROCEEDING?**

18 A. I am responding to the testimony of Citizens Action Coalition of Indiana, Inc.
19 (“CAC”) Witness Jim Grevatt and his concerns and statements about the
20 Company’s load forecast.

1 **II. THE LOAD FORECAST**

2 **Q. FOR PURPOSES OF THIS PROCEEDING, WHAT IS A LOAD**
3 **FORECAST?**

4 A. The load forecast is an estimation of future customers, energy, and demand
5 requirements that will be placed on the Duke Energy Indiana system. These
6 projections are developed with econometric models supplied by ITRON, and take
7 into consideration such variables as key economic factors, average weather,
8 appliance efficiency trends, rooftop solar trends, and electric vehicle trends.

9 **Q. HOW IS THE LOAD FORECAST USED BY THE COMPANY?**

10 A. The load forecast is a single source of the Company's view of future energy sales,
11 peaks, and customers. It is used by multiple planning organizations throughout
12 the Company to inform them of future revenues, fuel needs, capacity needs,
13 customer growth, etc.

14 **Q. HOW OFTEN DOES THE COMPANY UPDATE ITS LOAD FORECAST?**

15 A. The Company generally updates the load forecast twice a year, once in the spring
16 and once in the fall.

17 **Q. WHAT LOAD FORECAST WAS USED IN THIS PROCEEDING?**

18 A. The forecast that was prepared in the spring of 2017.

19 **Q. HOW DO YOU RESPOND TO MR. GREVATT'S TESTIMONY (PAGE 7,**
20 **LINES 16-18) THAT THE 2017 LOAD FORECAST PROJECTED THAT**
21 **ELECTRICITY USE IS FORECASTED TO INCREASE BY 21% FROM**
22 **2018 THROUGH 2042?**

1 A. Mr. Grevatt is correct in saying that over the 24-year period (2018 to 2042), the
2 spring 2017 forecast as used by Nexant in the Market Potential Study, showed an
3 expected increase in sales of twenty-one percent (21%). Nexant showed this in
4 figure 3-6 on page 22 of the Market Potential Study. However, I would caution
5 that it can sometimes be misleading to quote a growth figure over a long period of
6 time such as this. For example, for sales to grow twenty-one percent (21%) over
7 24 years, that would mean the average yearly growth was only 0.8%. On top of
8 that, Nexant's figure 3-6 was showing what the sales growth would be excluding
9 the impact of the energy efficiency programs that are discussed in this study.
10 Therefore, when you include the impacts of the expected level of energy
11 efficiency programs, the growth rate would be lower.

12 **Q. IS MR. GREVATT CORRECT IN SAYING THERE IS A CONCERNING**
13 **DISCREPANCY BETWEEN THE SPRING 2017 AND SPRING 2018**
14 **FORECASTS?**

15 A. No. There are several issues that need to be taken into consideration before you
16 can perform the comparison Mr. Grevatt attempted to do. The two largest
17 considerations are:

18 1. **Time Period:** The Market Potential Study shows the expected
19 level of growth over a 24-year period while the IRP shows only 20
20 years. You should not compare cumulative growth in sales over
21 time if the two study periods are not the same.

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2. **Energy Efficiency Programs:** As I mentioned above, the forecast quoted in the Nexant Market Potential Study does not include the impacts of the energy efficiency programs.

If I were to correct for these differences, and then make the same comparison Mr. Grevatt attempted, you would see the spring 2017 and spring 2018 forecasts are very similar. See the table below.

	Spring 2017 (as shown in the Nexant study)	Spring 2017 (adjusted to include EE, etc.)	Spring 2018 (as shown in the 2019 IRP)
2018 – 2038 growth rate	17%	13%	13%
Average annual growth rate	0.7%	0.5%	0.5%

Q. MR. GREVATT ALSO MENTIONS THAT THESE FORECASTS ARE SHOWING SIGNIFICANT LEVELS OF GROWTH. IN YOUR EXPERIENCE, ARE THE GROWTH LEVELS YOU SHOW ABOVE SIGNIFICANTLY ABOVE THE GROWTH RATES OF OTHER UTILITIES?

A. No. There are multiple examples of publicly available data we look at as we prepare our forecasts to ensure our internal studies are not producing forecast results that are outliers. For purposes of comparison, I went to some of these reports and show a comparison below:

1 1. **Indiana Utility Regulatory Commission 2018 Report on the**
2 **Statewide Analysis of Future Resource Requirements for**
3 **Electricity:** Page 9 of this report shows the most current annual
4 average growth rates reported by each Indiana utility. One
5 company (Indiana Michigan) reported annual growth of 0.1%;
6 however, the remaining companies' growth rates ranged from
7 0.3% to 0.8%.

8 2. **2019 Statewide Electricity Forecast Report from the State**
9 **Utility Forecasting Group:** Page 1-3 shows a chart of the
10 average annual growth rates published in this report over the last 3
11 cycles. The report that was prepared in 2017 showed an average
12 annual growth rate of 1.12%, while the most current report is
13 showing an average annual growth rate of 0.67%.

14 In addition to the two sources I mention above, we also look at EIA's Annual
15 Report, other peer companies as they report quarterly earnings and provide
16 growth projections to investors, and the forecasts developed for the other Duke
17 Energy utilities. In all cases, the growth rates we show above for Duke Energy
18 Indiana do not appear to be significantly in contrast with other utilities.

1

III. CONCLUSION

2 **Q. ARE THE LOAD FORECAST GROWTH RATES USED IN THIS**
3 **PROCEEDING REASONABLE?**


4 **A. Yes.**

5 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

6 **A. Yes, it does.**

VERIFICATION

I hereby verify under the penalties of perjury that the foregoing representations are true to the best of my knowledge, information and belief.

Signed: 
Phillip O. Stillman

Dated: 3-19-20