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BEFORE THE
PUBLIC UTILITY COMMISSION OF OHIO

In The Matter Of The Application Of Columbus :
Southern Power Company And Ohio Power : Case No. 11-0346-EL-SSO
Company For Authority To Establish A Standard : Case No. 11-0348-EL-SSO
Service Offer Pursuant To 4928.143, Ohio Rev. :
Code, In The Form Of An Electric Security Plan :

DIRECT TESTIMONY

OF

STEPHEN J. BARON

ON BEHALF OF
THE OHIO ENERGY GROUP

J. KENNEDY AND ASSOCIATES, INC.
ROSWELL, GEORGIA

July 2011

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I. QUALIFICATIONS AND SUMMARY

Q. Please state your name and business address.

A. My name is Stephen J. Baron. My business address is J. Kennedy and Associates, Inc. ("Kennedy and Associates"), 570 Colonial Park Drive, Suite 305, Roswell, Georgia 30075.

Q. What is your occupation and by who are you employed?

A. I am the President and a Principal of Kennedy and Associates, a firm of utility rate, planning, and economic consultants in Atlanta, Georgia.

Q. Please describe briefly the nature of the consulting services provided by Kennedy and Associates.

A. Kennedy and Associates provides consulting services in the electric and gas utility industries. Our clients include state agencies and industrial electricity consumers. The firm provides expertise in system planning, load forecasting, financial analysis, cost-of-service, and rate design. Current clients include the Georgia and Louisiana Public Service Commissions, and industrial and commercial customer consumers throughout the United States. My educational background and professional experience are summarized on Baron Exhibit __ (SJB-1).

Q. On whose behalf are you testifying in this proceeding?

1 A. I am testifying on behalf of The Ohio Energy Group (“OEG”), a group of large
2 industrial customers of Columbus Southern Power Company (“CSP”) and Ohio
3 Power Company (“OPC”), hereinafter referred to as “the Companies” or “AEP.”
4 The members of OEG who take service from the Companies are: Airgas, AK Steel
5 Corporation, ArcelorMittal USA, Brush Wellman, BP-Husky Refining, LLC., E.I.
6 duPont de Nemours and Company, Ford Motor Co., GE Aviation, Griffin Wheel,
7 RG Steel, The Procter and Gamble Co., the Timken Company and Worthington
8 Industries.

9
10 **Q. Have you previously presented testimony in any of the Companies’ cases in**
11 **Ohio?**

12 A. Yes. I have previously testified in Case Nos. 85-726-EL-AIR, 07-63-EL-UNC, 08-
13 917-EL-SSO and 08-918-EL-SSO (the Companies’ 2008 initial ESP cases). I have
14 also testified in numerous AEP cases in Kentucky, West Virginia, Virginia,
15 Louisiana, Indiana and before the FERC.

16
17 **Q. Have you previously presented testimony in Standard Service Offer (“SSO”)**
18 **cases in Ohio?**

19 A. Yes. I have testified in a number of ESP and MRO cases involving the First Energy
20 Companies, Duke Energy Ohio and the AEP cases cited above. This includes Case
21 Nos. 08-935-EL-SSO, 08-936-EL-SSO, 08-917-EL-SSO, 08-918-EL-SSO and 09-
22 906-EL-SSO, 10-2586-EL-SSO.

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Q. What is the purpose of your testimony?

A. I am addressing a number of issues raised by the Companies' ESP filing associated with its requested SSO generation rate increase and numerous proposed riders. I will recommend changes to AEP's proposed Rate Security Rider and interruptible rate program. Finally, I will propose a plan to rededicate certain generating units that will be environmentally upgraded to serve the AEP Ohio footprint on a cost basis provided the Commission determines that such rededication is least cost and prudent.

Q. Would you please summarize your testimony?

A. Yes.

- **The Commission should reject AEP's proposed 2012 SSO generation rate increase of \$65 million (7.14%) and the proposed 2013 SSO generation rate increase of \$106 million (10.8%). These increases have not been justified and are inconsistent with R.C. 4928.143(B)(2). There are no provisions in the ESP statute that permit an arbitrary increase in the ESP SSO generation rate. It makes little sense to set the ESP SSO generation rate at an arbitrary level and then apply periodic cost-based increases to this arbitrary rate for changes in fuel and purchased power costs and environmental upgrades. Finally, the Equity Stabilization Incentive Plan described by OEG witness Kollen will provide financial protection to the Companies in the event that the current SSO generation rates are insufficient to produce a reasonable rate of return on equity for the Companies.**
- **The recent Supreme Court of Ohio decision (*In re Application of Columbus S. Power Co.*, Slip Opinion No. 2011-Ohio-1788, decided April 19, 2011), found that only specifically listed items (i.e., rate recovery mechanisms) that are identified in Section 4928.143(B)(2) are permitted to be recovered in an ESP. Based on this decision, there is no basis for the Commission to approve cost recovery from**

1 customers by AEP for the following newly proposed riders: Pool
2 Termination Rider, Facility Closure Rider, Carbon Capture Rider
3 and NERC Compliance Rider.
4

- 5 ▪ The proposed Mitigation Transition Rider ("MTR") should be
6 modified to significantly increase the level of rate mitigation for GS-
7 4 and other affected rate classes. Increased rate mitigation is
8 revenue neutral to AEP. Without additional mitigation, within two
9 years the move to a market based rate design plus other proposed
10 changes would cause industrial customers to incur 23% rate
11 increases, residential customers 11%-14% rate increases and many
12 commercial customers would receive 16% rate decreases.
13 Significantly raising industrial rates while at the same time
14 significantly lowering commercial rates is contrary to this state's
15 policy of economic development and job creation and retention.
16
- 17 ▪ AEP's proposal to modify the current Environmental Investment
18 Carrying Cost Rider ("EICCR") to make it non-bypassable should
19 be rejected because it is not consistent with the provisions of the
20 ESP statute. Specifically, there are no provisions in the Companies'
21 proposal to provide benefits to shopping customers commensurate
22 with the charges imposed under the non-bypassable rider.
23 However, a non-bypassable EICCR could be reasonable if AEP's
24 proposal is modified so that both SSO and shopping customers
25 receive the capacity and energy benefits associated with the
26 environmentally upgraded units (for which shopping customers
27 would pay capacity costs). The modified EICCR which I propose
28 would have the effect of rededicating certain generating units to
29 serve all customers of AEP Ohio on a cost basis, provided the
30 Commission determines that rededication is least cost and prudent.
31 The modified EICCR that I propose can be considered as part of the
32 state compensation mechanism to AEP for its FRR capacity under
33 the PJM tariff.
34
- 35 ▪ AEP's proposal to implement a Generation Resource Rider
36 ("GRR") as a non-bypassable rate should also be modified (in a
37 manner similar to the EICCR) to provide shopping customers with
38 the benefits associated with these resources.
39
- 40 ▪ AEP is proposing to modify the current provision in the POLR Rider
41 that permits shopping customers to avoid the POLR charge if the
42 customer agrees to pay market priced generation rates in the event
43 such customer returns to SSO service, rather than the SSO generation
44 rate that would otherwise apply. The current rider requires that a

1 customer electing this option agree to pay market priced generation
2 rates during the term of the ESP. AEP is now proposing to make this
3 waiver permanent, which means that an electing shopping customer
4 would never be permitted to obtain SSO generation service at the
5 approved SSO generation rate. This proposal is not reasonable and
6 should be rejected by the Commission.
7

- 8 ■ AEP is proposing a voluntary Rate Security Rider ("RSR") to assist
9 certain large commercial and industrial customers with demands in
10 excess 200 kW to receive a declining discount on the base generation
11 portion of customer bills. The RSR agreement requires that
12 customers commit to SSO service for 65 months, three years beyond
13 the ESP term. OEG supports the proposed RSR concept, but
14 opposes the three year extension provision for the Companies'
15 largest customers. OEG proposes that an RSR agreement have a
16 minimum term of 29 months and a maximum term of 65 months.
17 However, to limit the potential exposure of AEP to this option, OEG
18 recommends that only customers whose loads exceed 5 mW at a
19 single site could elect the shorter term (less than 65 months).
20
- 21 ■ AEP proposes to replace the existing IRP-D rate schedule with an
22 IRP-D rider. AEP assumes an interruptible rate credit of \$6.57/kW
23 month, calculated at 80% of the level of capacity charges that AEP
24 proposes to charge CRES providers. However, under the Company's
25 proposal, the credit value would change annually concurrent with the
26 PJM planning/delivery year. OEG accepts the proposed \$6.57/kW
27 monthly credit, though the credit should not be linked to possible
28 changes in the AEP capacity rate to CRES providers. The \$6.57/kW
29 demand credit should be fixed during the term of the 29 month ESP
30 period. In the event that the capacity charge to CRES providers is
31 different than \$6.57/kW, the difference between the actual charge for
32 capacity to CRES providers and the \$6.57/kW credit should be
33 included in the Economic Development Rider ("EDR") as a charge or
34 credit.
35

**II. AEP's PROPOSED SSO GENERATION RATE INCREASE AND RATE
RESTRUCTURING PLAN**

Q. Would you describe AEP's proposals to revise its current ESP in this case?

A. The Companies are proposing an ESP that incorporates a market based SSO generation rate design (though, not specifically market rates themselves) and a series of riders that would be in effect for a 29 month period beginning January 2012.¹ Besides the proposed market-based SSO generation rate design, AEP is proposing 15 generation related riders, many of which are non-bypassable.² This includes an FAC, the Environmental Investment Carrying Cost Rider ("EICCR"), a Rate Security Rider ("RSR") and a Market Rate Transition Rider ("MTR") that is primarily designed to mitigate the impact of the market based rate design on large industrial and residential customers. Of particular significance is AEP's proposal to make the EICCR non-bypassable. Finally, most of these riders are new cost recovery mechanisms that have not been provided for in the Ohio Rev. Code, section 4928.143(B)(2).

Q. What is the significance of the fact that many of AEP's proposed cost recovery riders are not listed in Ohio Rev. Code, section 4928.143(B)(2)?

¹ The Companies' proposed Rate Security Rider will be in effect for three additional years beyond the 29 month ESP term.

² This does not include numerous distribution related riders proposed by AEP in this case.

1 A. The recent Supreme Court of Ohio decision (*In re Application of Columbus S.*
2 *Power Co.*, Slip Opinion No. 2011-Ohio-1788, decided April 19, 2011), found
3 that only specifically listed items (i.e., rate recovery mechanisms) that are
4 identified in Section 4928.143(B)(2) are permitted to be recovered in an ESP. The
5 Supreme Court decision states at paragraph 32:

6 By its terms, R.C. 4928.143(B)(2) allows plans to include
7 only “any of the following” provisions. It does not allow
8 plans to include “any provisions.” So if a given provision
9 does not fit within one of the categories listed “following”
10 (B)(2), it is not authorized by statute.

11 This means that there is no provision in the statute for the Commission to approve
12 unlisted riders. The Supreme Court decision would deny recovery of the
13 following newly proposed riders: Pool termination Rider, Facility Closure Rider,
14 Carbon Capture Rider and NERC Compliance Rider. None of these cost recovery
15 riders were specifically provided for in the ESP statute [R.C. 4928.143(B)(2)] and
16 therefore cannot be approved.

17

18 **Q. Does the Supreme Court decision also impact AEP’s SSO generation rate**
19 **proposal in this case?**

20 A. Yes. AEP is proposing a \$65 million SSO generation rate increase for 2012
21 (7.14%) and a \$106 million SSO generation rate increase 2013 (10.8%). The
22 Supreme Court decision makes clear that only items specifically identified in the

1 statute can be adjusted. There are no provisions in the statute that specifically
2 provide for such increases in the ESP SSO generation rate, beyond the listed
3 items associated with changes in fuel and purchased power cost and
4 environmental costs and some other specified cost changes.
5

6 **Q. Would you please discuss AEP's proposed restructuring of its SSO generation**
7 **rate design?**

8 A. The Companies are proposing to revise the current SSO generation rate design to a
9 current market based rate design for each basic rate class (residential, commercial,
10 industrial). As described in the testimony of AEP witness David Roush, the
11 Companies have developed SSO generation rates that reflect the "market-based price
12 relationship for the various types of customer usage."³ Based on a review of Mr.
13 Roush's workpapers, AEP calculated market rates for each rate class using 2012
14 forward prices, including a capacity charge based on AEP's requested FRR based
15 rate to CRES providers. These rates, which are all energy-only rate designs, were
16 then adjusted to meet the "AEP Ohio requested average generation price."⁴ One
17 main result of AEP's proposed new rate design is that customers with poor load
18 factors are benefited and customers with good load factors are punished. That is why
19 the industrial base which operates on an around the clock basis is hurt by AEP's
20 proposal.
21

³ Roush Direct at page 9, line 1.

1 **Q. Does Mr. Roush explain the “AEP Ohio requested average generation price”**
2 **adjustment?**

3 A. No. However, a review of Mr. Roush’s Exhibit DMR-2, page 1 of 2 and his
4 workpapers clearly shows that AEP is seeking a \$65 million increase in its SSO
5 generation rates. The requested 2012 average generation price increase is a
6 \$1.50/mWh increase in the average generation rates produced by the current ESP.
7 This increase produces a generation revenue requirement of \$979,553,052, which
8 is then compared to the generation revenues that would be produced using AEP’s
9 market rates for each rate class. Mr. Roush then scales-back the market based
10 rates uniformly for each rate class by applying a 76% factor (shown on his exhibit,
11 but not identified as an adjustment factor). This means that, absent specific class
12 mitigation that AEP proposes (Market Transition Rider MTR), each class would
13 have a market based generation rate structure set at about 76% of actual market
14 rates (the actual market rates are based on the 2012 forward curve). Overall, AEP
15 is proposing a first year (2012) increase of 7.14% in the SSO base generation rate.

16
17 **Q. Is AEP proposing an additional increase in the 2013 SSO generation rate?**

18 A. Yes. In 2013, the Companies are proposing an additional 10.8% increase in the
19 generation rate, compared to the already increased 2012 rates. This equates to an
20 additional \$105.6 million revenue increase (not shown on Mr. Roush’s exhibit).
21 There is no proposed increase in the third year (2014). AEP has calculated the

⁴ Roush Direct at page 9, line 7.

1 scaled-back market rates on a combined CSP/OPCo basis, and is proposing
2 identical SSO generation rates. For large industrial rates, such as GS-4, this
3 results in a different level of generation charge increases for each Company,
4 which is addressed through the MTR factors of each Company.

5
6 **Q. Has AEP provided any support for its requested \$65 million (7.14%)**
7 **generation increase in 2012 and \$106.5 million (10.8%) increase in 2013?**

8 A. No, except to the extent that AEP appears to be relying on the statutory test
9 discussed in witness Laura Thomas' testimony comparing the proposed ESP to a
10 forecasted MRO ("Market Rate Offer"). Effectively, AEP's position in this case
11 appears to be that it can charge whatever it wants (i.e., "AEP Ohio requested
12 average generation price") as long as it is below the forecasted MRO price.

13
14 **Q. Is AEP's requested increase in the SSO generation rate reasonable?**

15 A. No. First, the recent Ohio Supreme Court decision that I discussed previously
16 would preclude such an increase because there is no statutory provision for the
17 Commission to grant such an increase. The statute provides for recovery of
18 increases in fuel costs, purchased power costs and environmental costs, all of
19 which are being sought by AEP in this case. There are no additional provisions
20 that would permit the arbitrary recovery of generation rate increases, whether or
21 not the resulting ESP rate is below a forecasted MRO rate. Second, it makes
22 little policy sense to permit AEP to establish an SSO generation rate using an

1 arbitrary (i.e., non-cost basis) and then permit the Companies to recover cost-
2 based changes in their fuel costs, purchase power costs, and environmental costs.
3 This type of mismatch is unreasonably preferential to the utilities.
4

5 **Q. Are there any additional reasons to deny the Companies' their requested \$65**
6 **million and \$106.5 million generation revenue increases?**

7 A. Yes. As discussed by OEG witness Lane Kollen, OEG is proposing an equity
8 stabilization incentive plan that provides a minimum return on equity for AEP.
9 This OEG proposal provides financial protection for the Companies in the event
10 that total revenues are insufficient (because of customer migration to alternative
11 generation suppliers or otherwise) to produce a minimum rate of return on equity.
12 The OEG equity stabilization incentive plan, coupled with the Companies' FAC,
13 environmental cost rider and generation resource rider provides sufficient
14 earnings protection to AEP without additional rate increases in 2012 and 2013.
15

16 Finally, based on the analysis presented by Mr. Kollen in his testimony in this
17 case, CSP and OPCo earned a combined after tax return on equity of 13.44% for
18 2010. Given these ROE results, the additional generation revenues requested by
19 AEP in this case would not be required.
20

1 **Q. What is OEG’s position regarding AEP’s basic restructuring of the SSO**
2 **generation rate into an “energy only/hours use” type rate that is designed to**
3 **reflect market rate structures?**

4 **A. OEG does not oppose the market based rate restructuring if there is sufficient**
5 **mitigation to address the impact on high load factor industrial customers.**
6 **Without sufficient mitigation, AEP’s proposal would be contrary to the state’s**
7 **policy to promote economic development and job creation and retention. If the**
8 **Commission approves a market based rate design for SSO generation rates, then**
9 **the Companies’ proposed mitigation plan through the use of an MTR that fully**
10 **implements the restructured rates by the end of 2013 should be modified. If a**
11 **market based rate design is approved, then a modified MTR that provides**
12 **additional mitigation through a longer transition period should be adopted.**

13
14 Table 1 below shows the Companies proposed increases in 2012 that are a result
15 of the market-based restructuring, the AEP requested \$65 million generation
16 revenue increase in 2012 and changes in the FAC, FAC deferral, POLR and
17 environmental charges. The table shows two percentage increases for 2012.

18
19 The first set of increases shown in Table 1 compares the proposed 2012 ESP
20 charges to rates that were in effect in January 2011 (i.e., current rates), while the
21 second set of increases compares the proposed 2012 ESP to the 2012 expected
22 charges under the current ESP. These later increases are the percentage increases

shown in Mr. Roush's Exhibit DMR-1, page 1 of 2. As can be seen, the increases that Rate GS-4 large industrial customers will face on January 1, 2012 are 20.5% for CSP and 20.8% for OPCo, before mitigation. Clearly, based on these increases, substantial mitigation is appropriate. It is also important to recognize that these increases only reflect the 2012 proposed generation increases. The Companies' are also proposing an additional \$106.5 million increase in 2013.

<p style="text-align: center;">Table 1 AEP Proposed 2012 ESP Rate Increases - With Proposed SSO Generation Increase (without mitigation)</p>				
CSP			OPCo	
Class	% Chg vs. 2011	% Chg vs. 2012	% Chg vs. 2011	% Chg vs. 2012
RS	8.2%	7.2%	RS	11.6%
GS1	-17.3%	(20.0%)	GS1	(9.8%)
GS2	-18.5%	(20.0%)	GS2	(6.8%)
GS3	-0.5%	(3.7%)	GS3	(0.6%)
GS4/IRP	20.5%	12.2%	GS4/IRP	(0.8%)
AL	-17.5%	(13.9%)	EHG	18.2%
SL	-15.3%	(13.1%)	EHS	79.1%
SBS	<u>8.4%</u>	<u>3.3%</u>	SS	8.3%
Total CSP	4.7%	2.2%	FL	34.7%
			OL	-34.9%
			SL	-39.2%
			SBS	<u>46.2%</u>
			Total OP	10.6%
				0.4%

Rate increases of more than 20% to Ohio's industrial base would be punitive and contrary to the state's policy of promoting economic development and job retention and creation. From an economic development perspective, it makes no sense to raise rates by more than 20% on industrial customers (like Ford, Timken,

1 AK Steel and DuPont) who compete nationally and globally, while at the same
2 time lower rates by 18% on commercial customers who compete locally. As long
3 as all local commercial competitors pay the same rate for electricity (no matter
4 how high or low) there is no competitive advantage or disadvantage. Commercial
5 customers locate where people reside and people reside where jobs are located.
6 In Ohio, high paying jobs are largely provided by the industrial base. That is why
7 this Commission is making such a concerted effort to promote industrial
8 expansion through reasonable arrangements and other programs.

9
10 **Q. Does OEG support the Companies' proposed MTR mitigation concept?**

11 A. Yes. Clearly, without mitigation, the impact of AEP's proposed rate restructuring
12 on large industrial GS-4/IRP customers would be unreasonable, even without the
13 overall generation revenue increases proposed by AEP. AEP's mitigation (MTR)
14 is designed to fully phase-in the market-based rates by January 2014 – meaning
15 that the mitigation is effective only in 2012 and 2013. Under the Companies'
16 filed proposal, without mitigation, GS-4/IRP customers would pay rates in 2012
17 that are 20% higher than on January 2011. GS-4 rates in 2013 would be 24%
18 higher than in 2011 without mitigation.

19
20 **Q. Assuming that the Commission adopted your recommendation to reject**
21 **AEP's proposed SSO generation rate increases, what overall increases would**
22 **AEP's proposed ESP and market rate restructuring produce?**

A. Table 2, below, shows the 2012 AEP ESP increases without the SSO generation rate increases. As can be seen in this table, even without the SSO generation rate increases, the overall increases in ESP rates in 2012 will still be significant for large industrial GS-4 customers, as well as some other rate classes. For GS-4, the unmitigated increases would still be 18% in 2012, compared to 2011 charges.

Table 2 AEP Proposed 2012 ESP Rate Increases - No SSO Generation Increase (without mitigation)				
CSP			OPCo	
Class	% Chg vs. 2011	% Chg vs. 2012	% Chg vs. 2011	% Chg vs. 2012
RS	6.6%	5.5%	RS	9.8%
GS1	-18.6%	(21.2%)	GS1	-8.4%
GS2	-19.9%	(21.3%)	GS2	-2.0%
GS3	-2.3%	(5.5%)	GS3	8.7%
GS4/IRP	18.1%	9.9%	GS4/IRP	18.3%
AL	-17.7%	(14.1%)	EHG	16.3%
SL	-15.7%	(13.6%)	EHS	75.4%
SBS	<u>6.9%</u>	<u>1.8%</u>	SS	6.3%
Total CSP	3.0%	0.5%	FL	32.4%
			OL	-35.2%
			SL	-39.5%
			SBS	<u>46.1%</u>
			Total OP	8.6%
				(1.4%)

Q. Given these very large increases, is AEP's proposed mitigation sufficient?

A. No. Because of these significant increases, OEG proposes a more gradual transition plan that sets the MTR factor in a manner such that GS-4/IRP rates are at 50%% of full market structure rates by 2014. Extending the transition to a market based rate design is revenue neutral to AEP. Baron Exhibit__(SJB-2)

presents the year by year increases produced by the OEG mitigation plan. This analysis is based on the Companies' filing, including the requested 2012 and 2013 generation rate increases that I discussed earlier. Table 3 below summarizes the cumulative total increases through 2014, compared to 2011 charges and 2012 charges based on the current ESP (note, because these increases reflect the cumulative increases over the 29 month proposed ESP term, the increases in Table 3 cannot be directly compared to Table 1, which only shows the first year (2012) unmitigated increases.

Table 3 AEP Proposed ESP Rate Increases - With Proposed SSO Generation Increase Total Cumulative Increase in 2014 With OEG mitigation proposal					
CSP			OPCo		
Class	% Chg vs. 2011	% Chg vs. 2012		% Chg vs. 2011	% Chg vs. 2012
RS	9.5%	8.5%	RS	14.3%	9.1%
GS1	-4.4%	(7.5%)	GS1	4.0%	1.0%
GS2	-4.9%	(6.6%)	GS2	8.1%	0.9%
GS3	4.9%	1.5%	GS3	13.7%	2.0%
GS4/IRP	15.7%	7.7%	GS4/IRP	18.7%	(2.5%)
AL	-5.5%	(1.4%)	EHG	17.4%	9.3%
SL	-4.3%	(1.9%)	EHS	46.7%	17.9%
SBS	<u>10.2%</u>	<u>5.0%</u>	SS	12.5%	3.5%
Total CSP	7.6%	5.0%	FL	25.5%	14.3%
			OL	-13.0%	(9.6%)
			SL	-15.6%	(14.7%)
			<u>SBS</u>	<u>33.6%</u>	<u>32.9%</u>
			Total OP	13.6%	3.1%

I have also prepared another version of the OEG mitigation plan that is based on the proposed AEP ESP the generation revenue increases of \$65 million in 2012

and \$106.5 million in 2013. This analysis is presented in Baron Exhibit __ (SJB-3). Table 4 below summarizes these increases.

Table 4					
AEP Proposed ESP Rate Increases - With No SSO Generation Increase					
Total Cumulative Increase in 2014 With OEG mitigation proposal					
CSP			OPCo		
Class	% Chg vs. 2011	% Chg vs. 2012		% Chg vs. 2011	% Chg vs. 2012
RS	5.0%	4.0%	RS	9.3%	4.4%
GS1	-8.4%	(11.3%)	GS1	-0.1%	(3.0%)
GS2	-9.1%	(10.7%)	GS2	3.3%	(3.6%)
GS3	0.4%	(2.9%)	GS3	8.8%	(2.4%)
GS4/IRP	10.7%	3.1%	GS4/IRP	13.5%	(6.8%)
AL	-7.9%	(3.9%)	EHG	12.6%	4.7%
SL	-6.8%	(4.5%)	EHS	39.7%	12.3%
SBS	<u>5.1%</u>	<u>0.2%</u>	SS	7.6%	(1.1%)
Total CSP	3.0%	0.6%	FL	20.3%	9.6%
			OL	-15.2%	(11.9%)
			SL	-17.9%	(17.0%)
			SBS	<u>26.8%</u>	<u>26.1%</u>
			Total OP	8.7%	(1.3%)

It should be noted that these increase do not include any effects (increases) that might occur from the other AEP proposed riders, if they are approved by the Commission.

Q. Why do you believe that it is necessary to further mitigate the market-based rate restructuring impact on large industrial customers?

A. The loss of manufacturing jobs during the past few years in Ohio is a well known fact. While OEG appreciates AEP's proposal to mitigate its market-based rates in

1 this case, the proposed AEP increases remain substantial, even with the AEP
2 mitigation. In the most recent First Energy ESP proceeding (Case No. 10-388-
3 EL-SSO), the Commission approved a Stipulation that contained a number of
4 provisions designed to mitigate the impact of market-based rates on large, Ohio
5 manufacturing customers. Using a non-bypassable mechanism to recover the
6 mitigation costs from GS-1, GS-2 and GS-3 customers who would otherwise
7 receive windfall decreases under restructured rates is a reasonable public policy
8 which is revenue neutral to AEP and one that protects both residential consumers
9 and large manufacturing customers on GS-4/IRP that provide high wage, high
10 benefit family supportive jobs in the state.

**III. ENVIRONMENTAL INVESTMENT CARRYING COST AND
GENERATION RESOURCE RIDERS**

Q. Would you please address AEP's proposal to implement a non-bypassable Environmental Investment Cost Recovery Rider ("EICCR")?

A. AEP is proposing an EICCR that is non-bypassable and would thus recover environmental investment costs and related O&M expenses from both SSO and shopping customers, who purchase generation supply from an alternative supplier. Based on the testimony of AEP witness Philip Nelson (page 16, line 22 of his Direct Testimony), the current EICCR is a bypassable rider and does not apply to shopping customers.

Q. Is there any justification to convert the current EICCR into a non-bypassable rider?

A. No. There are a number of policy reasons that the Company's proposal is inappropriate, as filed. Mr. Nelson cites section 4928.143(B)(2)(b) of the Ohio statute as the legal basis for the EICCR to be non-bypassable. OEG disagrees with this interpretation for two reasons. First, section 4928.143(B)(2)(b) does not refer to the recovery of environmental costs. While section 4928.143(B)(2)(c) does permit the recovery of environmental CWIP through a non-bypassable rider, this would not authorize the recovery of environmental O&M expenses nor would

1 it authorize recovery of environmental investment once the project costs are
2 transferred to plant in service (and thus no longer CWIP costs).

3
4 More significantly, section 4928.143(C)(1) of the Ohio Rev. Code requires that
5 “if the Commission so approves an application that contains a surcharge under
6 division (B)(2)(b) or (c) of this section, the Commission shall ensure that the
7 benefits derived for any purpose for which the surcharge is established are
8 reserved and made available to those that bear the surcharge.” (emphasis added).

9 This provision of the statute is a “benefits-burdens” requirement that could not
10 possibly be met in the case of environmental investment designed to permit AEP
11 to operate generation facilities that provide service to SSO customers, but not to
12 shopping customers. Essentially, the statute quite reasonably requires that the
13 customers who pay for the surcharges imposed pursuant to divisions (B)(2)(b) or
14 (c) receive the benefits associated with such payments. In the case of
15 environmental investment costs that are designed to meet clean air act operability
16 requirements for generation facilities owned by AEP, the only way that shopping
17 customers could receive the benefits of the investment is if these shopping
18 customers also received the generation output of the affected generating units.

19
20 As a policy matter, it would be improper to impose environmental costs on AEP
21 customers who receive generation supply from alternative CRES providers, who
22 also may be incurring the same types of environmental costs for their generation

1 supply. Effectively, AEP would potentially be double charging these customers
2 for environmental upgrades.

3
4 **Q. What is your recommendation regarding AEP's proposed non-bypassable**
5 **EICCR?**

6 A. Because AEP's proposal does not provide shopping customers any of these
7 benefits, OEG opposes the proposed EICCR rider as filed by AEP, if it is non-
8 bypassable. However, OEG has an alternative proposal that we believe should be
9 considered by the Commission that would permit AEP to recover its least cost,
10 prudently incurred and economic environmental costs from both SSO and
11 shopping customers (i.e., a non-bypassable cost recovery mechanism) by
12 providing "benefits" to shopping customers who would bear the costs of the rider.

13
14 **Q. Would you please describe the OEG proposal that would provide shopping**
15 **customers with "benefits" commensurate with the payment of the EICCR?**

16 A. OEG would support a non-bypassable environmental cost recovery rider if it also
17 provided benefits in the form of capacity and energy to shopping customers. As I
18 will discuss, because the OEG proposal provides capacity and energy benefits to
19 shopping customers associated with the generating capacity for which the
20 environmental costs are being incurred, these shopping customers would also be
21 required to pay AEP's cost of service associated with this capacity. In order for
22 the EICRR to meet the requirements of section 4928.143(C)(1), all AEP Ohio

1 customers (SSO and shopping) must receive benefits corresponding to the costs
2 charged for the rider. Because environmental costs by themselves do not provide
3 a capacity and energy benefits, OEG proposes that AEP make available to
4 shopping customers the economic equivalent of the output (capacity and energy)
5 associated with each generating unit for which environmental costs are being
6 recovered through the rider. OEG's proposed methodology would require that
7 shopping customers pay the EICCR during construction of the environmental
8 project. Upon completion of the environmental capital investment project,
9 shopping customers would be charged the generating unit's full embedded
10 revenue requirement including the environmental costs booked to plant in service.
11

12 **Q. How would the net capacity costs be recovered from shopping customers?**

13 A. These costs would be recovered in a rider similar to the Companies' proposed
14 Generation Resource Rider ("GRR") or some alternative rider. However, because
15 SSO customers pay an SSO generation rate that implicitly recovers the all
16 appropriate costs for SSO generation service, this EICCR net capacity cost rider
17 would only be charged to shopping customers, not SSO customers. Thus, while
18 AEP's proposed GRR is designed to recover costs associated with generation
19 resources that are not implicitly being recovered from SSO customers via the SSO
20 generation rate, the embedded capacity costs associated with generating units that
21 are rededicated to all AEP Ohio customers as a result of environmental upgrades
22 is already being recovered from SSO customers.

1
2 In summary, the environmental costs that are recoverable through the EICCR
3 would be non-bypassable and charged to both SSO and shopping customers.
4 However, only shopping customers would pay the embedded cost of the dedicated
5 capacity.
6

7 **Q. Would AEP be required to demonstrate that each environmental investment**
8 **is prudent, least cost and economic?**

9 A. Yes. For each environmental investment project for which recovery in the non-
10 bypassable EICCR is being requested, AEP would be required to provide
11 evidence that the proposed environmental investment is prudent, least cost and
12 economic for AEP Ohio customers over the life of the rededicated generation.
13 The economic analysis would have to demonstrate that the affected generating
14 units, once upgraded, would be the least cost generation to meet customer loads,
15 compared to feasible alternatives including retirement of the unit. Shopping
16 customers would only be required to pay for the revenue requirements of
17 generating units that meet this test. In addition, the PUCO would have to approve
18 each such request to dedicate an existing generating unit to full AEP Ohio service
19 (i.e., service to both SSO and shopping customers). The PUCO would also have
20 to approve the formula rate used to recover the full revenue requirements of the
21 dedicated units and approve the rate of return on equity used in the formula rate.
22

1 **Q. You have referred to the “economic equivalent” of capacity and energy being**
2 **made available to shopping customers. Would you explain this concept and**
3 **how it would work?**

4 A. There are a number of approaches that could be used to provide shopping
5 customers with their respective “shares” of the capacity and energy associated
6 with the “rededicated generating units” subject to the non-bypassable EICCR.
7 For example, it might be feasible to directly allocate a pro-rata share of the
8 physical mWs of capacity and mWh of energy associated with each rededicated
9 EICCR generating unit to the CRES provider of each shopping customer through
10 a “first-through-the-meter” plan. Under this approach, a specified, proportionate
11 amount of capacity and energy would be deemed to have been delivered to each
12 shopping customer. The shopping customer would then be credited this mW and
13 mWh of capacity and energy and only be billed for the customer’s remaining
14 usage from the CRES provider.⁵

15
16 An alternative and more reasonable approach would be to provide each shopping
17 customer on a proportionate basis to the customers overall usage, a share of the
18 margins that the EICCR rededicated capacity would produce if it were sold by
19 AEP Ohio at market prices. Under this approach, shopping customers would pay
20 the EICCR rededicated capacity fixed costs, receive a credit for all margins

⁵ Effectively, each shopping customer’s load would be served by two providers; AEP Ohio for the pro-rata share of EICCR rededicated capacity and the CRES provider for the remaining portion of the customer’s requirements.

1 produced by market sales and continue purchasing 100% of their energy from
2 their CRES provider. The “margins” from sales at market are the difference
3 between the cost of generation from the rededicated capacity and market prices.
4

5 Under this approach, which OEG proposes in this case, AEP would be permitted
6 to recover its environmental costs through its proposed EICCR on a non-
7 bypassable basis during construction, but only if upon completion of construction,
8 the full revenue requirement of the generating unit was transferred to a resource
9 cost recovery rider and the capacity and energy was made available to all AEP
10 Ohio customers, both SSO and shopping. At the time that the Companies’ file
11 their application seeking cost recovery of an environmental upgrade to an existing
12 plant, AEP must agree to dedicate the generating unit for its useful life to serve all
13 load in its service territory at cost, using a cost based formula rate that tracks plant
14 additions and depreciation, etc monthly, with the return on equity set by the Ohio
15 Commission. While I am not proposing the specific embedded cost formula rate,
16 it would be similar to the Companies’ FRR capacity rate formula proposed in its
17 FERC application. The subject capacity would be used to meet the capacity
18 requirements on a proportional basis for AEP Ohio customers (both shopping and
19 SSO). To avoid the complexity of a “first-through-the-meter” plan, the shopping
20 load share of the energy from this dedicated unit would be sold into the wholesale
21 market and the margin would be used to off-set capacity costs. Shopping
22 customers would thus pay the full embedded cost of their proportionate share of

1 the unit, less a credit for any energy margins generated by the sale energy from
2 the unit. The margins would be equal to market revenues less the actual fuel and
3 variable O&M costs associated with the unit. Shopping customers would
4 continue to pay their respective CRES providers for actual energy use and receive
5 a capacity credit against otherwise applicable CRES capacity charges. This
6 approach would provide shopping customers with the mW capacity associated
7 with the unit (charged at net revenue requirements), but would not provide
8 energy, which would continue to be provided by the CRES provider at market
9 prices. In this manner, the benefits/burdens requirement of section
10 4928.143(C)(1) would be met.

11
12 **Q. In addition to meeting the benefits/burdens requirement, are there other**
13 **reasons why such an approach should be implemented?**

14 A. Yes. First, AEP is facing large environments costs on its existing plants. While
15 these plants may be perfectly serviceable and cost effective in the long run, it is a
16 very risky investment without guaranteed recovery. It could be highly
17 uneconomic for all AEP Ohio customers (both shopping and SSO) and for AEP
18 itself if these plants are retired because of regulatory uncertainty. At the same
19 time, it is not reasonable to charge shopping customers for environmental
20 upgrades without providing these same customers an economic benefit for paying
21 these costs. For shopping customers, the cost based capacity would provide an
22 effective hedge on the potential costs of full market based charges. For example,

1 if the dedicated capacity provides 20% of the service territory's needs, then a
2 shopping customer would have 20% of its capacity at cost (including the credit
3 for energy margins), 80% of its capacity at market (PJM RPM) and 100% of its
4 actual energy purchased at market via a CRES provider.

5
6 **Q. Procedurally, how would your proposed EICCR operate?**

7 A. If the EICCR is a non-bypassable charge, then shopping customers must receive
8 the benefits of the capacity and energy associated with the rededicated,
9 environmentally upgraded generating units. AEP should be required, in a
10 separate hearing that would occur following approval of the Companies' ESP, to
11 present a case before the Commission to establish that each proposed
12 environmental upgrade, whose costs would be included in the EICCR, is least
13 cost, economic and prudent for AEP Ohio customers, both SSO and shopping,
14 over the life of the rededicated generation.

15
16 **Q. How does your proposal differ from AEP's request at the FERC and the**
17 **PUCO to charge CRES providers a capacity rate based on the FRR**
18 **embedded costs?**

19 A. The OEG proposal in this case differs in a number of very significant ways. First,
20 the OEG proposal only covers specific generating units that will undergo
21 environmental upgrades pursuant to a PUCO approved plan to recover costs
22 through the EICCR. AEP's CRES capacity rate proposal at the FERC and PUCO

1 would charge full embedded cost for AEP Ohio's full portfolio of generating
2 units, not just units that are receiving environmental upgrades. In addition, in
3 order to recover the capacity revenue requirements from shopping customers
4 under the OEG proposal, AEP has to meet a burden to demonstrate that the
5 environmental investment is prudent, least cost and economic for all of AEP
6 Ohio's customers, both SSO and shopping. In addition, the affected generating
7 unit revenue requirements would be net of energy margins, as described
8 previously in my testimony. Finally, the PUCO would have regulatory oversight
9 and approval of the rate of return on equity used to compute the revenue
10 requirement.

11
12 **Q. Do you believe that there is support for OEG's EICCR proposal in the PJM**
13 **tariff provision governing State Compensation mechanisms associated with**
14 **recovering the cost of AEP's FRR capacity from CRES providers?**

15 **A.** Yes. Pursuant to Section D.8 of Schedule 8.1 of the PJM Reliability Assurance
16 Agreement ("RAA"), if a state has implemented retail choice, a state can establish
17 a state compensation mechanism to compensate an FRR entity (in this case, AEP)
18 for an alternative LSE's (CRES provider) obligation for its share of FRR capacity.
19 Currently, the Ohio Commission is considering the issue of an appropriate state
20 compensation mechanism in Case No. 10-2929-EL-UNC. The current
21 compensation rate is the PJM unconstrained RPM auction price for capacity; AEP
22 is arguing for full embedded FRR cost. The OEG EICCR capacity rededication

1 proposal could be considered a compromise position. For generating units that
2 have been approved by the Ohio Commission for environmental upgrades and
3 cost recovery in the EICCR rider, AEP would be permitted to charge shopping
4 customers (and implicitly CRES providers), the full embedded cost of the subject
5 generating units, less the margins produced by the difference between the unit's
6 energy cost and market energy prices.⁶ The OEG proposal therefore can be
7 reasonably considered a type of state compensation mechanism under the PJM
8 tariff.

9
10 **Q. Duke Energy Ohio ("Duke"), in a recent application to the Commission**
11 **(Case No. 11-3549-EL-SSO), requested an ESP that includes a provision in**
12 **which Duke would charge all of its customers, both SSO and Shopping**
13 **customers, a non-bypassable capacity charge designed to recover its full**
14 **embedded cost of service associated with its legacy generation resources and**
15 **any new generation resources obtained to meet reserve requirements. How**
16 **does Duke's proposal compare to the OEG proposal that you just discussed**
17 **to rededicate specific generation units to serve AEP Ohio customers?**

18 **A.** While there might appear to be some similarities in the OEG and Duke ESP
19 proposals, there are large, significant differences in the two approaches. As I will
20 discuss, the Duke ESP capacity proposal represents a radical, unreasonable plan

⁶ As discussed previously, the rededicated unit environmental upgrades must be least cost, economic and prudent.

1 that would significantly harm the 67% of Duke's customers that are currently
2 shopping.⁷ There are significant differences between the Duke ESP "capacity
3 proposal" and the OEG proposal that I am recommending in this case. The key
4 differences are as follows:

5 1. The OEG proposal in this case is designed to rededicated specific
6 capacity that is being proposed by AEP for environmental upgrades. The
7 rededicated capacity would be subject to AEP demonstrating to the
8 Commission that the upgraded capacity is a least cost, economical and
9 prudent, compared to other alternatives. The evaluation would focus only
10 on the specified generation resource at issue for environmental upgrade.
11 In contrast, the Duke proposal is a mass rededication of all of Duke's
12 generation fleet without any demonstration that it is least cost, economic
13 and prudent to serve all of Duke's customers on a non-bypassable basis.
14 While such a demonstration is not required to continue using the Duke
15 capacity to serve SSO customers under an ESP, it is reasonable to impose
16 this requirement if the full capacity revenue requirement is to be imposed
17 on shopping customers as a non-bypassable charge (as Duke is proposing).

18
19 2. Under the OEG environmental investment carrying charge rider
20 proposal, all approved, rededicated generation resources would be charged
21 to both SSO (through the standard ESP SSO generation rate) and to

⁷ Shopping statistics as of May 2011 (Direct Testimony of Duke witness Judah Rose at footnote 3, page 6.)

1 shopping customers (via the “net capacity charge” that I discussed earlier)
2 for the life of the unit. The Duke proposal would only “rededicate” the
3 Duke capacity for a 9 year, 5 month period. To the extent that shopping
4 customers are likely to be able to continue to obtain capacity from their
5 CRES providers at PJM RPM established prices significantly below full
6 embedded cost for at least the next three to four years, the Duke 9 year, 5
7 month proposal may be entirely uneconomic compared to the alternatives
8 available to shopping customers. The OEG proposal is designed to be an
9 economically viable “hedge” for AEP’s customers, both SSO and
10 shopping. It is limited to a selected set of AEP generation resources that
11 are being proposed for environmental upgrades that can be demonstrated
12 to be least cost and economic compared to alternatives over the life of the
13 units. No such demonstration is required in Duke’s ESP proposal.
14

15 3. Both the OEG capacity rededication proposal and the Duke ESP
16 proposal provide a credit to the embedded capacity revenue requirement
17 associated with net margins produced from the sale of energy at market
18 prices from the rededicated capacity. However, under the OEG AEP ESP
19 proposal to recover environmental upgrade costs, 100% of the net energy
20 margins are credited against the capacity revenue requirement while under
21 the Duke proposal only 76% of the net energy margins are credited to the
22 capacity revenue requirement; 19% of the margins are retained by Duke’s

1 shareholders and 5% are used to fund a third-party economic development
2 entity.

3

4 In summary, the OEG proposal is a more reasonable plan that provides a basis for
5 AEP to upgrade and maintain economically viable generation resources that can
6 be dedicated to serving all AEP Ohio customers, both SSO and shopping.

7

8 **Q. Do you have any comments on AEP's proposed Generation Resource Rider**
9 **("GRR")?**

10 A. Yes. This rider is designed to recover the full revenue requirements (return,
11 depreciation, O&M) of new generation resources obtain by the Companies; both
12 renewable and traditional power plants. AEP is proposing to recover these
13 revenue requirements from all AEP Ohio ratepayers on a non-bypassable basis,
14 pursuant to division 4928.143(B)(2)(c), Ohio Rev. Code. Because the rider is
15 non-bypassable, shopping customers will be charged for a proportionate share of
16 the revenue requirements.

17

18 **Q. Has AEP explained how the output of these GRR resources would be made**
19 **available to shopping customers?**

20 A. No. Nothing in AEP's filing addresses the statutory requirement, which
21 specifically applies to this section of the statute that requires AEP to dedicate the
22 capacity and energy of the unit to all AEP Ohio consumers, both SSO and

1 shopping customers.⁸ In addition, section 4928.143(C)(1), Ohio Rev. requires
2 that “if the Commission so approves an application that contains a surcharge
3 under division (B)(2)(b) or (c) of this section, the commission shall ensure that
4 the benefits derived for any purpose for which the surcharge is established are
5 reserved and made available to those that bear the surcharge.” This “benefits-
6 burdens” requirement of the statute is a further imposition on AEP to provide a
7 share of the capacity and energy associated with facilities being recovered under
8 the GRR to shopping customers, as well as SSO customers. The Companies have
9 not met this burden and should not be permitted to recover any costs through the
10 GRR until a Commission approved mechanism is established to insure that
11 shopping customers receive their appropriate share of the capacity and energy
12 benefits associated with their required payments through the non-bypassable GRR
13 charge.

14
15 **Q. Does OEG oppose the GRR as-filed?**

16 A. Yes, to the extent that it is incomplete with regards to providing shopping
17 customers with the requisite capacity and energy benefits associated with the
18 GRR resources. However, OEG does not oppose the GRR if AEP includes a
19 specific methodology that will provide shopping customers a pro-rata share of the
20 capacity and energy (or the economic equivalent) associated with any facilities

⁸ Division 4928.143(B)(2)(c) states “the electric distribution utility shall dedicate to Ohio consumers the capacity and energy and the rate associated with the cost of that facility.”

1 that are being recovered through the non-bypassable charge. Our
2 recommendation is to dedicate the GRR capacity to both SSO and shopping
3 customers using the OEG proposal discussed for the EICRR. Shopping
4 customers would receive a proportionate share of the capacity and energy benefits
5 by paying the full embedded costs through the GRR, less energy margins
6 calculated by comparing the energy cost of the resource to market prices.
7 Shopping customers would pay a net capacity charge and receive a capacity credit
8 against their otherwise applicable CRES charges.

IV. POLR, RATE SECURITY AND INTERRUPTIBLE RIDERS

Q. Would you please address the Companies' proposed revisions to its Provider of Last Resort ("POLR") Rider?

A. Yes. AEP is proposing a number of changes to its current POLR Rider in this case. Among these issues is a proposal by AEP to modify the current provision in the POLR Rider that permits shopping customers to avoid the POLR charge if the customer agrees to pay market priced generation rates in the event such customer returns to SSO service, rather than the SSO generation rate that would otherwise apply. The current rider requires that a customer electing this option agree to pay market priced generation rates during the term of the ESP. AEP is now proposing to make this waiver permanent, which means that an electing shopping customer would never be permitted to obtain SSO generation service at the approved SSO generation rate but would rather always be subject to market price generation service in the event such customer returned to SSO service. As I discuss below, this proposal is not reasonable and should be rejected by the Commission.

Q. Are you offering testimony on the reasonableness of the level of the Companies' proposed POLR charge or the cost basis of the charge?

A. No. However, I am aware that, as a result of the remand ordered by the Supreme Court of Ohio, the cost basis for establishing the current POLR Rider is before the Commission in the remand proceeding in Case Nos. 08-917 and 08-918-EL-SSO.

1 The outcome of this remand proceeding likely will determine the ultimate
2 reasonableness of the Companies' proposal in this case. Notwithstanding the POLR
3 issues before the Commission in the remand proceeding, OEG opposes the collection
4 of a POLR charge in this case unless AEP can adequately support that it is cost based
5 or otherwise appropriate.

6
7 **Q. Would you address AEP's proposal to require shopping customers to**
8 **permanently waive their rights to the Commission approved SSO generation**
9 **rate upon a return to SSO service in order to avoid the POLR charge?**

10 A. As discuss in the testimony of AEP witness Laura Thomas on page 14 of her
11 testimony, the current POLR Rider provides an option for shopping customers to
12 avoid the POLR charge if the waive their rights to return to SSO generation service
13 at the standard tariff rate and instead agree to pay market generation rates in the
14 event of a return. In the current POLR Rider approved by the Commission, this
15 waiver covers the term of the ESP. AEP is now proposing that a customer waiving
16 the POLR charge be required to return to SSO service at market rates permanently
17 (assuming that the customer does return to SSO service).

18
19 **Q. Does AEP provide any reasonable support for the proposed tariff change?**

20 A. No. The only support is a statement by AEP witness Thomas on page 21 at lines 13
21 to 15 of her testimony that "The customer's commitment to market pricing should
22 extend beyond the term of the proposed ESP. This is consistent with the overall

1 movement to market pricing in Ohio.” Beyond this statement, AEP provides no
2 evidence to support its proposed modifications.
3

4 **Q. Should the AEP proposed POLR change be rejected?**

5 A. Yes. It is unreasonable to extend the waiver beyond the term of the 29 month ESP.
6 The POLR charge proposed by AEP is based on an option, whose value is
7 determined in part by the “Length of the Proposed ESP Period (Term).”⁹ There is no
8 basis for AEP’s perpetual restriction provision that would require a shopping
9 customer to forego SSO service at the ESP generation rate and pay market rates upon
10 a return to SSO service permanently, irrespective of the term of the ESP. The
11 computational basis for the POLR charge, which is designed to measure the cost
12 associated with POLR risk (i.e., the risk that a shopping customer may return to SSO
13 service and demand ESP rates) is based on the term of the ESP and is not a perpetual
14 risk. Requiring a shopping customer to forego an ESP generation rate upon return to
15 SSO service beyond the 29 month ESP period is not commensurate with the cost of
16 the POLR charge or the basis used by AEP to compute the charge. AEP’s proposal
17 is asking the customer to absorb future risks (SSO ESP prices below market) that are
18 associated with subsequent ESP’s that may be implemented following the 29 month
19 ESP period at issue in this case.
20

⁹ Thomas Direct Testimony at page 17, line 15.

1 Finally, if OEG's equity stabilization proposal is adopted, the overall financial risk
2 associated with providing POLR service is mitigated because the equity stabilization
3 proposal provides downside return risk protection against all factors, including the
4 provision of POLR service.

5
6 **Q. Would you please address AEP's proposed Rate Security Rider ("RSR")?**

7 A. AEP is proposing the voluntary RSR to assist certain large commercial and
8 industrial customers with demands in excess 200 kW to receive a 15% discount on
9 the base generation portion of customer bills. The RSR agreement requires that
10 customers commit to SSO service for the 29 month ESP term, plus an additional
11 three years beyond the term (June 2014 through May 2017). During the three year
12 extension period, the discount off of the base generation rate would decline by 5%
13 per year, with 0% discount in the third year. AEP would absorb the lost revenue
14 ("Delta Revenue").

15
16 **Q. Does OEG support the proposed RSR?**

17 A. OEG supports the RSR concept proposed by AEP, but opposes the three year
18 extension provision that would effectively extend the ESP for an additional 36
19 months (total of 65 months) for these RSR SSO customers only. Beyond the 29
20 month ESP term proposed by AEP in this case, there is no information that can be
21 used by potential customers to evaluate options. OEG proposes that an RSR
22 agreement have a minimum term of 29 months and a maximum term of 65 months,

1 as proposed by AEP. However, to limit the potential exposure of AEP to this
2 option, OEG recommends that the 29 month option be limited to customers whose
3 loads exceed 5 mW at a single site. This would restrict the 29 month option to only
4 the Companies' largest customers, yet continue to make the RSR available to all
5 customers over 200 kW for the extended period proposed by AEP.

6
7 This customer elected option likely would significantly enhance the benefits of the
8 RSR to customers. Any additional risk to AEP as a result of conforming the RSR
9 contract term to the ESP term would be compensated for by the OEG proposed
10 equity stabilization plan that provides for earnings protection to AEP during the 29
11 month ESP term. Effectively, by providing RSR customers an option to contract for
12 a 29 month (or greater period), AEP will provide qualifying customers an alternative
13 ESP plan that reduces customer rate risk and does not effectively increase risk to
14 AEP (by virtue of the equity stabilization plan also proposed by OEG).

15
16 **Q. Do you have any additional proposed modifications to the RSR?**

17 A. Yes. The RSR rider should be clarified to permit customers who are receiving
18 interruptible credits to participate. While there are no stated restrictions in AEP's
19 proposal, OEG requests that the rider specifically be applicable to an otherwise
20 qualifying GS-4 customer who also participates in the AEP interruptible rate
21 program.

1 In addition, a customer agreeing to an RSR contract that elects to forego shopping
2 during the 29 month ESP period does not impose any POLR risk to AEP and should
3 not have to bear the cost of the POLR charge. AEP's risk associated with an RSR
4 customer's POLR service is eliminated, with regard to potential shopping and the
5 stranded cost associated with that risk. During the 29 month ESP period in which an
6 RSR customer agrees to forego shopping, there is no ability of an RSR customer to
7 shop and thus the Company would not be subject to providing the "option" to these
8 RSR customers. As such, there would be no basis to charge a POLR charge to any
9 customer agreeing to the RSR contract. In the event that an RSR customer does
10 shop during this 29 month ESP term, then the customer should be required to pay-
11 back the avoided POLR charges, in addition to any other penalties required in the
12 RSR tariff and agreement.

13
14 **Q. In AEP's prior ESP proceeding (Case Nos. 08-917 and 08-918-EL-SSO), you**
15 **recommended a similar waiver provision for POLR rider charges that would**
16 **permit SSO customers to waive the POLR charge if they agreed to forgo**
17 **shopping during the ESP term. This proposal was not adopted by the**
18 **Commission. Are you recommending this type of POLR waiver provision in**
19 **this case?**

20 **A.** Not specifically, though I believe that it would be appropriate for the Commission to
21 reconsider this proposal. As I discussed above, SSO customers who agree to an
22 RSR contract and forgo shopping during the ESP term, or longer, should not have to

1 pay a POLR charge since the “option” cost to AEP is no longer being incurred.
2 Likewise, any SSO customer who agrees to forgo shopping would also reduce (or
3 eliminate) the shopping risk to AEP that is the basis for the POLR charge.
4

5 **Q. Would you please address AEP’s proposal to eliminate the current Rate IRP-D**
6 **and replace it with an Interruptible Power-Discretionary Rider (“IRP-D”)?**

7 A. As discussed by AEP witness Roush, the Companies are proposing to replace the
8 existing IRP-D rate schedule with an IRP-D rider. This rider would be available to
9 any customer taking service under Rate IRP-D as of December 2011. The main
10 difference between the Rate IRP-D and the IRP-D rider is that the rider provides an
11 interruptible kW demand credit that would be applied to a customer’s otherwise
12 applicable firm service charges. In its filing in this case, AEP is assuming an
13 interruptible rate credit of \$6.57/kW month, based on the level of capacity charges
14 that AEP proposes to charge CRES providers. The proposed \$6.57/kW month
15 demand credit is the Companies’ Fixed Resource Requirement (“FRR”) revenue
16 requirement that it proposes to charge each CRES based on the AEP Ohio kW load
17 of such CRES, with an adjustment to reflect a 20% discount.¹⁰
18

¹⁰ In response to OEG INT-2-003, AEP states that there was no specific analysis performed to develop the discount factor.

1 **Q. Is the proposed IRP-D credit of \$6.57/kW per month dependent on the actual**
2 **charge to CRES providers for capacity that will be approved by the**
3 **Commission?**

4 A. Yes. AEP's response to OEG INT-2-001 states as follows: "The proposed IRP-D
5 Demand Credit will be based upon the outcome of Case No. 10-2929-EL-UNC.
6 Based upon the Company's proposal, the value would change annually concurrent
7 with the PJM planning/delivery year (June 1 through May 31)." If the Commission
8 approved a lower capacity charge to CRES providers based on the PJM RPM rates,
9 the interruptible credit would decline significantly. As a result, the \$6.57/kW credit,
10 and the rate impacts on current Rate IRP-D customers from the Companies'
11 proposal is highly uncertain.

12
13 **Q. Does OEG support the Companies' proposed IRP-D Rider?**

14 A. OEG does not oppose the Companies' proposal to replace the current Rate IRP-D
15 with an interruptible rider providing a demand credit of \$6.57/kW month, applicable
16 to rate GS-4. Rider IRP-D would provide customers with the interruptible demand
17 credit for each kW of monthly billing demand in excess of the customer's
18 designated firm kW demand. OEG accepts the proposed \$6.57/kW monthly credit,
19 though the credit should not be linked to possible changes in the AEP capacity rate
20 to CRES providers. OEG proposes that the \$6.57/kW demand credit be fixed during
21 the term of the 29 month ESP period at issue in this case.

22

1 In the event that AEP elects, or is ordered by the Ohio Commission or the FERC to
2 lower the charge for capacity services to AEP Ohio load zone CRES providers
3 during the 29 month ESP term, the \$6.57/kW demand credit should continue at that
4 level for IRP-D customers. The difference between the actual charge for capacity to
5 CRES providers and the \$6.57/kW credit should be included in the Economic
6 Development Rider (“EDR”) as a non-bypassable charge. This is similar to the
7 treatment of interruptible credits for large manufacturing customers in the First
8 Energy ESP.

9
10 **Q. What is the basis for your recommendation on this issue?**

11 A. There are three reasons for the OEG proposed modification to the IRP-D Rider.
12 First, IRP-D customers tend to be very large industrial manufacturing customers that
13 provide much needed manufacturing employment in Ohio. Curtailing the level of
14 the IRP-D demand credit could have a material impact on the cost of power for these
15 customers, with commensurate negative impacts on their economic viability. In the
16 recent First Energy ESP proceeding (Case No. 10-388-EL-SSO), the Commission
17 approved interruptible credits of \$10/kW for large manufacturing customers, with
18 any revenue shortfall recovered from all non-interruptible customers as part of the
19 non-bypassable rider. This is consistent with OEG’s proposal in this AEP case for
20 the inclusion of any difference between the \$6.57/kW interruptible credit and actual
21 capacity charges to CRES providers being recovered in the EDR.

1 Second, as a general matter, IRP customers should be afforded a reasonable level of
2 rate stability during the ESP period. By fixing the IRP-D credit at the Companies'
3 proposed \$6.57/kW level, a portion of the ESP rate is fixed for 29 months.

4
5 Finally, absent OEG's proposed modification to the IRP-D Rider, large industrial
6 manufacturing customers currently taking service on Rate IRP-D may face very
7 substantial rate increases beginning in 2012 if the IRP-D demand credit is permitted
8 to vary substantially; particularly if it is reset to the RPM rate that will be \$0.50/kW
9 month during the 2012 – 2013 PJM power year.¹¹ Under the Companies' proposal,
10 there would be no mitigation available to address these potentially massive
11 increases. The proposed MTR does not address the impact of a reduction in the
12 IRP-D demand credit.

13
14 **Q. Does that complete your Direct Testimony?**

15 **A. Yes.**

¹¹ See OCC INT – 56a Attachment 1. The 2012/2013 PJM RPM rate is \$16.46/mW/day. This equates to a monthly rate of \$0.50/kW ($16.46 \times 365 / 12 / 1000 = 0.50$).

BEFORE THE
PUBLIC UTILITY COMMISSION OF OHIO

In The Matter Of The Application Of Columbus :
Southern Power Company And Ohio Power : **Case No. 11-0346-EL-SSO**
Company For Authority To Establish A Standard : **Case No. 11-0348-EL-SSO**
Service Offer Pursuant To 4928.143, Ohio Rev. :
Code, In The Form Of An Electric Security Plan :

EXHIBITS
OF
STEPHEN J. BARON

ON BEHALF OF
THE OHIO ENERGY GROUP

J. KENNEDY AND ASSOCIATES, INC.
ROSWELL, GEORGIA

BEFORE THE
PUBLIC UTILITY COMMISSION OF OHIO

In The Matter Of The Application Of Columbus	:	
Southern Power Company And Ohio Power	:	Case No. 11-0346-EL-SSO
Company For Authority To Establish A	:	Case No. 11-0348-EL-SSO
Standard Service Offer Pursuant To 4928.143,	:	
Ohio Rev. Code, In The Form Of An Electric	:	
Security Plan	:	

EXHIBIT __ (SJB-1)

OF

STEPHEN J. BARON

ON BEHALF OF

THE OHIO ENERGY GROUP

Professional Qualifications

Of

Stephen J. Baron

Mr. Baron graduated from the University of Florida in 1972 with a B.A. degree with high honors in Political Science and significant coursework in Mathematics and Computer Science. In 1974, he received a Master of Arts Degree in Economics, also from the University of Florida. His areas of specialization were econometrics, statistics, and public utility economics. His thesis concerned the development of an econometric model to forecast electricity sales in the State of Florida, for which he received a grant from the Public Utility Research Center of the University of Florida. In addition, he has advanced study and coursework in time series analysis and dynamic model building.

Mr. Baron has more than thirty years of experience in the electric utility industry in the areas of cost and rate analysis, forecasting, planning, and economic analysis.

Following the completion of my graduate work in economics, he joined the staff of the Florida Public Service Commission in August of 1974 as a Rate Economist. His responsibilities included the analysis of rate cases for electric, telephone, and gas utilities, as well as the preparation of cross-examination material and the preparation of staff recommendations.

In December 1975, he joined the Utility Rate Consulting Division of Ebasco Services, Inc.

J. KENNEDY AND ASSOCIATES, INC.

as an Associate Consultant. In the seven years he worked for Ebasco, he received successive promotions, ultimately to the position of Vice President of Energy Management Services of Ebasco Business Consulting Company. His responsibilities included the management of a staff of consultants engaged in providing services in the areas of econometric modeling, load and energy forecasting, production cost modeling, planning, cost-of-service analysis, cogeneration, and load management.

He joined the public accounting firm of Coopers & Lybrand in 1982 as a Manager of the Atlanta Office of the Utility Regulatory and Advisory Services Group. In this capacity he was responsible for the operation and management of the Atlanta office. His duties included the technical and administrative supervision of the staff, budgeting, recruiting, and marketing as well as project management on client engagements. At Coopers & Lybrand, he specialized in utility cost analysis, forecasting, load analysis, economic analysis, and planning.

In January 1984, he joined the consulting firm of Kennedy and Associates as a Vice President and Principal. Mr. Baron became President of the firm in January 1991.

During the course of his career, he has provided consulting services to more than thirty utility, industrial, and Public Service Commission clients, including three international utility clients.

J. KENNEDY AND ASSOCIATES, INC.

He has presented numerous papers and published an article entitled "How to Rate Load Management Programs" in the March 1979 edition of "Electrical World." His article on "Standby Electric Rates" was published in the November 8, 1984 issue of "Public Utilities Fortnightly." In February of 1984, he completed a detailed analysis entitled "Load Data Transfer Techniques" on behalf of the Electric Power Research Institute, which published the study.

Mr. Baron has presented testimony as an expert witness in Arizona, Arkansas, Colorado, Connecticut, Florida, Georgia, Indiana, Kentucky, Louisiana, Maine, Michigan, Minnesota, Maryland, Missouri, New Jersey, New Mexico, New York, North Carolina, Ohio, Pennsylvania, Texas, Utah, Virginia, West Virginia, Wisconsin, Wyoming, the Federal Energy Regulatory Commission and in United States Bankruptcy Court. A list of his specific regulatory appearances follows.

J. KENNEDY AND ASSOCIATES, INC.

**Expert Testimony Appearances
of
Stephen J. Baron
As of June 2011**

Date	Case	Jurisdct.	Party	Utility	Subject
4/81	203(B)	KY	Louisville Gas & Electric Co.	Louisville Gas & Electric Co.	Cost-of-service.
4/81	ER-81-42	MO	Kansas City Power & Light Co.	Kansas City Power & Light Co.	Forecasting.
6/81	U-1933	AZ	Arizona Corporation Commission	Tucson Electric Co.	Forecasting planning.
2/84	8924	KY	Airco Carbide	Louisville Gas & Electric Co.	Revenue requirements, cost-of-service, forecasting, weather normalization.
3/84	84-038-U	AR	Arkansas Electric Energy Consumers	Arkansas Power & Light Co.	Excess capacity, cost-of-service, rate design.
5/84	830470-EI	FL	Florida Industrial Power Users' Group	Florida Power Corp.	Allocation of fixed costs, load and capacity balance, and reserve margin. Diversification of utility.
10/84	84-199-U	AR	Arkansas Electric Energy Consumers	Arkansas Power and Light Co.	Cost allocation and rate design.
11/84	R-842651	PA	Lehigh Valley Power Committee	Pennsylvania Power & Light Co.	Interruptible rates, excess capacity, and phase-in.
1/85	85-65	ME	Airco Industrial Gases	Central Maine Power Co.	Interruptible rate design.
2/85	I-840381	PA	Philadelphia Area Industrial Energy Users' Group	Philadelphia Electric Co.	Load and energy forecast.
3/85	9243	KY	Alcan Aluminum Corp., et al.	Louisville Gas & Electric Co.	Economics of completing fossil generating unit.
3/85	3498-U	GA	Attorney General	Georgia Power Co.	Load and energy forecasting, generation planning economics.
3/85	R-842632	PA	West Penn Power Industrial Intervenor	West Penn Power Co.	Generation planning economics, prudence of a pumped storage hydro unit.
5/85	84-249	AR	Arkansas Electric Energy Consumers	Arkansas Power & Light Co.	Cost-of-service, rate design return multipliers.
5/85		City of Santa Clara	Chamber of Commerce	Santa Clara Municipal	Cost-of-service, rate design.

J. KENNEDY AND ASSOCIATES, INC.

**Expert Testimony Appearances
of
Stephen J. Baron
As of June 2011**

Date	Case	Jurisdic	Party	Utility	Subject
6/85	84-768-E-42T	WV	West Virginia Industrial Intervenors	Monongahela Power Co.	Generation planning economics, prudence of a pumped storage hydro unit.
6/85	E-7 Sub 391	NC	Carolina Industrials (CIGFUR III)	Duke Power Co.	Cost-of-service, rate design, interruptible rate design.
7/85	29046	NY	Industrial Energy Users Association	Orange and Rockland Utilities	Cost-of-service, rate design.
10/85	85-043-U	AR	Arkansas Gas Consumers	Arkla, Inc.	Regulatory policy, gas cost-of-service, rate design.
10/85	85-63	ME	Airco Industrial Gases	Central Maine Power Co.	Feasibility of interruptible rates, avoided cost.
2/85	ER-8507698	NJ	Air Products and Chemicals	Jersey Central Power & Light Co.	Rate design.
3/85	R-850220	PA	West Penn Power Industrial Intervenors	West Penn Power Co.	Optimal reserve, prudence, off-system sales guarantee plan.
2/86	R-850220	PA	West Penn Power Industrial Intervenors	West Penn Power Co.	Optimal reserve margins, prudence, off-system sales guarantee plan.
3/86	85-299U	AR	Arkansas Electric Energy Consumers	Arkansas Power & Light Co.	Cost-of-service, rate design, revenue distribution.
3/86	85-726-EL-AIR	OH	Industrial Electric Consumers Group	Ohio Power Co.	Cost-of-service, rate design, interruptible rates.
5/86	86-081-E-GI	WV	West Virginia Energy Users Group	Monongahela Power Co.	Generation planning economics, prudence of a pumped storage hydro unit.
8/86	E-7 Sub 408	NC	Carolina Industrial Energy Consumers	Duke Power Co.	Cost-of-service, rate design, interruptible rates.
10/86	U-17378	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Excess capacity, economic analysis of purchased power.
12/86	38063	IN	Industrial Energy Consumers	Indiana & Michigan Power Co.	Interruptible rates.

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**Expert Testimony Appearances
of
Stephen J. Baron
As of June 2011**

Date	Case	Jurisdct.	Party	Utility	Subject
3/87	EL-86-53-001 EL-86-57-001	Federal Energy Regulatory Commission (FERC)	Louisiana Public Service Commission Staff	Gulf States Utilities, Southern Co.	Cost/benefit analysis of unit power sales contract.
4/87	U-17282	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Load forecasting and imprudence damages, River Bend Nuclear unit.
5/87	87-023-E-C	WV	Airco Industrial Gases	Monongahela Power Co.	Interruptible rates.
5/87	87-072-E-G1	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Analyze Mon Power's fuel filing and examine the reasonableness of MP's claims.
5/87	86-524-E-SC	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Economic dispatching of pumped storage hydro unit.
5/87	9781	KY	Kentucky Industrial Energy Consumers	Louisville Gas & Electric Co.	Analysis of impact of 1986 Tax Reform Act.
6/87	3673-U	GA	Georgia Public Service Commission	Georgia Power Co.	Economic prudence, evaluation of Vogtle nuclear unit - load forecasting, planning.
6/87	U-17282	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Phase-in plan for River Bend Nuclear unit.
7/87	85-10-22	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	Methodology for refunding rate moderation fund.
8/87	3673-U	GA	Georgia Public Service Commission	Georgia Power Co.	Test year sales and revenue forecast.
9/87	R-850220	PA	West Penn Power Industrial Intervenor	West Penn Power Co.	Excess capacity, reliability of generating system.
10/87	R-870651	PA	Duquesne Industrial Intervenor	Duquesne Light Co.	Interruptible rate, cost-of-service, revenue allocation, rate design.
10/87	I-860025	PA	Pennsylvania Industrial Intervenor		Proposed rules for cogeneration, avoided cost, rate recovery.
10/87	E-015/	MN	Taconite	Minnesota Power	Excess capacity, power and

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**Expert Testimony Appearances
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Stephen J. Baron
As of June 2011**

Date	Case	Jurisdct.	Party	Utility	Subject
	GR-87-223		Intervenors	& Light Co.	cost-of-service, rate design.
10/87	8702-EI	FL	Occidental Chemical Corp.	Florida Power Corp.	Revenue forecasting, weather normalization.
12/87	87-07-01	CT	Connecticut Industrial Energy Consumers	Connecticut Light Power Co.	Excess capacity, nuclear plant phase-in.
3/88	10064	KY	Kentucky Industrial Energy Consumers	Louisville Gas & Electric Co.	Revenue forecast, weather normalization rate treatment of cancelled plant.
3/88	87-183-TF	AR	Arkansas Electric Consumers	Arkansas Power & Light Co.	Standby/backup electric rates.
5/88	870171C001	PA	GPU Industrial Intervenors	Metropolitan Edison Co.	Cogeneration deferral mechanism, modification of energy cost recovery (ECR).
6/88	870172C005	PA	GPU Industrial Intervenors	Pennsylvania Electric Co.	Cogeneration deferral mechanism, modification of energy cost recovery (ECR).
7/88	88-171-EL-AIR 88-170-EL-AIR Interim Rate Case	OH	Industrial Energy Consumers	Cleveland Electric/ Toledo Edison	Financial analysis/need for interim rate relief.
7/88	Appeal of PSC	19th Judicial Docket U-17282	Louisiana Public Service Commission Circuit Court of Louisiana	Gulf States Utilities	Load forecasting, imprudence damages.
11/88	R-880989	PA	United States Steel	Carnegie Gas	Gas cost-of-service, rate design.
11/88	88-171-EL-AIR 88-170-EL-AIR	OH	Industrial Energy Consumers	Cleveland Electric/ Toledo Edison. General Rate Case.	Weather normalization of peak loads, excess capacity, regulatory policy.
3/89	870216/283 284/286	PA	Armco Advanced Materials Corp., Allegheny Ludlum Corp.	West Penn Power Co.	Calculated avoided capacity, recovery of capacity payments.
8/89	8555	TX	Occidental Chemical Corp.	Houston Lighting & Power Co.	Cost-of-service, rate design.

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As of June 2011**

Date	Case	Jurisdic.	Party	Utility	Subject
8/89	3840-U	GA	Georgia Public Service Commission	Georgia Power Co.	Revenue forecasting, weather normalization.
9/89	2087	NM	Attorney General of New Mexico	Public Service Co. of New Mexico	Prudence - Palo Verde Nuclear Units 1, 2 and 3, load forecasting.
10/89	2262	NM	New Mexico Industrial Energy Consumers	Public Service Co. of New Mexico	Fuel adjustment clause, off-system sales, cost-of-service, rate design, marginal cost.
11/89	38728	IN	Industrial Consumers for Fair Utility Rates	Indiana Michigan Power Co.	Excess capacity, capacity equalization, jurisdictional cost allocation, rate design, interruptible rates.
1/90	U-17282	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Jurisdictional cost allocation, O&M expense analysis.
5/90	890366	PA	GPU Industrial Intervenor	Metropolitan Edison Co.	Non-utility generator cost recovery.
6/90	R-901609	PA	Armco Advanced Materials Corp., <i>Allegheny Ludlum Corp.</i>	West Penn Power Co.	Allocation of QF demand charges in the fuel cost, cost-of-service, rate design.
9/90	8278	MD	Maryland Industrial Group	Baltimore Gas & Electric Co.	Cost-of-service, rate design, revenue allocation.
12/90	U-9346 Rebuttal	MI	Association of Businesses Advocating Tariff Equity	Consumers Power Co.	Demand-side management, environmental externalities.
12/90	U-17282 Phase IV	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, jurisdictional allocation.
12/90	90-205	ME	Airco Industrial Gases	Central Maine Power Co.	Investigation into interruptible service and rates.
1/91	90-12-03 Interim	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	Interim rate relief, financial analysis, class revenue allocation.
5/91	90-12-03 Phase II	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	Revenue requirements, cost-of-service, rate design, demand-side management.

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**Expert Testimony Appearances
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Stephen J. Baron
As of June 2011**

Date	Case	Jurisdct.	Party	Utility	Subject
8/91	E-7, SUB SUB 487	NC	North Carolina Industrial Energy Consumers	Duke Power Co.	Revenue requirements, cost allocation, rate design, demand- side management.
8/91	8341 Phase I	MD	Westvaco Corp.	Potomac Edison Co.	Cost allocation, rate design, 1990 Clean Air Act Amendments.
8/91	91-372 EL-UNC	OH	Armco Steel Co., L.P.	Cincinnati Gas & Electric Co.	Economic analysis of cogeneration, avoid cost rate.
9/91	P-910511 P-910512	PA	Allegheny Ludlum Corp., Armco Advanced Materials Co., The West Penn Power Industrial Users' Group	West Penn Power Co.	Economic analysis of proposed CWIP Rider for 1990 Clean Air Act Amendments expenditures.
9/91	91-231 -E-NC	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Economic analysis of proposed CWIP Rider for 1990 Clean Air Act Amendments expenditures.
10/91	8341 - Phase II	MD	Westvaco Corp.	Potomac Edison Co.	Economic analysis of proposed CWIP Rider for 1990 Clean Air Act Amendments expenditures.
10/91	U-17282	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Results of comprehensive management audit.
Note: No testimony was prefiled on this.					
11/91	U-17949 Subdocket A	LA	Louisiana Public Service Commission Staff	South Central Bell Telephone Co. and proposed merger with Southern Bell Telephone Co.	Analysis of South Central Bell's restructuring and
12/91	91-410- EL-AIR	OH	Armco Steel Co., Air Products & Chemicals, Inc.	Cincinnati Gas & Electric Co.	Rate design, interruptible rates.
12/91	P-880286	PA	Armco Advanced Materials Corp., Allegheny Ludlum Corp.	West Penn Power Co.	Evaluation of appropriate avoided capacity costs - QF projects.
1/92	C-913424	PA	Duquesne Interruptible Complainants	Duquesne Light Co.	Industrial interruptible rate.
6/92	92-02-19	CT	Connecticut Industrial Energy Consumers	Yankee Gas Co.	Rate design.

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Stephen J. Baron
As of June 2011**

Date	Case	Jurisdct.	Party	Utility	Subject
8/92	2437	NM	New Mexico Industrial Intervenor	Public Service Co. of New Mexico	Cost-of-service.
8/92	R-00922314	PA	GPU Industrial Intervenor	Metropolitan Edison Co.	Cost-of-service, rate design, energy cost rate.
9/92	39314	ID	Industrial Consumers for Fair Utility Rates	Indiana Michigan Power Co.	Cost-of-service, rate design, energy cost rate, rate treatment.
10/92	M-00920312 C-007	PA	The GPU Industrial Intervenor	Pennsylvania Electric Co.	Cost-of-service, rate design, energy cost rate, rate treatment.
12/92	U-17949	LA	Louisiana Public Service Commission Staff	South Central Bell Co.	Management audit.
12/92	R-00922378	PA	Armco Advanced Materials Co. The WPP Industrial Intervenor	West Penn Power Co.	Cost-of-service, rate design, energy cost rate, SO ₂ allowance rate treatment.
1/93	8487	MD	The Maryland Industrial Group	Baltimore Gas & Electric Co.	Electric cost-of-service and rate design, gas rate design (flexible rates).
2/93	E002/GR-92-1185	MN	North Star Steel Co. Praxair, Inc.	Northern States Power Co.	Interruptible rates.
4/93	EC92 21000 ER92-806-000 (Rebuttal)	Federal Energy Regulatory Commission	Louisiana Public Service Commission Staff	Gulf States Utilities/Entergy agreement.	Merger of GSU into Entergy System; impact on system
7/93	93-0114-E-C	WV	Airco Gases	Monongahela Power Co.	Interruptible rates.
8/93	930759-EG	FL	Florida Industrial Power Users' Group	Generic - Electric Utilities	Cost recovery and allocation of DSM costs.
9/93	M-009 30406	PA	Lehigh Valley Power Committee	Pennsylvania Power & Light Co.	Ratemaking treatment of off-system sales revenues.
11/93	346	KY	Kentucky Industrial Utility Customers	Generic - Gas Utilities	Allocation of gas pipeline transition costs - FERC Order 636.
12/93	U-17735	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	Nuclear plant prudence, forecasting, excess capacity.

J. KENNEDY AND ASSOCIATES, INC.

**Expert Testimony Appearances
of
Stephen J. Baron
As of June 2011**

Date	Case	JurisdicT.	Party	Utility	Subject
4/94	E-015/ GR-94-001	MN	Large Power Intervenor	Minnesota Power Co.	Cost allocation, rate design, rate phase-in plan.
5/94	U-20178	LA	Louisiana Public Service Commission	Louisiana Power & Light Co.	Analysis of least cost integrated resource plan and demand-side management program.
7/94	R-00942986	PA	Armco, Inc.; West Penn Power Industrial Intervenor	West Penn Power Co.	Cost-of-service, allocation of rate increase, rate design, emission allowance sales, and operations and maintenance expense.
7/94	94-0035-E-42T	WV	West Virginia Energy Users Group	Monongahela Power Co.	Cost-of-service, allocation of rate increase, and rate design.
8/94	EC94 13-000	Federal Energy Regulatory Commission	Louisiana Public Service Commission	Gulf States Utilities/Entergy	Analysis of extended reserve shutdown units and violation of system agreement by Entergy.
9/94	R-00943 081 R-00943 081C0001	PA	Lehigh Valley Power Committee	Pennsylvania Public Utility Commission	Analysis of interruptible rate terms and conditions, availability.
9/94	U-17735	LA	Louisiana Public Service Commission	Cajun Electric Power Cooperative	Evaluation of appropriate avoided cost rate.
9/94	U-19904	LA	Louisiana Public Service Commission	Gulf States Utilities	Revenue requirements.
10/94	5258-U	GA	Georgia Public Service Commission	Southern Bell Telephone & Telegraph Co.	Proposals to address competition in telecommunication markets.
11/94	EC94-7-000 ER94-898-000	FERC	Louisiana Public Service Commission	El Paso Electric and Central and Southwest	Merger economics, transmission equalization hold harmless proposals.
2/95	941-430EG	CO	CF&I Steel, L.P.	Public Service Company of Colorado	Interruptible rates, cost-of-service.
4/95	R-00943271	PA	PP&L Industrial Customer Alliance	Pennsylvania Power & Light Co.	Cost-of-service, allocation of rate increase, rate design, interruptible rates.
6/95	C-00913424 C-00946104	PA	Duquesne Interruptible Complainants	Duquesne Light Co.	Interruptible rates.

J. KENNEDY AND ASSOCIATES, INC.

**Expert Testimony Appearances
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Stephen J. Baron
As of June 2011**

Date	Case	Jurisdic.	Party	Utility	Subject
8/95	ER95-112 -000	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Open Access Transmission Tariffs - Wholesale.
10/95	U-21485	LA	Louisiana Public Service Commission	Gulf States Utilities Company	Nuclear decommissioning, revenue requirements, capital structure.
10/95	ER95-1042 -000	FERC	Louisiana Public Service Commission	System Energy Resources, Inc.	Nuclear decommissioning, revenue requirements.
10/95	U-21485	LA	Louisiana Public Service Commission	Gulf States Utilities Co.	Nuclear decommissioning and cost of debt capital, capital structure.
11/95	I-940032	PA	Industrial Energy Consumers of Pennsylvania	State-wide - all utilities	Retail competition issues.
7/96	U-21496	LA	Louisiana Public Service Commission	Central Louisiana Electric Co.	Revenue requirement analysis.
7/96	8725	MD	Maryland Industrial Group	Baltimore Gas & Elec. Co., Potomac Elec. Power Co., Constellation Energy Co.	Ratemaking issues associated with a Merger.
8/96	U-17735	LA	Louisiana Public Service Commission	Cajun Electric Power Cooperative	Revenue requirements.
9/96	U-22092	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Decommissioning, weather normalization, capital structure.
2/97	R-973877	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Co.	Competitive restructuring policy issues, stranded cost, transition charges.
6/97	Civil Action No. 94-11474	US Bank- ruptcy Court Middle District of Louisiana	Louisiana Public Service Commission	Cajun Electric Power Cooperative	Confirmation of reorganization plan; analysis of rate paths produced by competing plans.
6/97	R-973953	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Co.	Retail competition issues, rate unbundling, stranded cost analysis.
6/97	8738	MD	Maryland Industrial Group	Generic	Retail competition issues

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**Expert Testimony Appearances
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As of June 2011**

Date	Case	Jurisdic.	Party	Utility	Subject
7/97	R-973954	PA	PP&L Industrial Customer Alliance	Pennsylvania Power & Light Co.	Retail competition issues, rate unbundling, stranded cost analysis.
10/97	97-204	KY	Alcan Aluminum Corp. Southwire Co.	Big River Electric Corp.	Analysis of cost of service issues - Big Rivers Restructuring Plan
10/97	R-974008	PA	Metropolitan Edison Industrial Users	Metropolitan Edison Co.	Retail competition issues, rate unbundling, stranded cost analysis.
10/97	R-974009	PA	Pennsylvania Electric Industrial Customer	Pennsylvania Electric Co.	Retail competition issues, rate unbundling, stranded cost analysis.
11/97	U-22491	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Decommissioning, weather normalization, capital structure.
11/97	P-971265	PA	Philadelphia Area Industrial Energy Users Group	Enron Energy Services Power, Inc./ PECO Energy	Analysis of Retail Restructuring Proposal.
12/97	R-973981	PA	West Penn Power Industrial Intervenor	West Penn Power Co.	Retail competition issues, rate unbundling, stranded cost analysis.
12/97	R-974104	PA	Duquesne Industrial Intervenor	Duquesne Light Co.	Retail competition issues, rate unbundling, stranded cost analysis.
3/98 (Allocated Stranded Cost Issues)	U-22092	LA	Louisiana Public Service Commission	Gulf States Utilities Co.	Retail competition, stranded cost quantification.
3/98	U-22092		Louisiana Public Service Commission	Gulf States Utilities, Inc.	Stranded cost quantification, restructuring issues.
9/98	U-17735		Louisiana Public Service Commission	Cajun Electric Power Cooperative, Inc.	Revenue requirements analysis, weather normalization.
12/98	8794	MD	Maryland Industrial Group and Millennium Inorganic Chemicals Inc.	Baltimore Gas and Electric Co.	Electric utility restructuring, stranded cost recovery, rate unbundling.
12/98	U-23358	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Nuclear decommissioning, weather normalization, Entergy System Agreement.
5/99 (Cross- 40-000 Answering Testimony)	EC-98-	FERC	Louisiana Public Service Commission	American Electric Power Co. & Central South West Corp.	Merger issues related to market power mitigation proposals.

J. KENNEDY AND ASSOCIATES, INC.

**Expert Testimony Appearances
of
Stephen J. Baron
As of June 2011**

Date	Case	Jurisdct.	Party	Utility	Subject
5/99 (Response Testimony)	98-426	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co.	Performance based regulation, settlement proposal issues, cross-subsidies between electric gas services.
6/99	98-0452	WV	West Virginia Energy Users Group	Appalachian Power, Monongahela Power, & Potomac Edison Companies	Electric utility restructuring, stranded cost recovery, rate unbundling.
7/99	99-03-35	CT	Connecticut Industrial Energy Consumers	United Illuminating Company	Electric utility restructuring, stranded cost recovery, rate unbundling.
7/99	Adversary Proceeding No. 98-1065	U.S. Bankruptcy Court	Louisiana Public Service Commission	Cajun Electric Power Cooperative	Motion to dissolve preliminary injunction.
7/99	99-03-06	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	Electric utility restructuring, stranded cost recovery, rate unbundling.
10/99	U-24182	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Nuclear decommissioning, weather normalization, Entergy System Agreement.
12/99	U-17735	LA	Louisiana Public Service Commission	Cajun Electric Power Cooperative, Inc.	Analysis of Proposed Contract Rates, Market Rates.
03/00	U-17735	LA	Louisiana Public Service Commission	Cajun Electric Power Cooperative, Inc.	Evaluation of Cooperative Power Contract Elections
03/00	99-1658- EL-ETP	OH	AK Steel Corporation	Cincinnati Gas & Electric Co.	Electric utility restructuring, stranded cost recovery, rate Unbundling.

**Expert Testimony Appearances
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As of June 2011**

Date	Case	Jurisdct.	Party	Utility	Subject
08/00	98-0452 E-GI	WVA	West Virginia Energy Users Group	Appalachian Power Co. American Electric Co.	Electric utility restructuring rate unbundling.
08/00	00-1050 E-T 00-1051-E-T	WVA	West Virginia Energy Users Group	Mon Power Co. Potomac Edison Co.	Electric utility restructuring rate unbundling.
10/00	SOAH 473- 00-1020 PUC 2234	TX	The Dallas-Fort Worth Hospital Council and The Coalition of Independent Colleges And Universities	TXU, Inc.	Electric utility restructuring rate unbundling.
12/00	U-24993	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Nuclear decommissioning, revenue requirements.
12/00	EL00-66- 000 & ER00-2854 EL95-33-002	LA	Louisiana Public Service Commission	Entergy Services Inc.	Inter-Company System Agreement: Modifications for retail competition, interruptible load.
04/01	U-21453, U-20925, U-22092 (Subdocket B) Addressing Contested Issues	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Jurisdictional Business Separation - Texas Restructuring Plan
10/01	14000-U	GA	Georgia Public Service Commission Adversary Staff	Georgia Power Co.	Test year revenue forecast.
11/01	U-25687	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Nuclear decommissioning requirements transmission revenues.
11/01	U-25965	LA	Louisiana Public Service Commission	Generic .	Independent Transmission Company ("Transco"). RTO rate design.
03/02	001148-EI	FL	South Florida Hospital and Healthcare Assoc.	Florida Power & Light Company	Retail cost of service, rate design, resource planning and demand side management.
06/02	U-25965	LA	Louisiana Public Service Commission	Entergy Gulf States Entergy Louisiana	RTO Issues
07/02	U-21453	LA	Louisiana Public Service Commission	SWEPCO, AEP	Jurisdictional Business Sep. - Texas Restructuring Plan.

J. KENNEDY AND ASSOCIATES, INC.

**Expert Testimony Appearances
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As of June 2011**

Date	Case	Jurisdict.	Party	Utility	Subject
08/02	U-25888	LA	Louisiana Public Service Commission	Entergy Louisiana, Inc. Entergy Gulf States, Inc.	Modifications to the Inter-Company System Agreement, Production Cost Equalization.
08/02	EL01-88-000	FERC	Louisiana Public Service Commission	Entergy Services Inc. and the Entergy Operating Companies	Modifications to the Inter-Company System Agreement, Production Cost Equalization.
11/02	02S-315EG	CO	CF&I Steel & Climax Molybdenum Co.	Public Service Co. of Colorado	Fuel Adjustment Clause
01/03	U-17735	LA	Louisiana Public Service Commission	Louisiana Coops	Contract Issues
02/03	02S-594E	CO	Cripple Creek and Victor Gold Mining Co.	Aquila, Inc.	Revenue requirements, purchased power.
04/03	U-26527	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Weather normalization, power purchase expenses, System Agreement expenses.
11/03	ER03-753-000	FERC	Louisiana Public Service Commission Staff	Entergy Services, Inc. and the Entergy Operating Companies	Proposed modifications to System Agreement Tariff MSS-4.
11/03	ER03-583-000 ER03-583-001 ER03-583-002 ER03-681-000, ER03-681-001 ER03-682-000, ER03-682-001 ER03-682-002	FERC	Louisiana Public Service Commission	Entergy Services, Inc., the Entergy Operating Companies, EWO Market-Ing, L.P. and Entergy Power, Inc.	Evaluation of Wholesale Purchased Power Contracts.
12/03	U-27136	LA	Louisiana Public Service Commission	Entergy Louisiana, Inc.	Evaluation of Wholesale Purchased Power Contracts.
01/04	E-01345-03-0437	AZ	Kroger Company	Arizona Public Service Co.	Revenue allocation rate design.
02/04	00032071	PA	Duquesne Industrial Intervenor	Duquesne Light Company	Provider of last resort issues.
03/04	03A-436E	CO	CF&I Steel, LP and Climax Molybdenum	Public Service Company of Colorado	Purchased Power Adjustment Clause.

J. KENNEDY AND ASSOCIATES, INC.

**Expert Testimony Appearances
of
Stephen J. Baron
As of June 2011**

Date	Case	Jurisd.	Party	Utility	Subject
04/04	2003-00433 2003-00434	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co. Kentucky Utilities Co.	Cost of Service Rate Design
0-6/04	03S-539E	CO	Cripple Creek, Victor Gold Mining Co., Goodrich Corp., Holcim (U.S.), Inc., and The Trane Co.	Aquila, Inc.	Cost of Service, Rate Design Interruptible Rates
06/04	R-00049255	PA	PP&L Industrial Customer Alliance PPLICA	PPL Electric Utilities Corp.	Cost of service, rate design, tariff issues and transmission service charge.
10/04	04S-164E	CO	CF&I Steel Company, Climax Mines	Public Service Company of Colorado	Cost of service, rate design, Interruptible Rates.
03/05	Case No. KY 2004-00426 Case No. 2004-00421		Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Louisville Gas & Electric Co.	Environmental cost recovery.
06/05	050045-EI	FL	South Florida Hospital and Healthcare Assoc.	Florida Power & Light Company	Retail cost of service, rate design
07/05	U-28155	LA	Louisiana Public Service Commission Staff	Entergy Louisiana, Inc. Entergy Gulf States, Inc.	Independent Coordinator of Transmission – Cost/Benefit
09/05	Case Nos. WVA 05-0402-E-CN 05-0750-E-PC		West Virginia Energy Users Group	Mon Power Co. Potomac Edison Co.	Environmental cost recovery, Securitization, Financing Order
01/06	2005-00341	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Cost of service, rate design, transmission expenses. Congestion Cost Recovery Mechanism
03/06	U-22092	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Separation of EGSI into Texas and Louisiana Companies.
04/06	U-25116	LA	Louisiana Public Service Commission Staff	Entergy Louisiana, Inc.	Transmission Prudence Investigation
06/06	R-00061346 C0001-0005	PA	Duquesne Industrial Intervenors & IECPA	Duquesne Light Co.	Cost of Service, Rate Design, Transmission Service Charge, Tariff Issues
06/06	R-00061366 R-00061367 P-00062213 P-00062214		Met-Ed Industrial Energy Users Group and Penelec Industrial Customer Alliance	Metropolitan Edison Co. Pennsylvania Electric Co.	Generation Rate Cap, Transmission Service Charge, Cost of Service, Rate Design, Tariff Issues
07/06	U-22092 Sub-J	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Separation of EGSI into Texas and Louisiana Companies.

J. KENNEDY AND ASSOCIATES, INC.

**Expert Testimony Appearances
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Stephen J. Baron
As of June 2011**

Date	Case	Jurisd.	Party	Utility	Subject
07/06	Case No. 2006-00130 Case No. 2006-00129	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Louisville Gas & Electric Co.	Environmental cost recovery.
08/06	Case No. PUE-2006-00065	VA	Old Dominion Committee For Fair Utility Rates	Appalachian Power Co.	Cost Allocation, Allocation of Rev Incr, Off-System Sales margin rate treatment
09/06	E-01345A-05-0816	AZ	Kroger Company	Arizona Public Service Co.	Revenue allocation, cost of service, rate design.
11/06	Doc. No. 97-01-15RE02	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power United Illuminating	Rate unbundling issues.
01/07	Case No. 06-0960-E-42T	WV	West Virginia Energy Users Group	Mon Power Co. Potomac Edison Co.	Retail Cost of Service Revenue apportionment
03/07	U-29764	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc. Entergy Louisiana, LLC	Implementation of FERC Decision Jurisdictional & Rate Class Allocation
05/07	Case No. 07-63-EL-UNC	OH	Ohio Energy Group	Ohio Power, Columbus Southern Power	Environmental Surcharge Rate Design
05/07	R-00049255 Remand	PA	PP&L Industrial Customer Alliance PPLICA	PPL Electric Utilities Corp.	Cost of service, rate design, tariff issues and transmission service charge.
06/07	R-00072155	PA	PP&L Industrial Customer Alliance PPLICA	PPL Electric Utilities Corp.	Cost of service, rate design, tariff issues.
07/07	Doc. No. 07F-037E	CO	Gateway Canyons LLC	Grand Valley Power Coop.	Distribution Line Cost Allocation
09/07	Doc. No. 05-UR-103	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Electric Power Co.	Cost of Service, rate design, tariff Issues, Interruptible rates.
11/07	ER07-682-000	FERC	Louisiana Public Service Commission Staff	Entergy Services, Inc. and the Entergy Operating Companies	Proposed modifications to System Agreement Schedule MSS-3. Cost functionalization issues.
1/08	Doc. No. 20000-277-ER-07	WY	Cimarex Energy Company	Rocky Mountain Power (PacifiCorp)	Vintage Pricing, Marginal Cost Pricing Projected Test Year
1/08	Case No. 07-551	OH	Ohio Energy Group	Ohio Edison, Toledo Edison Cleveland Electric Illuminating	Class Cost of Service, Rate Restructuring, Apportionment of Revenue Increase to Rate Schedules
2/08	ER07-956	FERC	Louisiana Public Service Commission Staff	Entergy Services, Inc. and the Entergy Operating Companies	Entergy's Compliance Filing System Agreement Bandwidth Calculations.
2/08	Doc No. P-00072342	PA	West Penn Power Industrial Intervenors	West Penn Power Co.	Default Service Plan issues.

J. KENNEDY AND ASSOCIATES, INC.

**Expert Testimony Appearances
of
Stephen J. Baron
As of June 2011**

Date	Case	Jurisdct.	Party	Utility	Subject
3/08	Doc.No. AZ E-01933A-05-0650		Kroger Company	Tucson Electric Power Co.	Cost of Service, Rate Design
05/08	08-0278 WV E-GI		West Virginia Energy Users Group	Appalachian Power Co. American Electric Power Co.	Expanded Net Energy Cost "ENEC" Analysis.
6/08	Case No. OH 08-124-EL-ATA		Ohio Energy Group	Ohio Edison, Toledo Edison Cleveland Electric Illuminating	Recovery of Deferred Fuel Cost
7/08	Docket No. UT 07-035-93		Kroger Company	Rocky Mountain Power Co.	Cost of Service, Rate Design
08/08	Doc. No. WI 6680-UR-116		Wisconsin Industrial Energy Group, Inc.	Wisconsin Power and Light Co.	Cost of Service, rate design, tariff Issues, Interruptible rates.
09/08	Doc. No. WI 6690-UR-119		Wisconsin Industrial Energy Group, Inc.	Wisconsin Public Service Co.	Cost of Service, rate design, tariff Issues, Interruptible rates.
09/08	Case No. OH 08-936-EL-SSO		Ohio Energy Group	Ohio Edison, Toledo Edison Cleveland Electric Illuminating	Provider of Last Resort Competitive Solicitation
09/08	Case No. OH 08-935-EL-SSO		Ohio Energy Group	Ohio Edison, Toledo Edison Cleveland Electric Illuminating	Provider of Last Resort Rate Plan
09/08	Case No. OH 08-917-EL-SSO 08-918-EL-SSO		Ohio Energy Group	Ohio Power Company Columbus Southern Power Co.	Provider of Last Resort Rate Plan
10/08	2008-00251 KY 2008-00252		Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co. Kentucky Utilities Co.	Cost of Service, Rate Design
11/08	08-1511 WV E-GI		West Virginia Energy Users Group	Mon Power Co. Potomac Edison Co.	Expanded Net Energy Cost "ENEC" Analysis.
11/08	M-2008- PA 2036188, M- 2008-2036197		Met-Ed Industrial Energy Users Group and Penelec Industrial Customer Alliance	Metropolitan Edison Co. Pennsylvania Electric Co.	Transmission Service Charge
01/09	ER08-1056 FERC		Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Entergy's Compliance Filing System Agreement Bandwidth Calculations.
01/09	E-01345A- AZ 08-0172		Kroger Company	Arizona Public Service Co.	Cost of Service, Rate Design
02/09	2008-00409 KY		Kentucky Industrial Utility Customers, Inc.	East Kentucky Power Cooperative, Inc.	Cost of Service, Rate Design

J. KENNEDY AND ASSOCIATES, INC.

**Expert Testimony Appearances
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Stephen J. Baron
As of June 2011**

Date	Case	Jurisdct.	Party	Utility	Subject
5/09	PUE-2009-00018	VA	VA Committee For Fair Utility Rates	Dominion Virginia Power Company	Transmission Cost Recovery Rider
5/09	09-0177-E-GI	WV	West Virginia Energy Users Group	Appalachian Power Company	Expanded Net Energy Cost "ENEC" Analysis
6/09	PUE-2009-00016	VA	VA Committee For Fair Utility Rates	Dominion Virginia Power Company	Fuel Cost Recovery Rider
6/09	PUE-2009-00038	VA	Old Dominion Committee For Fair Utility Rates	Appalachian Power Company	Fuel Cost Recovery Rider
7/09	080677-EI	FL	South Florida Hospital and Healthcare Assoc.	Florida Power & Light Company	Retail cost of service, rate design
8/09	U-20925 (RRF 2004)	LA	Louisiana Public Service Commission Staff	Entergy Louisiana LLC	Interruptible Rate Refund Settlement
9/09	09AL-299E	CO	CF&I Steel Company Climax Molybdenum	Public Service Company of Colorado	Energy Cost Rate issues
9/09	Doc. No. 05-UR-104	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Electric Power Co.	Cost of Service, rate design, tariff Issues, Interruptible rates.
9/09	Doc. No. 6680-UR-117	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Power and Light Co.	Cost of Service, rate design, tariff Issues, Interruptible rates.
10/09	Docket No. 09-035-23	UT	Kroger Company	Rocky Mountain Power Co.	Cost of Service, Allocation of Rev Increase
10/09	09AL-299E	CO	CF&I Steel Company Climax Molybdenum	Public Service Company of Colorado	Cost of Service, Rate Design
11/09	PUE-2009-00019	VA	VA Committee For Fair Utility Rates	Dominion Virginia Power Company	Cost of Service, Rate Design
11/09	09-1485 E-P	WV	West Virginia Energy Users Group	Mon Power Co. Potomac Edison Co.	Expanded Net Energy Cost "ENEC" Analysis.
12/09	Case No. 09-906-EL-SSO	OH	Ohio Energy Group	Ohio Edison, Toledo Edison Cleveland Electric Illuminating	Provider of Last Resort Rate Plan
12/09	ER09-1224	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Entergy's Compliance Filing System Agreement Bandwidth Calculations.
12/09	Case No. PUE-2009-00030	VA	Old Dominion Committee For Fair Utility Rates	Appalachian Power Co.	Cost Allocation, Allocation of Rev Increase, Rate Design

J. KENNEDY AND ASSOCIATES, INC.

**Expert Testimony Appearances
of
Stephen J. Baron
As of June 2011**

Date	Case	Jurisdict.	Party	Utility	Subject
2/10	Docket No. 09-035-23	UT	Kroger Company	Rocky Mountain Power Co.	Rate Design
3/10	Case No. 09-1352-E-42T	WV	West Virginia Energy Users Group	Mon Power Co. Potomac Edison Co.	Retail Cost of Service Revenue apportionment
3/10	E015/ GR-09-1151	MN	Large Power Intervenor	Minnesota Power Co.	Cost of Service, rate design
4/10	EL09-61	FERC	Louisiana Public Service Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	System Agreement Issues Related to off-system sales
4/10	2009-00459	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Cost of service, rate design, transmission expenses.
4/10	2009-00548 2009-00549	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co. Kentucky Utilities Co.	Cost of Service, Rate Design
7/10	R-2010- 2161575	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Company	Cost of Service, Rate Design
09/10	2010-00167	KY	Kentucky Industrial Utility Customers, Inc.	East Kentucky Power Cooperative, Inc.	Cost of Service, Rate Design
09/10	10M-245E	CO	CF&I Steel Company Climax Molybdenum	Public Service Company of Colorado	Economic Impact of Clean Air Act
11/10	10-0699- E-42T	WV	West Virginia Energy Users Group	Appalachian Power Company	Cost of Service, Rate Design, Transmission Rider
11/10	Doc. No. 4220-UR-116	WI	Wisconsin Industrial Energy Group, Inc.	Northern States Power Co. Wisconsin	Cost of Service, rate design
12/10	10A-554EG	CO	CF&I Steel Company Climax Molybdenum	Public Service Company	Demand Side Management Issues
12/10	10-2586-EL- SSO	OH	Ohio Energy Group	Duke Energy Ohio	Provider of Last Resort Rate Plan Electric Security Plan
3/11	20000-384- ER-10	WY	Wyoming Industrial Energy Consumers	Rocky Mountain Power Wyoming	Electric Cost of Service, Revenue Apportionment, Rate Design
6/11	Docket No. 10-035-124	UT	Kroger Company	Rocky Mountain Power Co.	Class Cost of Service

J. KENNEDY AND ASSOCIATES, INC.

BEFORE THE
PUBLIC UTILITY COMMISSION OF OHIO

In The Matter Of The Application Of Columbus :
Southern Power Company And Ohio Power : **Case No. 11-0346-EL-SSO**
Company For Authority To Establish A : **Case No. 11-0348-EL-SSO**
Standard Service Offer Pursuant To 4928.143, :
Ohio Rev. Code, In The Form Of An Electric :
Security Plan :

EXHIBIT__(SJB-2)

OF

STEPHEN J. BARON

ON BEHALF OF
THE OHIO ENERGY GROUP

AEP Ohio

Percentage Increase

Note: Reflects full cost 2011 FAC and Environmental Investment Carrying Cost Rider and implementation of Phase-In Rider

BEFORE THE
PUBLIC UTILITY COMMISSION OF OHIO

In The Matter Of The Application Of Columbus :
Southern Power Company And Ohio Power : **Case No. 11-0346-EL-SSO**
Company For Authority To Establish A : **Case No. 11-0348-EL-SSO**
Standard Service Offer Pursuant To 4928.143, :
Ohio Rev. Code, In The Form Of An Electric :
Security Plan :

EXHIBIT__(SJB-3)

OF

STEPHEN J. BARON

ON BEHALF OF

THE OHIO ENERGY GROUP

AEP Ohio

Percentage Increase

Exhibit (SJB-3)
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