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BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Self-Complaint of Columbus Southern Power Company and Ohio Power Company Concerning the Implementation of Programs to Enhance Their Currently Reasonable Level of Distribution Service Reliability.	))))))	Case No. 06-222-EL-~~UNC~~ SLF

THE OFFICE OF THE OHIO CONSUMERS' COUNSEL NOTICE OF FILING DEPOSITIONS

Pursuant to Ohio Adm. Code 4901-1-21, The Office of the Ohio Consumers' Counsel gives notice of filing the deposition of David M. Roush, which was taken on December 18, 2006; the depositions of Gene Jensen and Robert Ivinskas, which were taken on January 8, 2007; the depositions of Karlen Cooper and Paul Johnson, which were taken on January 9, 2007; and the deposition of Kevin Walker, which was taken on January 12, 2007.

Respectfully submitted,

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CERTIFICATE OF SERVICE

It is hereby certified that a true copy of the foregoing *Ohio Consumers' Counsel's Notice of Filing deposition*, was served via Electronic Mail, this 8th day of March, 2007.

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BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

- - -

In the Matter of:

	:	Case No. 06-222-EL-SLF
The Self-Complaint of	:	
Columbus Southern Power	:	
Company and Ohio Power	:	
Company Concerning the	:	
Implementation of Programs	:	
to Enhance their Currently	:	
Reasonable Level of	:	
Distribution Service	:	
Reliability.	:	

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DEPOSITION

of David M. Roush, taken before me, Rosemary F. Anderson, a Notary Public in and for the State of Ohio, at the offices of Ohio Consumers' Counsel, 10 West Broad Street, 18th Floor, Columbus, Ohio, on Monday, December 18, 2006, at 1:00 p.m.

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ALSO PRESENT:

IEU
Mr. Joseph Bowser

OCC

Ms. Karen Hardie
Mr. Jim Williams

PUCO STAFF

Mr. Joseph Buckley
Mr. Davie Hodgden
Mr. John Williams

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Monday Afternoon Session,

December 18, 2006.

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STIPULATIONS

It is stipulated by and among counsel for the respective parties that the deposition of David M. Roush, a Witness called by the Consumers' Counsel under the applicable Rules of Civil Procedure, may be reduced to writing in stenotypy by the Notary, whose notes thereafter may be transcribed out of the presence of the witness; and that proof of the official character and qualification of the Notary is waived.

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MR. SMALL: This deposition is taken by notice to the utilities and agreed to with counsel as far as date and time in case No. 06-222-EL-SLF before the Public Utilities Commission of Ohio.

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DAVID M. ROUSH

being by me first duly sworn, as hereinafter certified, deposes and says as follows:

EXAMINATION

By Mr. Small:

Q. Mr. Roush, would you please state your name and spell your last name for the record?

A. My name is David M. Roush, R-O-U-S-H.

Q. And who is your employer?

A. I am employed by American Electric Power Service Corporation.

Q. And you have participated in the preparation or submission of what I have in front of me, the direct testimony of David M. Roush in the case that I just mentioned.

A. Yes. That testimony was submitted on October 6, 2006.

Q. All right. And that was on behalf of Columbus Southern Power and Ohio Power Company.

A. Yes, sir.

Q. Mr. Roush, have you ever had your deposition taken before?

A. Yes, I have.

Q. And in what instances did you do that?

A. It's hard to keep track of the case. I believe it was in the rate stabilization plan proceeding.

Q. Involving American Electric Power?

A. Yes; Columbus Southern Power and Ohio Power.

Q. Okay. I have few preliminary things I want to get out of the way. That's one of them. If I refer to American Electric Power, understand that I mean Columbus Southern Power and Ohio Power collectively. Do you understand that?

A. Yes, I do.

Q. I think we are all pretty comfortable with that terminology.

A few other matters, you have had your deposition taken. Some of this may be familiar to you. Please respond to my questions audibly. It's a little difficult for the court reporter to take down nods and shakes. Respond orally. Please inform me if you don't understand any of my questions. I may be able to clarify or repeat or phrase the question in another way.

Let me know if you need to go back and clarify something in a previous question just to make sure that your responses are complete here today. Let me know if you need a break. I do expect the deposition to take most of the afternoon, and we'll probably take at least one break, but if you need a drink or to take a restroom break or anything else, let me know. We will probably find a convenient break point between questions.

I do ask we not take a break while a question is pending, but between questions we can do some sort of break.

Your counsel may interject objections during the examination. After the objection is entered by the court reporter, please respond to my question unless your counsel has instructed you not to respond to my question.

Do you understand all those items?

A. Yes, I believe I do.

Q. Okay. And do you have any impairment, taking medication, anything else that would impair your ability to respond to my questions here today?

A. No, I'm not.

Q. Okay. As far as the materials you have in front of you, you have a copy of your prefiled testimony and the plan, the American Electric Power Reliability Plan that was filed on October 6, 2006; is that correct?

A. Yes, I have both of those documents.

Q. Okay. Again, as far as terminology, I will refer to it as the plan or AEP's plan. When I say that, I'm referring to the document filed on October 26 containing AEP's statements regarding reliability. I won't characterize it otherwise. Do you understand that?

A. I understand.

Q. We may have some other documents, but, for the most part, we will be using those two documents.

Okay, to your testimony. I will be directing your attention to certain portions of your testimony. On page 1 of your testimony you describe programs. Other than your educational background, you describe an EEI, Electric Rate Fundamentals program and Advanced Courses. Could you describe

when did you participate in those?
A. I do not recall specifically, but I believe the fundamentals course was right around 1990. The advanced course was sometime in the mid '90s.
Q. And what were those courses?
A. Those courses were courses that EEI offered on the basics of rate-making, cost of service, rate design and also some personal topics that they selected.
Q. And how long did those programs go on?
A. If I remember correctly, the fundamentals course was a week long program. The advanced course was about a half week.
Q. Okay. Moving on to page 2 of your testimony, on page 2 you state that you are the manager - regulated pricing and analysis. Who do you report to? Is that your current position?
A. Yes, it is.
Q. And who do you report to in that position?
A. My direct supervisor is Dennis Bethel.
Q. What is his title?
A. I believe it is director of regulated

tariffs.

Q. It's a little bit hard to tell from the titles. Are you a part of a department, division, something like that, that has a name?

A. In general the department I work in is a regulatory department.

Q. Do you have a vice president in charge of that unit?

A. That would be Craig Baker.

Q. And he is a vice president?

A. I believe he may be a senior vice president.

Q. Okay. That's what I had in mind.

In your particular position as manager of regulated pricing and analysis, what are your duties in that position?

A. My responsibilities include preparing cost of service and rate design analyses for the various AEP system operating companies and also preparing special contracts and pricing for customers.

Q. You took the position in 2003. How many cost-of-service studies has your group conducted since you took that position?

A. It's only an estimate. I'd say somewhere between a half dozen and a dozen of various types.

Q. Have there been any in Ohio?

A. I cannot think of any for Ohio.

Q. Okay. I'm not sure we want to go through them all if there's 6 or 12 of them, but maybe you can tell me what the last one you prepared, what activity, regulatory filing, or whatever it was connected with.

A. Probably the -- I don't know whether it's the most recent, but we just completed not that long ago a Kentucky rate case.

Q. And were any of the other cost-of-service studies that you have prepared since taking the position in 2003 been for rate cases?

A. No. I believe that's the only one that was for a traditional retail rate case.

Q. Since AEP's merger with Central Southwest, have you peen preparing cost-of-service studies or doing rate design work for what is commonly referred to as AEP West?

A. We provide -- the Columbus office provides assistance to the people in the Tulsa office that has the direct responsibility.

Q. Those would not be included in the 6 to 12 you talked about.

A. No.

Q. What other purpose -- what other function does the cost-of-service study serve other than for rate-making purposes? What would constitute the purposes for the other cost-of-service studies?

A. The other studies may not have been retail studies. A number of them were jurisdictional studies for wholesale ratemaking purposes or evaluating wholesale pricing mechanisms.

Q. Is it fair then to say that the Kentucky rate case is the only one you've been responsible for as the manager for preparing a cost of service for a retail situation, retail ratemaking situation?

A. Since I've been manager -- since July 2003, that's the only retail cost of service I believe we filed in a rate case under my direct supervision.

Q. On page 2, staying with page 2 and going to the middle of the page, you mention testimony in a variety of states. Maybe working backwards from Ohio there, what was the topic of your testimony in those cases? When I say "backwards," I mean Ohio, Kentucky, Michigan, Indiana. What was the Ohio testimony that you're referring to there?

A. I have submitted testimony in Ohio in the bundling proceedings and the ETP cases in the context, I believe it was rate design.

Q. Was that before you took your managerial position?

A. That's correct. That's correct. That was in 1999. I have also testified in Ohio in the company's rate stabilization plan, the company's IGCC case, the company's storm -- well, no, I take that back. I don't believe I submitted testimony in the storm case.

Q. Did you submit testimony in a case that involved the acquisition of Mon Power?

A. That's correct, I submitted testimony in the Monongahela case.

Q. I call it Mon Power so I don't have to stumble over that. Does that sound like a fairly complete list?

A. I believe so.

Q. Four pieces of testimony?

A. I believe so. I may have overlooked one.

Q. I understand those pretty well. How

about Kentucky?

A. Kentucky, I submitted testimony in their rate case proceeding, the most recent rate case proceeding, and also an Energy Policy Act proceeding.

Q. Was that Energy Policy Act proceeding having to do with implementation of certain provisions in the Energy Policy Act of 2005?

A. If I'm remembering the testimony correctly, it was concerning smart metering and time-of-use type programs.

Q. I think that was a yes because that was the subject matter of the Energy Policy Act of '05.

A. I believe there were four different topics in the Energy Policy Act of 2005.

Q. Absolutely. We had a similar proceeding in Ohio. Did you have anything to do with a similar proceeding in Ohio, which was the 05-1500 proceeding?

A. I didn't have testimony in that the proceeding. I believe I presented information at three of the four technical conferences.

Q. I was in the audience myself. Did that include testimony on smart metering?

A. Yes, I believe it did.

Q. What was your role in the smart

metering -- we're going back to Ohio here because you piqued my interest. What was your role in I believe the panel discussion of smart metering?

A. I believe the portion I presented was related to the time-of-use programs that the company currently offers.

Q. So it was with a description of the programs the company already has.

A. That's correct.

Q. Do you participate in AEP's development of its smart metering or advanced metering initiatives, programs, proposals, just generally in that field? Really, the question, you were selected as a spokesperson for AEP, and I'm asking what's your participation in that back at the office.

A. Sure. My focus is primarily on the rates and tariffs, not on the actual technology itself.

Q. Okay. Because you were describing something that was -- not the metering, but you were describing the rate related portion, that's the reason you became involved in the panel discussions in Ohio.

A. I believe that's correct.

Q. Okay. And the description of the Ohio tariffs having to do with time of use, that's what you were describing.

A. Yes. If I remember the presentation correctly, yes.

Q. Okay. All right. Sorry for the detour, but we are back at Michigan and Indiana. What did you do for testimony in Michigan and Indiana?

A. My testimony in Michigan was related to the restructuring Customer Choice proceedings there. That testimony I recall in Indiana was related to stand-by service, special contract.

Q. And with respect to electric restructuring in Michigan, what was your portion of AEP's presentation?

A. I believe it was primarily related to the unbundling of the rates.

Q. Similar to your work in Ohio when you testified then in the ETP cases.

A. I believe so. You're testing my memory because they're both back in the late '90s, but I believe they were similar.

Q. Okay. Let's go to page 3 of your testimony. At the top of page 3 you list five exhibits. What role did you take in the preparation of those five exhibits?

A. I either prepared them, or they were prepared under my supervision by somebody else for me.

Q. Okay. So the exhibits you have attached to your testimony would have all been prepared within the unit that you manage as the manager of regulated pricing analysis.

A. Yes, that's correct.

Q. And as far as the calculations that are either on those sheets or derived from those sheets, is it also true that either you or the group that you manage performed those calculations?

A. Yes.

Q. And as far as the plan, again, the AEP plan that was filed on October 6 -- I guess that's not really descriptive. Everything was filed on October 6, but there was a plan that was not part of the testimony. What role did you have in the preparation of the plan, AEP's plan?

A. I would have reviewed various drafts submitted for comment.

Q. So your role was editorial.

A. Yes.

Q. Okay. But you or your group were not involved in doing the actual calculations that appear in the plan. There were a number of numerical exercises done in the plan. Your group is not responsible for preparing those numbers; is that correct?

A. Only if they were pulled from my exhibits in some way, shape or form.

Q. Do you know of any circumstances where the information went from you to the plan rather than from the plan to your work?

A. Yes.

Q. Okay. Could you point out those instances?

A. One instance is on page 51.

Q. Okay, move slowly so everybody can stay with you.

A. Sure. Page 51, chart 28D, the line labeled "Base Reliability Inflation."

Q. Where is that line?

A. It is the next-to-last line in the chart.

Q. Okay. What about the numbers here?

A. Those numbers came directly from DMR Exhibit 1.

Q. Okay. Now, I understand from your testimony -- we're skipping ahead a little bit, but let's take care of this. The inflation numbers that you calculated used values taken from Mr. Jensen; is that correct? I believe your testimony says the 5.5 percent inflation rate was provided to you by Mr. Jensen; is that correct?

A. That is correct.

Q. So he would have had something to do with these numbers as well on page 51 of the plan because they relate to inflation; is that correct?

A. That is correct because they were derived using his 5.5 percent factor, in part.

Q. So I understand the relationship, he's providing you input values, you're doing valuation calculations, and you provided those calculations, and they were inserted into the plan. Is that a fair statement?

A. Yes, I believe it is.

Q. Anything else in the plan that came from you?

A. No, I do not see any. I finished looking through. I don't see any other values that came from me in the plan.

Q. It's kind of a follow-up. We will be looking through the plan a little more later on. If anything strikes your attention as we go through it, let me know.

I should have included those instructions. If you need time to look at your documents on read your testimony, please take that opportunity to become clear about everything you think it is you need to be clear about.

A. Thank you.

Q. Page 3, we're back to your testimony, lines 11 through 20, the middle question and answer on that page, and if you could keep your finger in that page and also look at DMR Exhibit 2, 1 of 7. Do you have that?

A. Yes, I do.

Q. Okay. Now, the question and answer relate to the included costs of having to do with reliability, and that is also the subject of your DMR Exhibit 2, page 1 of 7, which is entitled Projected Reliability Expenditures. How does AEP determine which expenses are related to reliability? There is a distinction being made, I believe, between reliability expenditures and other expenditures on distribution functions. How does AEP determine which functions are related to reliability?

A. I don't know how.

Q. Okay.

A. One of the other witnesses could speak to that, I'm sure.

Q. Do you know which witness could address that item?

A. I believe Mr. Jensen could speak to that matter.

Q. And just to make sure we fully explored that item, could you take a look at page 47 of the plan and chart 27 on that page? And that chart has to do with reliability-based expenditures, so from your last response, would it be fair to say that you don't know how those numbers in chart 27, which are historical now, not the forecast one in your exhibit, but those historical numbers, you don't know where they come from.

A. Other than I believe they came from Mr. Jensen.

Q. Right. But you don't know how reliability expenditures are determined as opposed to total expenditures, how they're divided up.

A. No, I do not.

Q. Again, on sort of the same topic to make sure we're clear about this -- well, do you know -- I'm going to go back to chart 27 on page 47 of the plan. And you said you didn't know where the total numbers came from, but do you know how the base reliability expenditures were determined?

A. No, I do not.

Q. Okay. Do you see the double starred expression below the chart?

A. Yes, I do.

Q. Appears to be providing at least partial explanation for the base reliability. It says, "Base reliability expenditures are the average reliability expenditures taken from year 2004, 2005 and 2006." Do you see that?

A. Yes. I see that's an excerpt of the footnote.

Q. Right. And the rest of it is, "2006 expenditures were based on eight-month actual and four-month projected data." That's the full quote of it; right?

A. Yes, that is the quote.

Q. Okay. My question is, it appears that the base reliability expenditures that are shown in the far right-hand portion of the chart are not the average reliability expenditures from 2004, 2005 and 2006, but are those numbers maybe the average of some portion of those numbers; in other words, they're the average of the base rather than the average of the total expenditures from a historical perspective. Do you understand what I mean? I can maybe direct your attention if that isn't clear.

A. Can you please try again?

Q. Let's try in real numbers here. $40.6 million for base reliability expenditures for O&M. Do you see that?

A. Yes.

Q. And according to the double star explanation, that's supposed to somehow be an average of years 2004, 2005 and 2006, where we understand 2006 is partially projected. Do you see that?

A. Yes.

Q. Okay. And would you agree with me that the numbers for O&M for 2004, 2005 and 2006, 40.6, could not possibly be an average of those three numbers if they include the O&M in the row called Stipulation? In other words, it looks like 40.6 is an average of 41.6 for 2006, 39.8 for 2005, and 40.4 for 2004.

A. That's, I believe, the arithmetic that was done, yes.

Q. So it's not an average including the expenditures called Stipulation; it's an average for something called Base, which was only a part of the expenditures for 2004 and 2005.

A. I'm not the one to speak to characterizing the expenditures. The arithmetic is as you described.

Q. Okay. So I think you're saying you don't have any quarrel with my representation, but you had nothing to do with determining what base reliability expenditures were?

A. I'm saying the math is as you represented it. That line is averaged, and the line below it is not included in the average.

Q. Who determined what the base reliability expenditures were?

A. I believe that would be Mr. Jensen.

Q. Okay. Anytime you refer to -- anytime you refer to base reliability expenditures, they are numbers given to you by Mr. Jensen; is that correct?

A. (No response.)

Q. Maybe a fairer way of saying it is in your testimony you refer to incremental. The incremental is above the base; is that correct?

A. Yes, that is correct.

Q. And the base was determined by Mr. Jensen.

A. Yes. I believe that to be the case.

Q. Okay. Back to your testimony, and I think we had -- I'm still on page 3 in the middle portion of the page, and there's a reference there to, and I quote, "based upon data for the period July 1, 2007 through December 31, 2008." Do you see that.

A. Yes, I do.

Q. Right in the middle of line 16 and 17.

A. Yes, I do.

Q. It says "based upon data." That's a future period, not a historical period, so what do you mean by "data"?

A. I believe I was using data in a very generic sense for all of the information used to design the reliability cost recovery rider.

Q. Okay. What information did you use

that's -- I don't want to state the obvious, but the July 1, 2007 through December 31, 2008, if you used that information, it must have been projected; is that correct?

A. Yes.

Q. Okay. What projected numbers did you use in your work?

A. Not to be sarcastic, but pretty much every number in DMR Exhibits 1 through 5 is a projection.

Q. Okay. Because you're designing rates for a future period.

A. Certain numbers aren't. Obviously, there are certain numbers labeled 2005 which would be historical, but, for the most part, those numbers would all be projections.

Q. Okay. I'd like to explore a little bit the source of those projections. At one point in your testimony you refer to Long-Term Forecast Report for AEP. You may recall -- this is just preliminary, so --

A. Sure, on page 4. Sure.

Q. And there are numbers, for instance, on DMR Exhibit 1, page 1 of 1, that looked like load forecast.

A. Yes.

Q. Is that the information that came in the Long-Term Forecast Report?

A. That came from the Long-Term Forecast Report, yes.

Q. Is there any other information taken from the Long-Term Forecast Report?

A. Yes, I believe there was more detailed information in that energy forecast that was used.

Q. Is that information shown in your exhibits?

A. No. It was provided in a workpaper.

Q. It was provided by whom and given to whom?

A. By me or the company to OCC in a request for production of documents, 8-92.

Q. Just in summary fashion, what is the gist of that information that was used and how was it used?

A. The information there is monthly GWH forecasts by revenue class for the period July '07 through December '08, and it was used to develop forecast-based distribution revenue, which is used in

DMR Exhibit 2, page 2, column 1, and page 5, column 1.

Q. Okay. Kind of a summary of that is that you, you know, on behalf of AEP needed to develop a forecast of additional revenues due to the rider that AEP proposes in this case. Is that the gist of it? And you were doing it on a monthly basis, and you were doing it by revenue class.

A. The starting point was really to develop a projection of distribution revenues to which the rider would be applicable so then you could calculate the revenues the rider would produce.

Q. So we do have an end result of the revenues that the rider would produce.

A. If I'm understanding you correctly, yes.

Q. And I do have that response in front of me, all this material, the monthly values. Because I hadn't anticipated using this sheet, I don't have copies of it, but I have one in front of me, and I'll show you AEP's response to OCC's request for production 8-92, page 2 of 16, and I'm going to ask you about this terminology "base distribution" in just a second, but I'm going to give this material to you temporarily so you can take a look at it.

A. I have a copy.

Q. You have a copy, very good.

MR. NOURSE: So do I.

MR. SMALL: Very well prepared.

Q. Could you explain what that terminology, "base distribution," means in that table?

A. Certainly. The distinction we make is between distribution revenue collected through a rider versus distribution revenue collected or collected through the base tariff rate, i.e., like a customer charge, a standard energy charge, that type of thing, so the base distribution revenues are those components in the tariff rate.

Q. I see. Then below that there's a distribution rider, and that's another number, and base plus distribution equals total distribution revenue. Is that the math that's going on here?

A. Yes, sir.

Q. Going back to DMR Exhibit 1, page 1 of 1, we have information there that goes beyond 2007, and, as you said, the material comes from the Long-Term Forecast Report. Were those numbers used and how were they used; in other words, other years, other than through 2007, which is what your testimony says on page 3?

A. I believe you mean through 2008.

Q. You're correct. It says December 31, 2008, yes. After 2008 there are three more years listed there.

A. Sure. The rest of information was used to complete the five years of the plan information. As we were discussing earlier, the plan goes out, provides information out for five years.

Q. Yes. That is one thing I wanted to inquire into. Your testimony says that the rider would be in effect until the next distribution case, and then new rates would go into effect after 2008. So really the question is, why do we have to have calculations after that point if it's going to be part of the next rate case for distribution rates after 2008?

A. I believe you can probably talk to Mr. Walker in more detail about that, but the intent, I believe, that the company was to present as complete a picture as we had, which was the full five year scope of the plan.

Q. That isn't required for the task that you undertook in this case, was it? You're just putting together, coming up with the rider proposal through the end of 2008; is that correct?

A. The information was not needed for my calculations beyond the end of 2008.

Q. That's what you used the forecast for, the end of 2008, as it says in your testimony.

A. That's correct.

Q. I'm going to page 3 and carry over to page 4, the question that begins on the bottom of page 3. Here you discuss the relationship between inflation and load growth. Is it correct to say that the design and the calculations that you've conducted to come up with the rate design for this recognizes the growth in distribution revenues over time? And when I say "over time," I guess we're talking about through the end of 2008.

A. In the design of the rider I do recognize growth and distribution revenues during that period.

Q. Okay. And for that you would need a load forecast and rate information; is that correct?

A. Yes. Those are the two factors I use.

Q. Now, the exhibit that we just discussed -- I'm sorry, not exhibit, but request for production 8-92 --

A. Yes, sir.

Q. -- that provides monthly values for the load forecast, and it has residential, commercial, industrial, other energy, but it doesn't -- that isn't sufficient to calculate revenues; is that correct? You're going to need -- these are not rates; these are -- there are more tariff classes than are shown in this exhibit; is that correct?

A. Yes. There are more tariff classes, and there are revenue classes.

Q. And in order to do the calculations for revenue impacts and collections under the riders, you would have to do calculations below these revenue classes, in other words, in more detail; is that correct? You would have to do it by the tariff classes, not just by residential, commercial, industrial.

A. Not necessarily.

Q. Well, let's just discuss how you did it rather than what you have to do. Why don't you tell me how it was done.

A. Sure. Basically, you know, the revenue classes are defined to be somewhat homogeneous groups of customers, and we have historical information on what they're paying per kilowatt-hour, and we will use those historical realizations by revenue class to apply to projected revenue class kilowatt-hours to get projected levels.

Q. So you did it at the revenue class level.

A. Yes.

Q. Recognizing certain historical relationships between the revenue class and how the different tariffs classes operated over time.

A. Yes.

Q. The response to 8-92 would be the most detail needed to do that analysis.

A. Yes.

Q. All right. Your response just a moment ago, you said there were certain -- that you used certain historical relationships, in other words, between -- in order to obtain, to give an example, to obtain the information by residential class, certain relationship between that and how the different rate classes operated over time; is that correct? There has to be some historical relationship there.

A. I guess probably the easiest way to explain it, take the first number.

Q. Okay.

A. And on page 1 of 16 of OCC request for production of documents 8-92, if you look in the first column is year/month, and it shows 2006-'07, so July of 2006, and under that column labeled Average Base Distribution Costs in dollars per megawatt-hours the residential column shows $31.14 for July of '06.

Q. I see that.

A. That is based upon the actual billed information for all customers in Columbus Southern Power's residential revenue class for the various tariff classes that exist. So that's the composite of all that historical information, yes.

Q. So you wouldn't actually be using the rates in the tariff, but you would be using, for lack of a better word, the realization from those tariffs that produced that 31.14 figure.

A. Yes. The 31.14 was also applying the tariff rates to population of customers that existed at that time.

Q. And that happened to be the result from all that.

A. Yes, that's correct.

Q. And similarly for the other classes and other months and other years.

A. Yes, sir.

Q. Just trying to be complete here.

And this relationship that you review between inflation and load growth recognizes that AEP is able to expand expenditures even though rates remain the same, meaning that the revenues are expanding over time and AEP is able to expand its expenditures as a result of that load growth; is that correct?

A. Yes. That's the basic fundamentals, yes.

Q. Okay. Let's go a few pages ahead and go to page 7. Kind of keep your finger in it because I'm going to be returning to page 3. You refer on line 5 of page 7 to the company's intention to practice deferral accounting. Do you see that?

A. Yes. The company is intending to practice overrecovery deferral accounting.

Q. Because of the proposed deferral accounting, if the company's plan did not recognize the load growth and there was load growth, then there would be liabilities produced; is that correct? In other words, the company would receive more revenues than they had in expenditures because there was load growth.

A. Let me take it a step at a time and make sure I understand.

Q. Okay.

A. If load growth were higher than projected or the company did not consider load growth --

Q. That's the question.

A. -- and load growth did occur, then one would anticipate revenues would be higher/collection would be higher.

Q. There would be overcollection?

A. Through under/overrecovery accounting that increased revenues would be recognized compared to expenditures, and the overrecovery would be less or the -- the underrecovery would be less or overrecovery could be greater, depending on the scenario.

Q. Okay. Well, I guess I'm having some confusion about how the underrecovery could be less because isn't the concept here that the company would be authorized to make certain expenditures? They wouldn't make expenditures more than are proposed in your testimony, would they? Would AEP?

I'm having a hard time. If you didn't recognize load growth and there was load growth, I'm having a hard time understanding how you could still have an underrecovery.

A. One circumstance I think that could occur could just be a timing, that this thing happened sooner in the year or was lumpier in some way than what's in the estimates I provided.

Q. Is it part of AEP's plan that also be recognized in this deferral accounting that you're talking about on page 7 of your testimony that the actual timing of the expenditures would be considered in the deferral accounting?

A. Yes, I believe.

Q. Let me go to a particular point in your testimony where you do seem to discuss this. There are figures in your exhibits that have spread the expenditures evenly over the months. Are you familiar with that?

A. Yes.

Q. Where did that assumption come from?

A. That was basically, I believe, an assumption I made having no better information for how the dollars spent would actually fall.

Q. So people responsible for putting the plan together didn't give you more detailed monthly information for you to spread it evenly over the months.

A. That is correct.

Q. All right. Going back to the original question, which was then if the spending pattern does not meet the pattern that you assumed as part of your testimony, is it AEP's proposal to make as part of its deferral accounting a recognition of that timing? You spend it all in one month rather than spread it equally over the 12 months, and that would be taken into account in the deferral accounting, or you spend it all in 12 months and didn't spend anything earlier, and the difference between that and spreading evenly over the month would be recognized in the deferral accounting. Is that AEP's proposal?

A. AEP's proposal is that the under/overrecovery deferral accounting would recognize both the actual timing of the spending and the actual timing of collection, so both can vary from the projections that I have, yes.

Q. Okay. Where is that found in your testimony? I don't see that part of the plan in your testimony, or is that --

A. I believe --

Q. Am I looking at it on page 7 at the top when you say, "The companies intend to practice under/overrecovery deferral accounting," is that the description of what you just said?

A. For me, yes, that is.

Q. Okay. Is there any more detailed description of that elsewhere in the plan or in somebody else's testimony that I may have missed?

A. Not to my knowledge.

Q. All right. Going back to our use of projections, now I want to contrast the situation to the hypothetical that I gave you, which was the load forecast is not recognized. By recognizing the load forecast, presumably if that load forecast is any good, it will reduce the amount of deferrals or the overages or underages. It will reduce that difference; otherwise, you wouldn't be doing it; is that correct?

A. Well, in defense of our load forecasting folks, they project based on normal weather.

Q. Okay. I understand. But really the question is -- you know, I understand. Let me put it this way. Is it a fair statement that by recognizing this, that the expectation -- I know the load forecast people are expecting average weather here when they did their numbers, but the expectation is that by recognizing that load forecast, you would be reducing the difference between the actual and the projected revenue streams under the rider.

A. Yes. The intent was to use -- recognize that we anticipated our distribution revenue would grow, and as such, design the rider such that it reflected that growth in distribution revenue, so at the end of the day, the expenditures and the collections were as close to zero as possible.

MR. SMALL: Let's go off the record for a second.

(Discussion off record.)

(Recess taken.)

Q. (By Mr. Small) Mr. Roush, I just have a little bit of follow-up to the matters I just inquired into. We concluded with your statement that under/overrecovery would be reduced by the use of load forecast. Is there any other purpose for having the load forecast as part of your calculations?

A. Yes. For me the main intent it to get the calculation as reasonably accurate as we can.

Q. And what function does that serve other than reducing the likelihood of over and undercollection? Does that have any other effect?

A. For me, just on general principle, I wanted to be as accurate as I could possibly get it. Other than that, I think the ultimate purpose is it minimizes any under/overcollection.

Q. I wanted to address that as far as the matter of accuracy of the 2006 load forecast. That was used in this case, is that correct, the numbers that were in the 2006 load forecast report which was filed approximately April 2006; is that correct?

Noting for the record I used to contribute to and file the Long-Term Forecast Report.

A. Yes. The 2006 Long-Term Forecast Report was used.

Q. Okay. And this is December of 2006, and I would imagine that the 2007 Long-Term Forecast Report or the forecast that would be used is well developed if not finalized at this time. Are you familiar with the follow-up load forecast?

A. I have not seen it. It may be complete at this time, likely.

Q. Did you make any inquiry about it in connection with this case?

A. Not to date, no.

Q. Who made the decision to use the figures in the 2006 Long-Term Forecast Report?

A. I did, because it was the most recently available to me at the time.

Q. And are you familiar with the AEP case before the Public Utilities Commission that involves Ormet, the aluminum smelting operation along the Ohio River?

A. Yes, I am familiar with that case.

Q. And that case has to do with rate provisions that would bring Ormet on line starting in 2007. Is that a fair characterization?

A. Ormet will become a customer of Columbus Southern Power and Ohio Power Company January 1st of '07, yes.

Q. Okay. And how many kilowatt-hours will that contribute to 2007 sales by AEP?

A. I don't know the specific number. I know they're ramping up over a six-month period they're projecting.

Q. They're something like a 600-megawatt customer, isn't it, a very large customer?

A. I believe they're anticipating at full load about 515 to 520 megawatts.

Q. That sounds familiar. That's a fair up-tick to the sales of AEP. Was that taken into consideration during the 2006 load forecast that you used?

A. No, it was not, because that case hadn't been decided at that point.

Q. You would anticipate it would be part of the 2007 load forecast?

A. I would suspect so, depending on when they completed it and when that Ormet case got completed. I don't recall the exact time.

Q. The point is that development is not recognized in your figures, is it?

A. That is correct.

Q. All right. Let's go to page 4, first full answer on that page, question and answer. In that answer you mention DMR Exhibit 1. I think that's line 10. And if you could look at DMR Exhibit 1, and also I'm going to ask you to compare that with chart 28D of the AEP plan. I believe the DMR exhibit 2, page 1 of 7, would be the comparison. Do you have both the attachment to your testimony and chart 28D from the plan?

A. Yes, I do.

Q. And the question is, why are -- I don't see any of the numbers from chart 28D in your DMR Exhibit 2, page 1 of 7. The question is why don't I see those figures in your exhibit, or what is the relationship between 28D and your DMR Exhibit 2?

A. Part of the answer is there are two slightly incorrect numbers on DMR Exhibit 2. If you look in the column labeled Total --

Q. Let's be clear, we have Capital Investment at the top.

A. Capital Investment.

Q. Capital Investment.

A. Yes. Yes, sir. In the Capital Investment in the column labeled Total, you see two numbers in DMR Exhibit 2, 69,240 and 77,120.

Q. I see that.

A. Those two numbers should be 69,640 and 77,550,000. I apologize. I used shorthand on the first, 69,640,000, and those do match, should match chart 28D.

Q. For year two -- I'm sorry, for year 1 and 2 for capital.

A. That's correct. And then year 1 and 2, O&M, are shown in the section labeled O&M Expense on DMR Exhibit 2 column labeled Total, $38,350,000.

Q. And that number is on both chart 28D and DMR Exhibit 2.

A. That is correct.

Q. So those numbers are correct, the only corrections you are making are to the Capital Investment numbers.

A. Yes, that's correct.

Q. Not to make too fine of point on it, but did you notice those errors before this deposition took place?

A. Yes, I did.

Q. You did. I presume then that you have had a chance to look at the remainder of the numbers and determine whether there are any changes that are required as a result of those changes. Are there any changes?

A. Changing those numbers would flow through the calculations because they're small changes in capital investment, and I don't know that they would be significant changes, and I intended to correct them on the stand.

Q. Well, we'd like to know it a little bit before that, so maybe you could go through it.

MR. NOURSE: Are you asking for him to go through it now or to provide something in an update?

MR. SMALL: Let's find out how extensive it is.

Q. Is it a matter of just correcting a few numbers here, or do we have a flow-through of things that might even affect other exhibits and pages?

A. Changing those numbers would flow through to basically all of DMR Exhibit 2.

MR. SMALL: Hold on a second.

(Discussion off record.)

MR. SMALL: We would like to see the corrections on these pages. Could you give us a time frame or how soon we could obtain that and we could shorten this process quite a bit?

MR. NOURSE: Can we go off the record?

MR. SMALL: We can go off the record.

(Discussion off record.)

MR. SMALL: We have had a brief off-the-record discussion. First, following through on the correction that Mr. Roush was making to his exhibits, AEP has agreed to provide -- we have e-mail addresses for everybody?

MR. NOURSE: Yes.

MR. SMALL: An e-mail correction to the *exhibits and all the carry-through calculations in* the exhibits by Mr. Roush's testimony by Wednesday of this week.

Have I correctly stated that, Mr. Nourse?

MR. NOURSE: Yes.

MR. SMALL: We also determined in another brief discussion that the plan on page 47 has a mislabeled section which says Section 6, and it should be Section 5, and that's the reference Mr. Roush makes on page 3 of his testimony, Section 5.

With that we will move on without going through the extent of the numerous flow-through calculations.

Q. (By Mr. Small) Turn to page 4 at the bottom of your testimony. I have some questions about the 60/40 split that appears on the exhibit you just mentioned, DMR 2, 1 of 7. Did the pole miles and underground circuit miles come to exactly 60/40? They're awfully round numbers.

A. Rounded to the nearest one percentage, yes.

Q. The nearest one percentage?

A. Yes.

Q. Is it closer to 60 than 61 and closer to 40 than it is to 39?

A. That's my recollection, yes.

Q. And for that calculation you added total pole miles and underground primary circuit miles; is that correct? You added those and took the ratio between Columbus Southern Power and Ohio Power.

A. Yes, that's correct. I added the overhead line miles and the underground primary circuit miles, added the total miles and calculated the ratio.

Q. Now, these subcomponents of the plan for different expenditure categories, isn't there more detailed information in the plan, for instance, on how much is spent on vegetation and so forth by the companies that would provide more guidance than just using a 60/40 split based on pole miles?

A. I do not believe the plan shows any information split between CSP and HP.

Q. There is information on that. There's an accounting by the companies. AEP does know how much vegetation management it does split between Ohio

Power and Columbus Southern, doesn't it?

A. I believe it does.

Q. And all these other categories that are part of plan?

A. You may be mixing apples and oranges on me a little bit. I believe I was answering a question about actual expenditures and historical costs. The plan is all reflecting projected expenditures.

Q. Right. But this information exists on an historical basis, the split between Ohio Power and Columbus Southern Power, how much they have for vegetation management, how many substations they have, how many mobile transformers they have and so forth and so on. All the detail in the plan has an historical basis recorded by the company; correct? You have historical information on all of that.

A. I guess we have historical information. I'm not sure I can draw the same correlation you're making to what's in the plan.

Q. This is just a factual matter. You have to have the information because the accounting difference for ratemaking purposes has to be by company; right?

A. As far as historical data.

Q. Historical data?

A. Yes, the historical is by company.

Q. Wouldn't the use of that detailed information on those programs be more accurate than a simple use of pole miles?

A. My answer would be not necessarily, and the use of pole mile proxy was representative of facilities that we -- the bulk of the facilities this work would be done on.

Q. And who made the decision to do it on that basis?

A. That information was provided by Mr. Invinskas.

Q. I'm not entirely clear about that. He provided you with the information, or he was the one who made the decision to use that for the allocation purposes?

A. Based upon discussions with him, we agreed that was the best basis.

Q. Page 5 of your testimony, first full question and answer towards the middle of it, and I think we got to this a little bit earlier, you mention spreading the gross incremental investment actually across the months on line 7 and 8. Do you see that?

A. Equally across the months of each plan year, yes.

Q. And that was an assumption you came up with; is that correct?

A. Yes, that's correct.

Q. Did you have discussions with anybody, Mr. Invinskas or anyone else about what the actual plan for the expenditures by AEP is?

A. I don't recall who I spoke with, but I believe I asked if there was any monthly detail, and I don't believe that detail was available. I don't recall if it was Mr. Invinskas or not.

Q. And when you were informed that there was no information or no monthly information available, were you given that information or were you given -- were you told why there wasn't any monthly information? Did you have a discussion, or did they just say: No, I don't have the information?

A. I don't recall.

Q. At the time when you asked the question, you asked it for purposes of determining how this portion of your calculations should be done, that's the reason why you asked whether there was monthly information; is that correct?

A. Yes. I asked for the information -- I asked about the information in preparing this calculation.

Q. And without being given any help along those lines, you determined to make the assumption that you did about spreading it across months equally.

A. Yes.

Q. Okay. Let's go to the question and answer at the bottom of page 5. You mention the 10.5 percent return on equity in Case 05-765, the case involving Monongahela Power; is that correct?

A. I don't recall, but I'm sure you're correct.

Q. That really was a question. I think I'm right about that, but you testified in it. What was the subject of your testimony in the matter involving Mon Power?

A. My testimony in that proceeding discussed the calculation of the power acquisition rider, the litigation termination rider, and the placement of Mon Power customers on to Columbus Southern Power's tariff.

Q. It probably included a discussion of greater return on equity.

A. I don't believe so.

Q. Okay.

A. I would have used a return on equity in a calculation, but I believe there would have been another witness.

Q. Do you know where the 10.5 originated? I don't mean the case but the actual number originated from.

A. I believe it may have been the Commission's decision to establish that number based upon probably the testimony of Mr. Caahan, if I remember correctly. I may be wrong on that, but I seem to remember that.

Q. If you're wrong, you picked a good candidate, let me tell you that.

Who made the decision to use that return on equity in this case?

A. I did.

Q. You did. And why did you pick that number?

A. Because the Commission had just recently approved it for us.

Q. Now, the use of the 10.5 percent return on equity in that case, and that is approved by the Commission, to the best of your understanding, that rate is applied throughout the period that such a number is used for, there being certain calculations needed for the Mon Power situation and the numbers over a period of time, and that's the reason why you use a return on equity, that number doesn't change over time, does it, or in that order, the way it's applied to the AEP situation?

A. I believe once the Commission established that return on equity for the calculations, we are using it for. We will use that until the Commission orders another value, yes.

Q. It's for the Mon Power case you are referring to?

A. Yes.

Q. On line 22 of your testimony there's a proposal that the weighted average cost of capital, which includes the use of return on equity, a proposal that weighted average cost of capital be updated monthly. Do you see that?

A. Yes, I do. I see that, "updated monthly using the then most recent available information."

Q. Now, that's different than the use of 10.5 percent in 05-765; is that correct? There's no monthly updating in that case.

A. There is monthly updating. The capital structure itself is updated monthly. The cost of data is updated monthly. The return on equity is not updated monthly, nor are we suggesting it be here.

Q. Let me go back a step. Maybe I misunderstood your previous answers. Are you saying there are monthly calculations being performed as a result of 05-765?

A. I believe there are, yes.

Q. Just a second ago you made some statement. I'm sorry, I was kind of going in a different direction. You made a statement what would change on a monthly basis. Could you repeat that again? What is that is changing on a monthly basis?

A. Certainly. It might be easier to go to DMR Exhibit 3. In the calculation of weighted average cost of capital --

Q. Which is -- if you could, give reference to lines and columns.

A. Certainly. For example, for Columbus

Southern Power Company, the weighted average cost of capital before tax gross-up is 10.77.

Q. Where are you, column?

A. Column E, I'm sorry. 7.87, that's before tax gross-up.

Q. That's the weighted. That's the result of other calculations.

A. That's correct.

Q. What are the components changing on a monthly basis?

A. The components that would be updated in the accounting calculation would be the items in column B, the long-term debt and common equity balances, and column D, line 1, the cost rate for long-term debt, and the rest are all flow-through calculations to derive the 7.87 percent in column E.

Q. Just a second ago you said cost rate in column D. Is that the 5.73 percent?

A. That's correct, for CSP.

Q. That's the number that would be changing in column D.

A. Yes, that's correct.

Q. All right. So you've got a monthly updating of the weighted average cost of capital, and what purposes -- for what purpose is that calculation being done monthly? How would that change matters? Would that change the rates? Would that change the amounts deferred? What impact does the monthly calculation have?

A. If you look at DMR Exhibit 2, let's use Columbus Southern Power, page 4 of 7. In column 2 is where we use the before tax average weighted course of capital. That's being applied to the rate base shown in column 1 to calculate the carrying costs on capital investment. That is part of the expense which would be compared to revenues in determining the over/underrecovery.

Q. Let me walk through that a little more slowly. I am on DMR Exhibit 2, page 4 of 7.

A. Yes.

Q. We have the before tax weighted average cost of capital in column 2.

A. Yes.

Q. Now, that number isn't going to change as a result of monthly updating because you're going -- you've already performed the calculations for the company's proposal. I mean, it's 10.67 percent all the way down the line; right? We're not going to redetermine that two years from now. The purpose of setting the rider, AEP proposes to use 10 point -- let's look a little bit. Why does it change between 2007 and 2008 in that column?

A. If we return to DMR Exhibit 3, the reason for the change between 2007 and 2008 is the effect of a change in taxes between 2007 and 2008.

Q. Okay. Good, I'm glad you noticed that now. But back to the question, the numbers that are being changed are changed once because of that change in tax treatment, but they're not going to change monthly. You're using a number right here in your testimony. So doesn't that mean that the monthly updating is not going to have an effect on what rate would be in the rider if the Commission approves the plan? You're not proposing that the rate change every month, are you?

A. We are not proposing the rate would change every month. The impact again would be under or overrecovery.

Q. That's where the effect would be?

A. Yes. Because for purposes of calculating the over/underrecovery, the company would use the updated weighted average cost of capital.

Q. Okay. While on the subject of deferral accounting, what would be the rate applied if the company overrecovered for the deferral accounting?

A. Maybe I've done it a different place. The way the rate is applied in DMR Exhibit 2 is just applied to the actual rate base.

Q. Right. I have moved on to another topic, which is for purposes of the deferrals and the recovery. If there's is an overrecovery by the company, what rate would be applied, to the extent that you'd know, for essentially the company's customers' money, because the customers expended money before the company spent anything. So they're due a return of their money plus something for the time value of their money.

A. I do not -- I do not believe the company's proposal applies a time value of money to over or underrecovery.

Q. Okay. Is there anything else -- let me make sure we got the topic wrapped up. Is there anything else that the monthly updating would affect other than the amounts in the deferral accounting proposed by AEP?

A. Specifically you're talking about the monthly updating of the average cost of capital?

Q. Yes.

A. Other than -- the only place that's used is in the calculation of the carrying costs as shown in DMR Exhibit 2, pages 4 and 7.

Q. I think we are back to the problem we had a moment ago. DMR page 4 of 7 has a flat rate. That's not varying monthly. That's something that will happen in the future. So I was asking what the effect of the monthly updating would be, not what the effect of having a particular weighted average cost of capital was. Do you see what I mean? It's the monthly updating part as opposed to keeping it fixed over time. That's what I'm asking. What impact would it have?

A. I guess what I was trying to convey was the calculations would be performed just as they are in DMR Exhibit 2 except with monthly updated values.

Q. I understand that.

What is recent rate of return for Columbus Southern and Ohio Power?

A. I don't know off the top of my head.

Q. Okay. On the top -- we're page 7, the top, we have had a couple of discussions concerning the deferral accounting that you described. What examples can you give of situations where this type of accounting is being used for distribution rate recovery? And I mean in Ohio or elsewhere in your experience.

A. I apologize.

Q. Maybe we can break it down a little. Is it the way the ratemaking or distribution rates, for instance, for the rates of Columbus Southern Power and Ohio Power are collecting right now? That's not the way that ratemaking takes place; right? There's no deferral accounting, monthly updating, or any of the rest of this for AEP's current distribution rates in Ohio, is there?

A. There's definitely deferral accounting related to our regulatory assets.

Q. What regulatory assets are those?

A. The one --

Q. In Mon Power?

A. No. Traditional regulatory assets established by the Commission pre-unbundling and set up in the ETP cases.

Q. So those are matters that are taken care of in the regulatory transition charge as a result of

AEP's electric transition plan.

A. That's correct.

Q. Okay. And that's a fairly exceptional proceeding, kind of almost pretty much a one-time event. Is there anything on a more continual basis?

A. A few other examples that I can think of in Ohio specifically, one example would be the company's -- it's related to transmission, transmission cost recovery riders also follow over/underrecovery accounting.

Q. I won't bother to go back and have my question reread. I am focusing on distribution rates.

A. Okay. I guess the Mon Power litigation termination rider is also a deferral being recovered or a -- I believe also the power acquisition rider is also for Mon Power. There is also over/underrecovery tracking for that as well. Effectively the storm recovery, there's tracking on the recovery of that. I'm not sure if that's a comprehensive list, but that's all that come to mind.

Q. Okay. Is AEP requesting a change for its regulatory accounting in this case?

A. I guess to the extent we're asking the

Commission to approve the over/underrecovery treatment, I mean, we're asking for that.

MR. SMALL: Let's go off the record for a second.

(Discussion off record.)

Q. (By Mr. Small) Let's go back to DMR Exhibit 1. We already had some discussion in terms of the load forecast. I'm looking at the load growth column in the very last table that's entitled End Use Delivery Forecast. Do you know what the bump is in sort of the increase in the load growth for 2008? Do you know what the source of that is?

A. No, I do not.

Q. You just accepted the numbers from the Long-Term Forecast Report submitted in 2006 and those numbers come from there; is that correct?

A. Yes.

Q. Okay. If you could turn to DMR Exhibit 2, pages 3 and 6, and 3 and 6 are analogous. One is for Columbus Southern and the other for Ohio Power, so I think the answer would be the same for both.

If you could look at -- they don't have letters, but there's a column titled Net Plant

Investment, and the explanation is that it equals column 1 minus column 3. Do you see that?

A. Yes, I do.

Q. How is the net plan investment in column 4 calculated? How do you arrive at those numbers?

A. It is simply the difference between the cumulative growth plan investment and accumulated book appreciation.

Q. That's the explanation of that 4 equals 1 minus 3. How is column 1 arrived at?

A. Column 1 is based upon the values from DMR Exhibit 2 under the section titled Capital Investment --

Q. I'm sorry. We have to have the page.

A. DMR Exhibit 2, page 1, under the section entitled Capital Investment, the second table --

Q. All right. Am I correct what you are saying, if we totaled the numbers for 2007 and totaled the numbers for 2008, we would have the numbers on page 1 of 7, the totals?

A. Not exactly.

Q. Maybe you could explain that.

A. Since this is investment, if you looked at the ending investment in 2007 on page 3, December of 2007 --

Q. 13.848 million.

A. Yes. This ties to values on DMR Exhibit 2, page 1 on the second table under Capital Investment for the line labeled Columbus Southern Power, the column labeled 2007 of 13 million 848.

Q. Okay.

A. Similarly --

Q. Let's take that a little bit at a time. Similarly you were going to talk about Ohio Power?

A. No. I was going to do the 2008 number.

Q. Go ahead and do the 2008 number.

A. Similarly, the ending balance for -- at the end of 2008 at DMR Exhibit 2, page 3, column 1 is 43 million 120, and that's shown in the total column on DMR 2, page 1, the second section under Capital Investment, Columbus Southern Power.

So in 2007 there's 13 million 848 of investment spread equally across the six months. In 2008 that's $29,272,000 of investment spread equally over the 12 months to get to balance of $43,120,000.

Q. And I'm following you only to a degree. The numbers on page 3 are monthly values; is that correct?

A. Yes, that's correct.

Q. And the values on page 1, those aren't monthly numbers, are they?

A. The values on page 1 under the Capital Investment are the total spent for year for '07 and total spent for year for '08.

Q. I'm a little bit confused. We have $13,848,000 on page 3, which is a monthly figure; right?

A. Yes.

Q. And we've got the same figure, 13,848,000, in the middle of page 1, and that's an annual figure.

A. I think to be technically precise, it's a semiannual figure. The issue really -- I understand your confusion. You're thinking in terms of O&M.

Q. Okay.

A. This is capital investment that I vest 13 million during the year.

Q. Okay. I understand that. But the 2007, I guess my problem is page 1 doesn't explain that as being the accumulation by the end of the year, which is what it appears to be on page 3. Is that what the number is, the accumulated capital investment, gross plant investment by the end of the year? Is that how I should be reading page 1?

A. Yes and no. Page 1, let's stay with the numbers we have been using, Columbus Southern Power, 13,484,000. That is the amount of capital invested in '07 and also would be the balance at the end of the year.

For 2008 that 29,272,000 is the amount of capital invested in '08, but the total balance at the end of year would be 13 million 848 plus the 19 million 272 to get you to the 43,120.

Q. Okay. So I wouldn't read page 1 of 7 as being some kind of average over the year. What we are trying to determine is what those columns mean. That's not an average or something; that's expenditures over that year. It's not an average balance or something; it's the accumulated expenditures by the end of the year.

A. It's the investment made during the year.

Q. Just to make sure we're clear about this, the numbers that we just discussed are going to be part of this revision you're going to provide to the parties; right? That number we just discussed is going to change slightly.

A. Yes. It will change slightly.

Q. All right. Now, going from the correspondence between the numbers, where did the values come from? What was your source information for the gross plan investment? First of all, you made an assumption of even expenditures on a monthly basis; that's correct, right?

A. Within a plan year, yes.

Q. Within a plan year, okay. So the numbers are partly coming from this assumption of even expenditures. Now, where did the totals come from for the plan year?

A. From the plan document, chart 28D, page 51.

Q. 28D, page 51, and this is where we discussed -- all right. This is making sense to me a little bit. This is where we discussed the lack of correspondence with some of the numbers and now they're going to correspond with one another. Maybe that was part of my confusion here when I was getting started. Okay, I think I have that.

Now, you say that these numbers are coming from chart 28D as part of the plan, and you identified that the base reliability inflation column was one that you provided with input from Mr. Jensen; is that correct?

A. Actually, it's a row, but yes.

Q. It's a row. Whatever I said, I meant row. So that row. Where did the other row come from? It says Incremental Subtotals for Forecasted Expenditures. Where did those numbers come from? The response may be as simple as someone gave them to you.

A. I presume from the other witnesses.

Q. You didn't have anything to do with creating those numbers.

A. No, I did not.

Q. You took those as inputs to your task and that's all you know about those numbers; is that correct?

A. Pretty much, yes.

Q. You don't have any source documents or know how this was calculated or anything like that.

A. No, I do not.

Q. Who would be the witness that would be responsible for explaining that as part of the plan?

A. I'm not sure. I would presume it would be several of them probably.

Q. Want to make a stab at it?

A. Not really. I presume that each of the programs, that different witnesses may have supported each of the programs that make that up.

Q. Because it's a summary, you're saying there might be different witnesses familiar with parts of the plan.

A. Yes.

Q. Whoever put together all those parts would be ultimately responsible for contributing to that summary data.

A. Say that last part again? I'm sorry.

Q. This is a summary table.

A. Yes.

Q. There are other tables that probably total to this, so people who would be involved in developing those other numbers would be responsible for really developing the row we just discussed, the incremental subtotal.

A. Yes.

Q. Let's go to DMR Exhibit 2, 4 of 7. This is 4 of 7, and this is Columbus Southern Power, and for Ohio Power I assume your answer would be the same. How are the O&M expenses in column 4 determined?

A. Those come from DMR Exhibit 2, page 1. The bottom half of that page is labeled O&M Expense. What is shown there is first taking the plan one year dollars and splitting it between year 1 and year 2 -- 2007 and 2008 -- I'm sorry. Taking the plan 2 year dollars and splitting it between 2008 and 2009, and once we have the dollars for 2008, 2007 and 2008, then allocating them between Columbus Southern Power and Ohio Power. For example --

Q. Let me give you an example because I only have limited numbers here. If I take the numbers at the top for 2007, looking at page 4 of 7, O&M, month 7 through 12 for Columbus Southern Power, it's about $1.3 million per month. Do you see that?

A. Yes.

Q. And if I added those to the approximately $1.9 million and column 4, page 7 of 7, for Ohio Power -- maybe I shouldn't be doing that.

Let me give you another example. If I totaled the numbers for O&M, column 4 for months 7 through 12 on page 4 of 7, that comes to about $8 million. Is there a number -- whatever that totals to, is there a corresponding number on page 1 of 7?

A. Yes.

Q. Where is that?

A. It's under the second table under O&M Expense, the row labeled Columbus Southern Power, column labeled 2007, $7,670,000.

Q. I'll take credit for being pretty close on my estimation.

Now, going back to page 1 of 7, can you trace the O&M expense values on page 1 of 7 back to the plan, numbers in the plan? Or can you take it back to the plan?

A. Sure. If you go to chart 28D, page 51.

Q. I'll be happy for you to give an example here, and we'll probably get the idea.

A. Under the column labeled Year One, O&M, at the very bottom of the row labeled Total Request, 38,350,000, that should match DMR Exhibit 2, page 1 under O&M Expense, the first table.

Q. For year one?

A. Plan year one, yes.

Q. $38.35 million?

A. Yes.

Q. Just to recap things, you are not

responsible for that number other than the base reliability inflation factor; is that correct? Otherwise, there were numbers given to you.

A. Yes. Yes. The base reliability, obviously, was based on some information from Mr. Jensen as well.

Q. Right. I have a staff request No. 3, which I'll give you in just a second --

MR. NOURSE: First set?

MS. HARDIE: I think the third set consisted of just one question.

Q. Did you participate in responding to any of the staff data requests?

A. I don't believe so. I may be mistaken, but I don't believe so.

Q. I will hand you the company's response to the staff's --

MR. NOURSE: Just a second.

MR. SMALL: We have another copy.

MR. NOURSE: I have it right here. I just want to make sure it's is same as I have.

Q. Turn to the second page of the materials I handed to you, stapled -- page 2 is the beginning of the company's response. If you go to under methodology, see the term "methodology"?

A. Yes, I do.

Q. And if you go to the third line on that, you will see the word "total base." In the context it says, "the total base plus incremental spend" -- probably should be "spent" rather than "spend," but anyway, see the reference to total base?

A. I see the words on the page.

Q. Is your understanding that that's the same thing as the reference to base reliability expenditures in the plan?

A. I've read the notes. Can you repeat the question?

Q. Total base, is that the same reference to base reliability expenditures?

A. I may be misreading these words, but I'm not sure the "total" and "base" words go together, if I'm reading this correctly. "Will be determined by subtracting from the total" -- it appears to me you would have parentheses -- "base plus incremental spend."

Q. You are saying the word "total" is not total base, but the word "total," which is equal to the base plus incremental.

A. That's the way I read it.

Q. It doesn't read very well, does it? You can see my difficulty here. I guess I'm having a lot of trouble reading this thing.

Do you understand the term "agreed upon" in that same sentence, what the words "agreed upon" mean? Agreed by who?

A. My interpretation would be whatever the Commission approves.

Q. Orders?

A. Or orders.

MR. SMALL: Let's go off the record for a second.

(Discussion off record.)

Q. (By Mr. Small) Let's go to the plan. Do you have that in front of you?

A. Yes, I do.

Q. I'll start out with page 10 -- I'm sorry, chart 10 that's located on page 23 of the plan. This table, the numbers in the table are partially explained by year 1 of ramp-up period, but let's take this a little bit at a time. You said that you were responsible for certain inflation calculations; correct?

A. The calculations shown on DMR Exhibit 1.
Q. Right. Which you said were also the numbers that were in 28D.
A. That's correct.
Q. My question is now going to relate to the plan. At least with respect to chart 28B, you were responsible for some of those numbers. We established that; right?
A. Yes, we established I was responsible.
Q. Now I'm going back into some of the pieces parts and the numbers that feed into the summary table. Let's take an example here. On chart 10 at the bottom row for year 2, there's a number $24.79 million. Do you see that?
A. I see that.
Q. And then if we go to year 3, we see 26.16 million in that same row. Do you see that?
A. Yes, I see that.
Q. When we go from 24.79 million to 26.16 million, how do we get there? Is that the application of the inflation assumption you talked about that's increasing the number from 24.7 million to 26.16?
A. I don't know.

Q. You don't know because you didn't have any contribution in preparing the inputs into chart 10.

A. That's correct.

Q. If I asked you the same questions for all the charts that were leading up to chart 28D where you did have some input, your answer would be the same, that you didn't have any input into any of these tables?

A. That's correct.

Q. And you're not responsible for it, and you didn't prepare any of the calculations.

A. No, I did not.

Q. Including the ones having to do with inflation. If the inflation is used there, it's by somebody else.

A. It's entirely possible that Mr. Jensen gave these numbers to other people.

Q. All right.

MR. SMALL: Let's go off the record for a second.

(Discussion off record.)

Q. (By Mr. Small) Mr. Roush, the OCC made inquiries into the self-complaint, the actual complaint filed at the Commission earlier in its discovery, and, in particular, asked questions about the individual expenditures on capital projects that were listed in the self-complaint, and that would be for the stipulation period 2004 through 2005. You're familiar with the stipulation signed by AEP with the staff?

A. Just generally.

Q. Okay.

A. Very generally.

Q. And you realize there are statements throughout the AEP's case about expenditures during that two-year period.

A. (No response.)

Q. You're not familiar with it?

A. Well, you know, I know there was a specific citation that we were discussing earlier.

Q. For instance, on chart 27 we discussed that earlier.

A. Yes.

Q. We tried to define what "base" meant. You understood that to be the stipulation that covered the years 2004 and 2005.

A. Yes. In chart 27, yes.

Q. Okay. In response to our interrogatories, we received a response 71 through 74 that related to those expenditures during that period. I'm going to hand the two of you, I don't expect you to go through the numbers one by one. It's a large document.

In terms of this accrual accounting that you mentioned in your testimony, how is AEP going to track the expenditures from an accounting standpoint? The reason why I gave you the answers to interrogatories 71 through 74, that appears to be the response of the company's tracking of its past expenditures. Do you have an understanding of that tracking system?

A. Not really in any depth at all.

Q. You didn't participate in responding to that request for production?

A. Not at all.

Q. Okay. So do you understand how the accrual will takes place as far as the calculations are concerned? You just have -- or do you have no familiarity with the system of recording the actual capital expenditures, for instance?

A. My responsibilities don't really get into the depth of the actual journal entries and that kind of detail, more the higher level conceptual.

Q. What do you mean by higher level? Are you referring to higher level, you'd understand the accounting at a higher level, or are you talking about you're one step above that, and you're just taking the results that the accounting people would give you?

A. I mean, I think we've had a -- say that one more time, please.

Q. Okay. The question is -- I think I understand your answer. You said you didn't get into the entries. I don't want to get too much into minutia here. I want to make sure by you saying you don't do the entries, I'm not talking number by number, but do you have an understanding of the tracking system that AEP has, even if you're not doing individual entries?

A. The tracking system for reliability expenditures?

Q. And for the capital expenditures.

A. My understanding basically is the level that one exists and that we follow FERC uniform system of accounts.

MR. SMALL: Just a moment.

That completes my examination, thank you very much, and I believe Mr. Neilsen has additional questions for you.

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EXAMINATION

By Mr. Neilsen:

Q. Good afternoon, Mr. Roush.

A. Good often, Mr. Neilsen.

Q. Well, you have my name so I don't have to repeat that for you. I'm representing Industrial Energy Users-Ohio or IEU-Ohio, and I just have a few questions for you.

The first one deals with AEP's response to OCC's request for production of documents 8-93. If you have that, let me know, please.

A. I do not have that.

MR. SMALL: Do you have copies, Dan?

MR. NEILSEN: I do not.

MR. SMALL: Here you go. I have one for him.

Q. Would you look at that and let me know if that is what you believe to be the response to that interrogatory? Have you seen that before?

A. I do not believe I have read this document before.

Q. Okay. We will not discuss this then. I think it looks like this belongs to somebody else.

Earlier we were discussing OCC, the response to OCC request for production of documents 8-92. You do have that one.

A. Yes, sir, I have that one.

Q. It was a topic of discussion earlier. When you get that, let me know, please.

A. I have it in front of me.

Q. Could you turn to page 3 of 16, please?

A. Yes, sir.

Q. All right. About the center of the page there, just underneath the section that says Total Distribution Revenue, underneath that says "plus 2005 Aluminum." Do you see that?

A. Yes.

Q. Can you tell me what that represents, the 2005 Aluminum?

A. Yes, sir. That line item was placed in there so we could tie back to the total company numbers for Ohio Power. The 2005 Aluminum reflects a customer of Ohio Power that is no longer taking service from Ohio Power.

Q. Okay. Turn to page 5 of 16, please.

A. Yes, sir.

Q. Okay. The chart provided there, it shows AR sold to AEP Credit. Does AR means accounts receivable?

A. Yes, sir.

Q. And does Columbus Southern Power and Ohio Power sell all of their accounts receivable to AEP Credit?

A. I'm not sure I can say they sell all of their accounts receivable. There may be an issue around PIPP customers, but I'm not certain.

Q. Okay. Would you believe that would include all revenues except possibly PIPP?

A. I believe so, but I'm not certain.

Q. By PIPP, you mean Percentage of Income Payment Plan.

A. I believe so, but I'm not certain.

Q. Okay. My next one refers to OCC's interrogatory request No. 302 of the ninth set. Do you have that?

A. I do not have that one.

Q. I have one for you. I will show it to you and counsel. Are you familiar with the interrogatory and the response to that interrogatory?

A. I have read it now.

Q. Okay. All right. For the good of the rest of parties here, that states that: The company anticipates that the reliability cost recovery rider would continue to be billed and the company would continue to practice under and overrecovery deferral accounting.

Can you tell me under what circumstances the companies would decide to undergo a distribution rate proceeding before the Commission?

A. I guess there are a number of scenarios. The obvious one is if the companies view that their revenues are insufficient to meet their costs and pay an adequate return to their shareholders.

Another situation may be if the Commission required us to come in for review. Those are the two obvious reasons that come to mind.

Q. Okay. If you could turn to page 44 of the plan, please.

A. I'm on that page.

Q. Okay. At the top of that page, the companies indicate that 235 distribution stations currently have supervisory control and data acquisition, otherwise known as SCADA equipment or capabilities.

Can you tell me to what account the companies have accorded the cost of implementing the SCADA equipment for these facilities? I'm sorry, it says 234 stations in the center of that page, page 4.

A. Off the top of my head, I can't tell you what account those SCADA go to.

Q. Could you tell me who you think might know?

A. I'm sorry, I lost the page. What page were we on?

Q. That was page 44.

A. Thank you. I believe it might be Mr. Jensen.

MR. NEILSEN: Okay. Thank you. That's all I have.

THE WITNESS: Thank you.

MR. SMALL: As far as I know, we're done.

(Signature not waived.)

(Thereupon, the deposition concluded at 4:12 p.m.)

\- - -

State of Ohio :
: SS:
County of ____________________ :

I, David M. Roush, do hereby certify that I have read the foregoing transcript of my deposition given on Monday, December 18, 2006; that together with the correction page attached hereto noting changes in form or substance, if any, it is true and correct.

____
David M. Roush

I do hereby certify that the foregoing transcript of the deposition of David M. Roush was submitted to the witness for reading and signing; that after he had stated to the undersigned Notary Public that he had read and examined his deposition, he signed the same in my presence on the ________ day of _______________________, 2006.

____
Notary Public

My commission expires __________________, ________.

- - -

CERTIFICATE

I do hereby certify that the foregoing is a true and correct transcript of the proceedings taken by me in this matter on Monday, December 18, 2006, and carefully compared with my original stenographic notes.

Rosemary F. Anderson

Rosemary Foster Anderson,
Professional Reporter and
Notary Public in and for
the State of Ohio.

My commission expires April 5, 2009.

(RFA-6957)

\- - -

State of Ohio :
: SS:
County of Franklin :

I, David M. Roush, do hereby certify that I have read the foregoing transcript of my deposition given on Monday, December 18, 2006; that together with the correction page attached hereto noting changes in form or substance, if any, it is true and correct.

David M. Roush

David M. Roush

I do hereby certify that the foregoing transcript of the deposition of David M. Roush was submitted to the witness for reading and signing; that after he had stated to the undersigned Notary Public that he had read and examined his deposition, he signed the same in my presence on the 4th day of January, ~~2006~~ 2007.

Notary Public

My commission expires ________________, ________.

- - -

ERRATA SHEET

Please do not write on the transcript. Any changes in form or substance you desire to make should be entered upon this sheet.

TO THE REPORTER:

I have read the entire transcript of my deposition taken on the 18th day of December, 2006, or the same has been read to me. I request that the following changes be entered upon the record for the reasons indicated. I have signed my name to the signature page and authorize you to attach the same to the original transcript.

Page	Line	Change	Reason
2	17	Change "Money" to "Mooney"	Typographical Error
3	8	Change "Davie" to "David"	Typographical Error
5	5	Change "Rouch" to "Roush"	Typographical Error
10	9	Change "personal" to "special"	Typographical Error
12	24	Change "has" to "have"	Typographical Error
14	4	Change "bundling" to "unbundling"	Typographical Error
14	4	Delete "and", replace with comma	Typographical Error
14	4	Delete "in", replace with comma	Typographical Error
28	24	Change "based" to "base"	Typographical Error
30	16	Insert "rider" after 1st distribution	Typographical Error
32	18	Change "and" to "in"	Typographical Error
33	9	Delete comma, change "and" to "than"	Typographical Error
36	17	Change "overrecovery" to "under/over recovery"	Typographical Error
41	22	Change "it" to "is"	Typographical Error

Date January 4, 2007 Signature David M Roush

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Page	Line	Change	Reason
42	22	Delete ", likely."	Typographical Error
49	21	Change "HP" to "OP"	Typographical Error
51	14	Change "Invinskas" to "Ivinskas"	Typographical Error
52	9	Change "Invinskas" to "Ivinskas"	Typographical Error
52	14	Change "Invinskas" to "Ivinskas"	Typographical Error
56	7	Change "data" to "debt"	Typographical Error
58	8	Change "course" to "cost"	Typographical Error
65	4	Change "plan" to "plant"	Typographical Error
65	7	Change "growth" to "gross"	Typographical Error
65	7	Change "plan" to "plant"	Typographical Error
67	18	Change "I vest" to "invest"	Typographical Error
68	5	Change "13,484,000" to "13,848,000"	Typographical Error
68	11	Change "19" to "29"	Typographical Error
69	5	Change "plan" to "plant"	Typographical Error

Date January 4, 2007 Signature David M [signature]

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Page	Line	Change	Reason
77	6	Change "28B" to "28D"	Typographical Error
84	19	Replace Entire Line with "A. Yes."	Typographical Error
86	5	Change "accorded" to "recorded"	Typographical Error

Date January 4, 2007 Signature David M [illegible]