

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of )  
Columbus Southern Power Company and ) Case No. 11-346-EL-SSO  
Ohio Power Company for Authority to ) Case No. 11-348-EL-SSO  
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 No. 11-349-EL-AAM  
Ohio Power Company for Approval of ) Case No. 11-350-EL-AAM  
Certain Accounting Authority. )

**DIRECT TESTIMONY  
of  
SEBASTIAN COPPOLA**

**On Behalf of  
The Office of the Ohio Consumers' Counsel**  
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***May 4, 2012***

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## **EXHIBITS**

SC – 01: Sebastian Coppola Case Testimony and Regulatory Credentials

SC – 02: AEP Ohio Response to OCC Discovery Request OCC-INT-4-072

1    **I.        INTRODUCTION**

2

3    ***Q01.   PLEASE STATE YOUR NAME, ADDRESS AND POSITION.***

4    ***A01.***   My name is Sebastian Coppola. My business address is 1359 Springwood Lane,  
5           Rochester Hills, Michigan 48309. I am President of Corporate Analytics, Inc., a  
6           consulting firm that provides expert witness services on regulated energy issues  
7           and other services.

8

9    ***Q02.   PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND***  
10   ***PROFESSIONAL EXPERIENCE.***

11   ***A02.***   I am a business consultant specializing in financial and strategic business issues in  
12           the fields of energy, utility regulation, manufacturing and service industries. I  
13           have more than thirty years of experience in public utility and related energy  
14           work, both as a consultant and utility company executive. I have testified in  
15           several regulatory proceedings before State Public Service Commissions. I have  
16           prepared and/or filed testimony in electric and gas rate case proceedings, power  
17           supply and gas cost recovery mechanisms, revenue and cost tracking  
18           mechanisms/riders and other regulatory proceedings. As accounting manager and  
19           later financial executive for two regulated gas utilities with operations in  
20           Michigan and Alaska, I have been intricately involved in gas cost recovery and  
21           reconciliation cases, gas purchase strategies and rate case filings.

1   ***Q03. PLEASE DESCRIBE YOUR EXPERIENCE.***

2   ***A03.*** I have been an independent consultant for about 10 years. Before that, I spent  
3       three years as Senior Vice President and Chief Financial Officer of SEMCO  
4       Energy, Inc. with responsibility for all financial operations, corporate  
5       development, acquisitions and strategic planning for the Company's Michigan  
6       and Alaska regulated and non-regulated operations. During the period at SEMCO  
7       Energy, I had also responsibility for certain storage and pipeline operations as  
8       President and COO of SEMCO Energy Ventures, Inc. Prior to SEMCO, I was  
9       Senior Vice President of Finance for MCN Energy Group, Inc., the parent  
10      company of Michigan Consolidated Gas Company (MichCon). During my 24-  
11     year career at MCN and MichCon, I held various analytical, accounting,  
12     managerial and executive positions, including Manager of Corporate Finance with  
13     responsibility to perform cost of capital studies, analyze investment in utility and  
14     non-utility projects, analyze cost reduction programs and perform other special  
15     studies of a financial nature. At MichCon, I also held the position of Manager of  
16     Gas Accounting with responsibility for maintaining the accounting records and  
17     preparing financial reports for gas purchases and gas production. In this role, I  
18     had also responsibility for preparing GCR reconciliation analysis and reports, and  
19     supporting preparation of testimony for the cost of gas reconciliation proceedings  
20     before the Michigan Public Service Commission (MPSC). Over the years, I also  
21     held the positions of Treasurer, Director of Investor Relations, Director of  
22     Accounting Services, Manager of Inventory Management and Manager of  
23     Customer Billing. In many of these positions I was intricately involved in

1 defining financial policies, financial operating practices, gas purchasing  
2 strategies, rate case analysis and support, cost of capital studies and other  
3 regulatory proceedings  
4

5 ***Q04. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.***

6 ***A04.*** I did my undergraduate studies at Wayne State University, where I received the  
7 Bachelor of Science degree in Accounting in 1974. I later returned to Wayne  
8 State University to obtain my Master of Business Administration degree with  
9 major in Finance in 1980.  
10

11 ***Q05. WHAT EXPERIENCE DO YOU HAVE WITH ELECTRIC UTILITY***  
12 ***COMPANIES?***

13 ***A05.*** As recent as 2010 and 2011, I filed testimony and was cross-examined in electric  
14 rate cases filed by Detroit Edison (case U-16472) and Consumers Energy (cases  
15 U-16191 and U-16794) before the MPSC. My testimony in these cases was on  
16 behalf of the Michigan Attorney General (AG) and covered a variety of topics,  
17 including electric sales projections, operation and maintenance expenses, capital  
18 expenditures and rate base, the revenue decoupling mechanism, uncollectible  
19 costs tracking mechanisms/riders, smart meter reading programs and rate design.  
20 Also, I have filed testimony on behalf of Citizens Against Rate Excess in  
21 Wisconsin Public Service Corporation's 2012 Power Supply Cost Recovery  
22 (PSCR) Plan case U-16882 and the Upper Peninsula Power Company 2012 PSCR  
23 Plan in case U-16881.

1 Furthermore, in my position as Senior Vice President of Finance at MCN, I had  
2 responsibility for project financing of independent power generation plants in  
3 which MCN was an owner. In this regard, I was intricately involved and became  
4 knowledgeable of PURPA qualified cogeneration plants in Michigan and other  
5 states. In addition, I was involved in negotiating the development and financing of  
6 power generation and electricity distribution plants in other countries, such as  
7 India.

8  
9 ***Q06. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE THE***  
10 ***PUBLIC UTILITIES COMMISSION OF OHIO?***

11 ***A06.*** No. I have submitted written testimony before the MPSC and the Regulatory  
12 Commission of Alaska. *Exhibit SC-01* lists these testimonies and my credentials  
13 in the regulated energy field.

14  
15 ***Q07. WHAT DOCUMENTS HAVE YOU REVIEWED IN THE PREPARATION OF***  
16 ***YOUR TESTIMONY?***

17 ***A07.*** I have reviewed the Application of Columbus Southern Power Company (“CSP”)  
18 and Ohio Power Company (“OP”), collectively AEP Ohio or Company, to  
19 establish a Standard Service Offer Pursuant to Section 4928.143, Revised Code,  
20 in the Form of an Electric Security Plan, and for Approval of Certain Accounting

1 Authority filed with the PUCO on March 30, 2012 (“the Application”).<sup>1</sup> I have  
2 also reviewed the direct testimony filed by AEP Ohio witnesses Allen,  
3 Kirkpatrick, Nelson and Roush, and pertinent portions of the Company’s  
4 responses to OCC on the matters I will be addressing in my testimony.  
5

6 **II. PURPOSE OF TESTIMONY AND RECOMMENDATIONS**  
7

8 ***Q08. WHAT IS THE PURPOSE OF YOUR TESTIMONY?***

9 ***A08.*** I have been requested by the Office of Ohio Consumers’ Counsel (OCC) to  
10 perform a review of the Company’s proposed Pool Termination Rider and make  
11 recommendations regarding that rider.  
12

13 ***Q09. PLEASE PROVIDE A SUMMARY OF YOUR CONCLUSIONS AND***  
14 ***RECOMMENDATION.***

15 ***A09.*** In my opinion, the Company’s proposal is faulty on many fronts and ultimately  
16 seeks to achieve a guaranteed level of revenues to the detriment of its retail  
17 customers including residential customers. The key conclusions I have reached  
18 are:

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<sup>1</sup> *In the Matter of the A In the Matter of the Application of Columbus Southern Power Company and 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.* Case No. 11-346-EL-SSO. March 30, 2012.

1       There is no legal basis to include a pool termination provision in a utility's ESP.

2       a.       AEP Ohio's retail customer rates were not previously reduced by earnings  
3               associated with AEP Ohio's participation in the power pool.

4       b.       To allow the Company to recover lost revenues would now be an  
5               asymmetrical treatment of these revenues and therefore unfair and  
6               unreasonable to retail customers.

7       c.       The proposed recovery mechanism is open-ended above the \$35 million  
8               threshold and not in the best interest of retail customers since it does not  
9               provide AEP Ohio with the proper incentive to limit lost revenues.

10      d.       AEP does not mention what will happen if new or additional revenues  
11               exceed the sales margin received from other AEP Pool members in the  
12               past. This is further evidence of the one-sidedness of this rate mechanism  
13               that favors AEP Ohio, since it does not share with retail customers any  
14               additional sales revenues.

15      e.       Allowing the Company to collect these additional revenues from retail  
16               customers will impede the policy objectives of the State, which require the  
17               PUCO to ensure the availability of reasonably priced electric service.

18      f.       Guaranteeing recovery of lost revenues from the AEP pool termination is  
19               an anti-competitive subsidy in violation of State policy of promoting  
20               effective competition by avoiding "anti-competitive subsidies."

21       Therefore, it is my recommendation that the Commission should not approve the  
22       Pool Termination Provision or Rider.



**III. AEP OHIO'S PROPOSED POOL TERMINATION PROVISION.**

***Q10. PLEASE DESCRIBE AEP OHIO'S PROPOSED POOL TERMINATION PROVISION.***

***A10.*** As described beginning on page 21 of Company witness Nelson's pre-filed testimony, the Company currently participates in an arrangement with other affiliates of AEP under which excess energy and capacity is sold within the member group ("AEP Pool"). The terms of the arrangement are governed by a written document called the Pool agreement. That agreement was entered into in July 6, 1951, and has been amended and modified since it was entered into. Recently, AEP Ohio notified the other members of the pool giving notice that it intends to withdraw from the AEP Pool effective January 1, 2014. This step was taken in order to facilitate the Company's corporate separation plan and its move to market-based power supply sourcing.

According to Mr. Nelson's testimony, a "significant portion of AEP Ohio's total revenue comes from sales of power to other members of the AEP Pool."<sup>2</sup> The Company alleges that it will need to find new or additional revenue to recover the cost of its generating assets, or will need to reduce the cost of those assets. The Company does not believe at this time that the capacity payments that it currently receives will be sufficiently mitigated by future opportunity sales in the open market.

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<sup>2</sup> Company Witness Nelson at 21.

1 Therefore, the Company is proposing a provisional rider to begin if and when it is  
2 needed to recover lost revenues as part of its move to competitive markets.

3 According to Mr. Nelson's testimony, this rider would be needed only if the  
4 Corporate Separation plan (as filed) and the transfer of the Amos and Mitchell  
5 generating units are not approved by the Commission. Mr. Nelson has stated that  
6 the Company would make a subsequent application with the Commission if there  
7 is a need to recover lost revenues. Nevertheless, in his pre-filed testimony, Mr.  
8 Nelson describes the general parameters of this rider and how it would work if it  
9 is needed.<sup>3</sup> According to Mr. Nelson, AEP Ohio proposes to bear up to \$35  
10 million in pool termination "costs." AEP Ohio will not seek to collect the first  
11 \$35 million from customers under the Modified ESP. However, Mr. Nelson's  
12 testimony appears to be contradictory on this matter since he has also stated that  
13 "If the Corporate Separation plan is denied or amended then the Company would  
14 be permitted to charge a non-bypassable rate to compensate it for any loss of  
15 earnings associated with the AEP Pool termination."<sup>4</sup>

16  
17 ***Q11. WHAT IS THE BASIS FOR THE \$35 MILLION?***

18 ***A11.*** In discovery, the Company was asked to explain why it had set a \$35 million  
19 threshold before it would recover lost revenue from retail customers. The  
20 response, which is included in *Exhibit SC-2*, makes reference to the overall  
21 modified ESP package. This statement indicates an overall Company-wide

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<sup>3</sup> Ibid.

<sup>4</sup> Company witness Nelson at 22. [Emphasis added].

1 revenue target rather than a substantiated reason why the Company should be  
2 made whole on lost revenues above \$35 million. Such open-ended recovery  
3 mechanisms are not in the best interest of customers since they do not provide  
4 utilities with the proper incentive to limit lost revenues.

5

6 ***Q12. HOW WILL THE COMPANY COLLECT THE LOST REVENUES?***

7 ***A12.*** The Company proposes to charge a non-bypassable rate to collect this charge  
8 from all customers. In his testimony, Mr. Nelson states that the Company will  
9 compare the lost AEP Pool capacity revenue to increases in net revenue related to  
10 wholesale transactions or decreases in generation asset costs that result from the  
11 AEP Pool termination. According to the Company, this comparison would be  
12 done against the actual AEP Pool capacity revenue from the most recent twelve-  
13 month period preceding the effective date of the termination of the AEP Pool.

14

15 ***Q13. WHAT IS YOUR ASSESSMENT OF THE COMPANY'S PROPOSED POOL***  
16 ***TERMINATION PROVISION?***

17 ***A13.*** Although the Company bears the burden of proof on this issue, it has provided  
18 very limited information on the basis in law for this rider and the rationale for it.  
19 In my opinion, the Company has not justified the rider.

1    ***Q14. IS THE PROVISION RELATED TO POWER POOL TERMINATION***  
2    ***AUTHORIZED UNDER OHIO STATUTES?***

3    ***A14.*** No. I have been advised by counsel that there is no legal basis to include a pool  
4    termination provision in a utility's ESP. This rider is aimed at guaranteeing a  
5    level of revenue for the Company. I am advised by legal counsel that such a  
6    guarantee is not part of the General Assembly's plan for competitive generation  
7    service since there is no provision under R.C. 4928.143(B)(2) which authorizes  
8    such a charge.

9  
10   ***Q.15 IN ADDITION TO BEING AN UNLAWFUL CHARGE, IS THERE ANY***  
11   ***OTHER REASON TO OPPOSE THIS CHARGE?***

12   ***A15.*** Yes. Unlike certain other jurisdictions, in which the profits from off-system sales  
13   are shared with jurisdictional retail customers, it is my understanding from  
14   discussions with legal counsel that in Ohio under the ESP regime there is no  
15   sharing. AEP Ohio's retail customer rates were not reduced as a result of  
16   earnings associated with AEP Ohio's participation in the power pool. It is my  
17   understanding that since 2009, the Commission has not required AEP Ohio to  
18   share with its retail customers any of its off-system sales margins, including those  
19   made to other AEP Pool members, despite arguments made by OCC and others.  
20   Specifically, the Commission decided in the Company's first ESP that revenue or  
21   sales margins from the opportunity sale of capacity and energy by AEP Ohio to  
22   other AEP Pool members would not be used to reduce AEP Ohio's FAC costs to

1 be collected from customers.<sup>5</sup> Counsel advises me that the Supreme Court of  
2 Ohio confirmed the PUCO's decision in this respect as well.

3  
4 Additionally, the Commission determined that sales margins from off-system  
5 sales need not be included in calculating whether the Company's earnings are  
6 significantly in excess of the return on equity earned by publicly traded  
7 companies facing comparable risks.<sup>6</sup> It is my understanding that this decision is  
8 currently on appeal to the Ohio Supreme Court and remains the holding of the  
9 PUCO until and unless the Supreme Court reverses it.

10  
11 To allow the Company the asymmetrical ability to require customers to  
12 compensate it for revenues from off-system sales, when such revenues were not  
13 used to reduce the ESP rates, is unfair and unreasonable. Retail customers of  
14 AEP Ohio should not have to guarantee the earnings of AEP Ohio. As discussed  
15 earlier, AEP Ohio's retail customers did not share the margins from the sales to  
16 other members of the AEP Pool since the Company's first ESP was implemented,  
17 and they should not be asked to pay for any "lost revenue" as a result of the  
18 termination of the AEP Pool.

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<sup>5</sup> *In the Matter of the Application of Columbus Southern Power Company for Approval of an Electric Security Plan; an Amendment to its Corporate Separation Plan; and the Sale or Transfer of Certain Generating Assets*, Case No. 08-917-EL-SSO et al., Opinion and Order at 17 (March 18, 2009).

<sup>6</sup> *In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company for Administration of the Significantly Excessive Earnings Test under Section 4928.143(F), Revised Code, and Rule 4901:1-35-10, Ohio Administrative Code*, Case No. 10-1261-EL-UNC, Opinion and Order at 29 (January 11, 2011).

Moreover, AEP does not mention what will happen if, after termination of the AEP Pool, AEP Ohio can find new or additional revenue that exceeds the sales margin received from other AEP Pool members in the past. This is further evidence of the one-sidedness of the Company proposed rider which would charge customers for lost revenues. It guarantees AEP will receive a minimum level of off-system sales margin, but does not share with customers any additional sales margins that may exceed the alleged “lost revenues.” This mechanism is unfair to customers.

***Q16. ARE THERE OTHER REASONS TO OPPOSE THE POOL TERMINATION RIDER?***

***A16.*** Yes. I understand that one of the policy objectives of the State is for the PUCO to ensure the availability of reasonably priced electric service. Allowing the Company to collect these additional revenues from customers will impede this objective.

Additionally, I understand that another policy objective of the state is to ensure effective competition by avoiding “anti-competitive subsidies.” It appears that the guarantee of revenues to AEP Ohio for earnings lost when the AEP pool is terminated could be an anti-competitive subsidy. Customers of AEP would be subsidizing AEP Ohio’s competitive wholesale service with funds collected from retail customers.

1    ***Q17. DOES THIS CONCLUDE YOUR TESTIMONY?***

2    ***A17.*** Yes. However, I reserve the right to incorporate new information that may  
3       subsequently become available. I also reserve the right to supplement my  
4       testimony or file rebuttal testimony in response to positions taken by the PUCO  
5       Staff and any other party to this proceeding.

## **CERTIFICATE OF SERVICE**

I hereby certify that the foregoing Direct Testimony of Sebastian Coppola on Behalf of the Office of the Ohio Consumers' Counsel has been served on the below parties, via electronic transmission, this 4<sup>th</sup> day of May 2012.

/s/ Maureen R. Grady \_\_\_\_\_  
Maureen R. Grady  
Assistant Consumers' Counsel

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Exhibits Attached

**Exhibit SC-1 – Case Testimony and Regulatory Credentials  
of Sebastian Coppola**

Mr. Sebastian Coppola is an independent business consultant and president of Corporate Analytics, Inc., whose place of business is located at 1359 Springwood Lane, Rochester Hills, Michigan 48309.

**EMPLOYMENT BACKGROUND**

Mr. Coppola has been an independent consultant for more than 10 years. Before that, he spent three years as Senior Vice President and Chief Financial Officer of SEMCO Energy, Inc. with responsibility for all financial operations, corporate development and strategic planning for the company's Michigan and Alaska regulated and non-regulated operations. During the period at SEMCO Energy, he had also responsibility for certain storage and pipeline operations as President and COO of SEMCO Energy Ventures, Inc. Prior to SEMCO, Mr. Coppola was Senior Vice President of Finance for MCN Energy Group, Inc., the parent company of Michigan Consolidated Gas Company.

During his 24-year career at MCN and MichCon, he held various analytical, accounting, managerial and executive positions, including Manager of Gas Accounting with responsibility for maintaining the accounting records and preparing financial reports for gas purchases and gas production. In this role, he had also responsibility for preparing Gas Cost Recovery (GCR) reconciliation analysis and reports, and supporting preparation of testimony for the cost of gas reconciliation proceedings before the MPSC. Over the years, Mr. Coppola also held the positions of Treasurer, Director of Investor Relations, Director of Accounting Services, Manager of Corporate Finance, and Manager of Customer Billing. In many of these positions he was intricately involved in defining gas purchasing strategies, rate case analysis, cost of capital studies and other regulatory proceedings

## **ENERGY INDUSTRY AND REGULATORY EXPERIENCE**

As a business consultant, Mr. Coppola specializes in financial and strategic business issues in the fields of energy, utility regulation, manufacturing and service industries. He has more than thirty years of experience in public utility and related energy work, both as a consultant and utility company executive. He has testified in several regulatory proceedings before State Public Service Commissions. He has prepared and/or filed testimony in electric and gas rate case proceedings, power supply and gas cost recovery mechanisms, revenue and cost tracking mechanisms/riders and other regulatory proceedings. As accounting manager and later financial executive for two regulated gas utilities with operations in Michigan and Alaska, he has been intricately involved in gas cost recovery and reconciliation cases, gas purchase strategies and rate case filings.

Mr. Coppola has more than 15 years of experience in the area of gas supply and regulatory proceedings. He has participated in the gas supply planning and/or gas cost recovery arrangements of two major gas utilities in Michigan and in Alaska. He has prepared testimony in multiple Power Supply Cost Recovery (PSCR), GCR, electric and gas general rate cases on behalf of the Michigan Attorney General, Citizens Against Rate Excess (CARE) in electric and gas utility rate cases, including MichCon, SEMCO, Detroit Edison, Consumers Energy, Wisconsin Public Service Company, Upper Peninsula Power Company and Michigan Gas Utilities Corp. As accounting manager and later financial executive for two regulated gas utilities, he has been intricately involved in gas purchase strategies and CGR reconciliation cases. He has had direct responsibility for preparing GCR reconciliation analysis and reports, and supporting preparation of testimony for the cost of gas reconciliation proceedings before the Michigan Public Service Commission (MPSC). He is intricately familiar with the power supply and gas cost recovery mechanisms, gas supply and pricing issues, and regulatory issues faced by utilities.

In his role as Treasurer and Chairman of the MCN/MichCon Risk Committee from 1996 through 1998, Mr. Coppola was involved in reviewing and deciding on the

appropriate gas purchase price hedging strategies, including the use of gas future contracts, over the counter swaps, fixed price purchases and index price purchases.

In March 2001, Mr. Coppola testified before the Michigan House Energy and Technology Subcommittee on Natural Gas Fixed Pricing Mechanisms. He frequently advises clients on energy price trends, the sale and acquisition of energy businesses and development of natural gas reserves. Mr. Coppola frequently participates in natural gas issue forums sponsored by the American Gas Association and stays current on various energy supply issues through review of industry analyst reports and other publications issued by various trade groups.

➤ **Specific Regulatory Proceedings And Related Experience:**

- Filed testimony for Citizens Against Rate Excess in Upper Peninsula Power Company's 2012 Power Supply Cost Recovery (PSCR) plan case.
- Filed testimony for Citizens Against Rate Excess in Wisconsin Public Service Corporation's 2012 PSCR plan case.
- Filed testimony for the Michigan Attorney General in Consumers Energy Gas 2011 Rate Case U-16855 on several issues, including sales volumes, operations and maintenance cost, employee benefits, capital expenditures and cost of capital.
- Filed testimony for the Michigan Attorney General in SEMCO Energy Gas Company (SEMCO) and Michigan Gas Utilities (MGUC) 2010-2011 GCR Plan reconciliation cases U-16147-R and U-16145-R.
- Filed testimony for the Michigan Attorney General in Consumers Energy 2011 electric Rate Case U-16794 on several issues, including electric sales forecast, revenue decoupling mechanism, operations and maintenance cost, employee benefits, capital expenditures and cost of capital.
- Filed testimony for the Michigan Attorney General in CECO's electric business Pilot Revenue Decoupling Mechanism in case U-16566.
- Filed testimony on behalf of the Michigan Attorney General in SEMCO Gas and Michigan Gas Utilities 2010-2011 GCR Plan cases U-16483 and U-16481.
- Filed testimony for the Michigan Attorney General in Detroit Edison 2010 electric Rate Case U-16472 on several issues, including revenue decoupling mechanism, operations and maintenance cost, executive compensation and benefits, capital expenditures and cost of capital.

- Filed testimony for the Michigan Attorney General in SEMCO Energy 2009-2010 GCR reconciliation case U-15702-R.
- Filed testimony for Michigan Attorney General in MGUC 2009-2010 GCR reconciliation case U-15700-R.
- Filed testimony for Michigan Attorney General, in Consumers Energy Gas 2010 Rate Case U-16418 on several issues, including sales volumes, operations and maintenance costs, capital expenditures and cost of capital.
- Filed testimony for Michigan Attorney General, in SEMCO Energy Gas 2010 Rate Case U-16169 on several issues, including sales volumes, rate design, operations and maintenance cost, executive compensation and benefits, capital expenditures and cost of capital.
- Filed testimony, for Michigan Attorney General in Consumers Energy 2009 electric Rate Case U-16191 on several issues, including sales volumes, revenue decoupling mechanism, operations and maintenance cost and capital expenditures.
- Filed testimony for Michigan Attorney General, in MichCon 2009 gas Rate Case U-15985 on several issues, including sales volumes, revenue decoupling mechanism, operations and maintenance cost, capital expenditures and cost of capital.
- Filed testimony for Michigan Attorney General and was cross-examined in Consumers Energy 2009 gas Rate Case U-15986 on several issues, including sales volumes, revenue decoupling mechanism, operations and maintenance cost, capital expenditures and cost of capital.
- Prepared testimony and assisted the Michigan Attorney General in discussions and settlement of SEMCO Gas and Michigan Gas Utilities 2010-2011 GCR Plan cases U-16147 and U-16145.
- Prepared testimony and assisted Michigan Attorney General in settlement of SEMCO Gas 2009-2010 GCR case U-15702.
- Prepared testimony and assisted Michigan Attorney General in settlement of MGUC 2009-2010 GCR case U-15700.
- Prepared testimony and assisted the Michigan Attorney General in discussions and settlement of SEMCO Gas 2008-2009 GCR case U-15452 and reconciliation case U-15452-R.
- Prepared testimony and assisted Michigan Attorney General in discussions and settlement of SEMCO Gas 2008-2009 GCR case U-15452 and reconciliation case U-15452-R.
- Prepared testimony and assisted Michigan Attorney General in discussions and settlement of MGUC 2008-2009 GCR reconciliation case U-15450-R.
- Prepared testimony for Michigan Attorney General in SEMCO GCR 2007-2008 Reconciliation Case U-15043-R.

- Prepared testimony for Michigan Attorney General filed in MGUC GCR 2007-2008 Reconciliation Case U-15040-R.
- Participated in drafting of testimony for all aspects of SEMCO Energy rate case filing with the Regulatory Commission of Alaska (RCA) in 2001.
- Filed testimony in 2001 before the (RCA) and was cross-examined on the financing plans for the acquisition of Enstar Corporation and the capital structure of SEMCO Energy.
- Developed a cost of capital study in support of testimony by company witness in the Saginaw Bay Pipeline Company rate request proceeding in 1989.
- Prepared testimony for company witness on cost of capital and capital structure in MichCon 1988 gas rate case.
- Filed testimony in MichCon gas conservation surcharge case in 1986-87.
- Testified before MPSC ALJ in MichCon customer bill collection complaints in 1983.
- Participated in analysis of uncollectible gas accounts expense for inclusion in rate filings between 1975 and 1988.
- Participated in analysis of allocation of corporate overhead to subsidiaries and use of the “Massachusetts Formula” at MichCon and at SEMCO Energy in 1975 and 2000.
- Prepared support information on GCR and rate case-O&M testimony at MichCon from 1975 to 1988.
- Filed testimony in MichCon financing orders in 1987 and 1988.
- Participated in rate case filing strategy sessions at MichCon and SEMCO Energy from 1975 to 2001.
- Provided Hearing Room assistance and guidance to counsel on financial and policy issues in various cases from 1975 to 2001.

## **EDUCATIONAL BACKGROUND**

Mr. Coppola did his undergraduate work at Wayne State University, where he received the Bachelor of Science degree in Accounting in 1974. He later returned to Wayne Sate University to obtain his Master of Business Administration degree with major in Finance in 1980.

**OHIO POWER COMPANY'S RESPONSES  
TO THE OFFICE OF THE OHIO CONSUMERS' COUNSEL'S  
DISCOVERY REQUESTS  
PUCO CASE 11-346-EL-SSO and 11-348-EL-SSO - Modified ESP  
FOURTH SET**

**INTERROGATORY**

OCC-INT-4-072      Referring to the testimonies of Company Witnesses Nelson and Roush regarding the Pool Termination Rider, please explain how the Company chose the \$35 million figure below which the Company will not adjust the proposed rates?

**RESPONSE**

The Company selected the value of \$35 million on an annual basis related to the Pool Termination Provision as part of the overall package proposed in the modified ESP. As stated in Company witness Powers' testimony at page 4, "...AEP Ohio would not be willing to provide discounted capacity and transition as quickly to market as proposed in the modified ESP if it does not receive all the benefits of the balanced package of terms in the proposed ESP..."

Company witness Roush's testimony does not discuss a Pool Termination Rider.

Prepared by: P. Nelson / D. Roush

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**This foregoing document was electronically filed with the Public Utilities**

**Commission of Ohio Docketing Information System on**

**5/4/2012 4:12:07 PM**

**in**

**Case No(s). 11-0346-EL-SSO, 11-0348-EL-SSO, 11-0349-EL-AAM, 11-0350-EL-AAM**

Summary: Testimony Direct Testimony of Sebastian Coppola on Behalf of the Office of the Ohio Consumers' Counsel electronically filed by Patti Mallarnee on behalf of Grady, Maureen