

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 Pursu- :
ant 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. :

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**PREFILED TESTIMONY
OF
RAYMOND W. STROM**
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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1 1. Q. Please state your name and your business address.

2 A. My name is Raymond W. Strom. My business address is 180 East Broad
3 Street, Columbus, Ohio 43215.

4
5 2. Q. By whom are you employed and what is your position?

6 A. I am employed by the Public Utilities Commission of Ohio as a Public
7 Utilities Administrator 3, in the Efficiency and Renewables Division of the
8 Energy and Environment Department.

9
10 3. Q. Please summarize your educational background.

11 A. I have earned B.S. and M.S. degrees from Ohio University, both in the bio-
12 logical/environmental sciences. I have also earned a Master of Business
13 Administration degree from Capital University.

14
15 4. Q. Please summarize your work experience.

16 A. Prior to my employment with the PUCO, I was employed as a chemist, a
17 laboratory technician, a graduate teaching assistant, a research technician
18 and a quality control coordinator for various organizations. In 1987, I
19 joined the staff of the Public Utilities Commission of Ohio as Supervisor of
20 the Electric Fuel Component Section. In 1992, I was promoted to Public
21 Utility Administrator 1. Starting in 1999, I served as a Public Utility
22 Administrator 2 in the Facilities, Siting and Environmental Analysis Divi-

1 sion. In October of 2009 I was promoted to Chief of the Efficiency and
2 Renewables Division.

3
4 5. Q. Have you testified in prior proceedings before the Commission?

5 A. Yes. I have testified in several cases before the Commission.

6
7 6. Q. What is the purpose of your testimony?

8 A. The purpose of my testimony is to delineate Staff's concerns regarding the
9 Companies' Alternative Energy Rider and the Green Power Portfolio Rider
10 proposals.

11
12 7. Q. What are Staff's concerns regarding the Alternative Energy Rider (AER)?

13 A. Staff supports the concept of separately identifying and recovering costs
14 associated with renewable energy requirements, rather than continuing to
15 recover such costs in a fuel adjustment rider. In general, I believe that the
16 Companies' proposal for the AER is reasonable. However, there are sev-
17 eral specific aspects of the proposal that need to be clarified or revised.

18
19 The Companies' proposal leaves open the possibility that the AER *could* be
20 audited. I recommend that the Commission require that the AER be
21 audited annually, and that the audit be conducted by the same auditor
22 chosen to conduct the Fuel Adjustment Clause audit. Annual audit pro-

1 ceedings would provide a forum for determination of the appropriateness
2 and recoverability of costs associated with renewable energy requirements,
3 and for determination of the proper assignment of such costs.

4
5 I am generally supportive of the inclusion of capital carrying costs in rider
6 AER. However, the reasonableness of any determination made by the
7 Companies to address renewable or alternative portfolio requirements
8 through capital expenditures should be subject to Commission review. This
9 review could take place through the annual audits mentioned above, or
10 through specific filings made by the Companies requesting pre-approval by
11 the Commission.

12
13 I am also generally supportive of the Companies' proposal for determining
14 the REC cost associated with self generation through co-firing. However, it
15 is not clear from the example presented in the Companies' testimony that
16 the Companies' methodology is intended to determine the cost and number
17 of RECs produced on the basis of heat input of the various fuels involved. I
18 recommend that the methodology be based on heat input, rather than on
19 volume or weight, of the various fuels.

20
21 Additionally, the Companies have proposed a methodology for the alloca-
22 tion of REC expense associated with the purchase of bundled products. In

1 a similar fashion, with regard to the Companies' existing service center
2 rooftop solar panels, I recommend that an allocation of generation, capac-
3 ity, and REC value (residual capital carrying costs) be made for these facil-
4 ities. Recovery of generation and capacity costs should occur in the FAC,
5 with the residual being allocated to the AER.
6

7 8. Q. What are Staff's concerns regarding the Green Power Portfolio Rider
8 (GPPR)?

9 A. As presented in the application, customers that participate in the GPPR
10 would pay an additional amount on their bill, and that additional amount
11 would be used to reduce the payments that would otherwise have been
12 made by other customers. GPPR customers would actually be subsidizing
13 the renewable portfolio requirements of others, rather than enhancing their
14 own renewable portfolio percentages, as the name of the rider would tend to
15 imply. I do not believe that a rider constructed in this fashion would actu-
16 ally deliver to customers the product that they intend to purchase. I rec-
17 ommend that the GPPR as proposed by the Companies not be approved by
18 the Commission. Either the Companies' proposed GPPR should be
19 removed from the set of riders to be included in this ESP, or the GPPR
20 should be constructed in such a way that customers paying for a higher
21 level of renewable power would actually be provided that higher level (or,
22 rather, the RECs that represent such power), rather than offsetting the

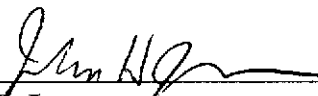
1 requirements of other customers. The latter could potentially be accom-
2 plished by increasing the otherwise required REC inventory levels by the
3 additional amounts associated with the requirements of GPPR customers.
4 It is possible that such an approach could result in somewhat higher costs
5 for all customers, but I believe that this approach would be preferable to the
6 Companies' proposal.

7
8 9. Q. Does this conclude your testimony?

9 A. Yes.

PROOF OF SERVICE

I hereby certify that a true copy of the foregoing **Prefiled Testimony of Raymond W. Strom**, 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 4th day of August, 2011.


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