

FILE

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of	:	Case Nos. 11-346-EL-SSO
Columbus Southern Power Company and	:	11-348-EL-SSO
Ohio Power Company for Authority to	:	
Establish a Standard Service Offer	:	
Pursuant to § 4928.143, Ohio Rev. Code,	:	
in the Form of an Electric Security Plan.	:	

In the Matter of the Application of	:	
Columbus Southern Power Company and	:	Case Nos. 11-349-EL-AAM
Ohio Power Company for Approval of	:	11-350-EL-AAM
Certain Accounting Authority.	:	

**PREFILED TESTIMONY  
OF  
STUART M. SIEGFRIED  
ON BEHALF OF THE STAFF OF  
THE PUBLIC UTILITIES COMMISSION OF OHIO  
ENERGY & ENVIRONMENT DEPARTMENT  
EFFICIENCY & RENEWABLES DIVISION**

STAFF EX. \_\_\_\_

August 4, 2011

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PUCO

1. Q. Please state your name and business address.

A. My name is Stuart M. Siegfried, and my business address is 180 East Broad Street, Columbus OH 43215.

2. Q. By whom are you employed and what is your position?

A. I am employed as a Utility Specialist 3, in the Energy Efficiency and Renewable Energy Division of the PUCO's Energy and Environment Department.

3. Q. Please summarize your educational background and work experience.

A. I received a B.S. degree, International Business, from Bowling Green State University. I am currently pursuing an additional degree from The Ohio State University in Wildlife Sciences.

I have been continuously employed by the PUCO since November 1990.

My responsibilities during this time have primarily involved environmental matters.

4. Q. Have you testified in prior proceedings before the Commission?

A. Yes.

1 5. Q. What is the purpose of your testimony in this proceeding?

2 A. My testimony focuses on the Companies' proposed Generation Resource  
3 Rider (GRR) and proposed approach for Commission approval of long-  
4 term compliance contracts.  
5

6 6. Q. You are not an attorney, are you?

7 A. No, I am not, and therefore I am not offering a legal opinion of any sort.  
8

9 **GRR/Turning Point Solar**

10 7. Q. Can you briefly describe the Companies' proposed Generation Resource  
11 Rider (GRR)?

12 A. The GRR, as proposed, would be a new non-bypassable rider intended ini-  
13 tially to recover costs associated with the potential Turning Point Solar  
14 project. As discussed in the testimony of Company witness Nelson, the  
15 Companies also propose to potentially use the GRR to recover costs associ-  
16 ated with the following types of initiatives:<sup>1</sup>

- 17 • Renewable and alternative capacity additions;
- 18 • More traditional capacity constructed or financed by the Companies;

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<sup>1</sup> *In re Columbus Southern Power and Ohio Power Company*, Case Nos. 11-346-EL-SSO, *et al.* (2011 ESP Cases) (Initial Testimony of Phillip J. Nelson at 21) (January 27, 2011).

- Major investments to extend the life or increase the capacity of existing generation;
- Investments made to replace older, smaller coal fired units with new gas fired capacity.

8. Q. Do you have a position on the proposed GRR?

A. I do not oppose the GRR conceptually, as such a mechanism appears consistent with R.C. 4928.143(B)(2)(c). However, I believe that any projects that are proposed for cost recovery via the GRR would still need to satisfy all applicable requirements as enumerated in R.C. 4928.143(B)(2)(c).

9. Q. In this proceeding, the Companies have proposed including the planned Turning Point Solar (TPS) project in the GRR, correct?

A. Yes.

10. Q. Briefly describe the TPS project.

A. The TPS project would be a 49.9 megawatt (MW) solar PV facility constructed in Noble County, Ohio.<sup>2</sup> The project would consist of approximately 250,000 solar panels manufactured in Ohio at a new solar manu-

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<sup>2</sup> 2011 ESP Cases (Initial Testimony of Jay F. Godfrey at 20) (January 27, 2011).

1           facturing facility.<sup>3</sup> The project would also include components such as an  
2           electric collection system, substation, O&M building, and access roads.<sup>4</sup>  
3           The Company expects that the TPS project will be the catalyst for approxi-  
4           mately 300 new permanent jobs and 300 temporary construction jobs.<sup>5</sup> The  
5           project would be developed in three phases, with the first phase (comprised  
6           of 20 MW) expected to be placed in-service January 1, 2013.

7  
8   11.   Q.    Do you believe it is appropriate to include TPS in the GRR?

9           A.    Potentially in the future, but not currently. Not all of the requirements in  
10          R.C. 4928.143(B)(2)(c) have been satisfied to date, and therefore it is not  
11          possible to recommend inclusion currently.

12  
13       **REPA/REC Contract Approval Process**

14   12.   Q.    Please describe the process proposed by the Companies related to Commis-  
15          sion approval of renewable energy purchase agreements (REPAs) or con-  
16          tracts for renewable energy credits (RECs).

17  

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3           2011 ESP Cases (Supplemental Testimony of Jay F. Godfrey at 2) (July 1, 2011).

4           *Id.*

5           *Id.* at 22.

1       A.    The Companies propose an expedited approval process for REPAs or REC  
2           contracts longer than three years that result from a request for proposal  
3           (RFP). The proposed process would include a sixty day Commission  
4           review period, after which the application would be deemed automatically  
5           approved unless the Commission acts to suspend or deny the application  
6           before the sixty-first day.<sup>6</sup>

7  
8   13.   Q.    What is the Companies' rationale for the proposed expedited approval pro-  
9           cess?

10       A.    The Companies indicate that an expedited review and approval is necessary  
11           to accommodate the fact that bids, including pricing details, are valid for a  
12           finite period only.<sup>7</sup>

13  
14   14.   Q.    How would costs be addressed through this expedited approval process?

15       A.    As proposed, the applications would seek preapproval of cost recovery for  
16           the entire term of the contract.<sup>8</sup> Further, the Companies would expect to  
17           request cost recovery for all reasonable costs in the year in which the prod-

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<sup>6</sup>       2011 ESP Cases (Initial Testimony of Phillip J. Nelson at 25) (January 27, 2011).

<sup>7</sup>       2011 ESP Cases (Initial Testimony of Jay F. Godfrey at 20) (January 27, 2011).

<sup>8</sup>       *Id.* at 19.

1           uct is delivered to and paid for by the Companies, irrespective of the date  
2           the RECs may be retired.<sup>9</sup>

3  
4   15.   Q.    What materials would the Companies include with applications under its  
5           proposed process to aid in the Commission's review?

6           A.   The Companies have proposed to include such items as the following: the  
7           RFP, the RFP responses, description of bid evaluation procedures, justifi-  
8           cation for selecting the winner, and the resulting contract (subject to Com-  
9           mission approval).<sup>10</sup>

10  
11   16.   Q.    Do you have any concerns with the proposed expedited approval process?

12           A.   Yes, I would note two potential concerns with the process as currently  
13           proposed. First, I note that the proposed timing for cost recovery is not  
14           consistent with Staff's historical preference and introduces the potential for  
15           temporal subsidization. Staff has traditionally supported an approach in  
16           which cost recovery would be sought coincident with the time period when  
17           the RECs are used. Second, given that the Companies may be seeking  
18           preapproval for recovery of costs for contracts up to 20 years in length, I  
19           believe the justification would need to be substantially expanded. As

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<sup>9</sup>           2011 ESP Cases (Initial Testimony of Jay F. Godfrey at 25) (January 27, 2011).

<sup>10</sup>          *Id.* at 21.

1 discussed above, the Companies indicated that they would provide certain  
2 materials with an application to aid in the Commission's review. However,  
3 these materials are generally focused on the RFP and resultant contract,  
4 while I believe a review of the contract in the context of all reasonable  
5 compliance options would be necessary to support the magnitude of  
6 preapproval being sought. Therefore, along with the materials mentioned  
7 by the Companies, I think any such application should also include a full  
8 evaluation of other compliance options.  
9

10 17. Q. The Companies would seek preapproval of cost recovery for the duration of  
11 the contracts under their proposed approach. Do you support this request?

12 A. Not entirely. Rather, I believe the analysis at the time of the application  
13 should consist of a review of the reasonableness of the contract at the time  
14 the contract was agreed upon. In addition, the ongoing implementation of  
15 the contract should be subject to review within the context of the annual  
16 audits of the Fuel Adjustment Clause (FAC) and/or Alternative Energy  
17 Rider (AER) proceedings.  
18

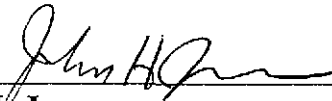
19 18. Q. Does this conclude your testimony?

20 A. Yes. However, I reserve the right to submit supplemental testimony as  
21 described herein, as new information subsequently becomes available or in  
22 response to positions taken by other parties.



## PROOF OF SERVICE

I hereby certify that a true copy of the foregoing **Prefiled Testimony of Stuart M. Siegfried**, submitted on behalf of the Staff of the Public Utilities Commission of Ohio, was served by regular U.S. mail, postage prepaid, or hand-delivered, upon the following Parties of Record, this 4<sup>th</sup> day of August, 2011.



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