

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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

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

**PREFILED TESTIMONY
OF
RAYMOND W. STROM
ON BEHALF OF THE STAFF OF
THE PUBLIC UTILITIES COMMISSION OF OHIO
ENERGY & ENVIRONMENT DEPARTMENT
EFFICIENCY & RENEWABLES DIVISION**

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May 9, 2012

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 provide Staff's recommendations regard-
9 ing the Companies' proposed Alternative Energy Rider (AER).

10
11 7. Q. What are Staff's recommendations regarding the AER?

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

17
18 The Companies' proposal does not address the issue of auditing the costs
19 included in the AER and the decisions made by the Companies in compli-
20 ance with alternative energy requirements. I recommend that the Commis-
21 sion require that the AER be audited annually, and that the audit be con-
22 ducted by the same auditor chosen to conduct the Fuel Adjustment Clause

1 (FAC) audit. Annual audit proceedings would provide a forum for deter-
2 mination of the appropriateness and recoverability of costs associated with
3 the Companies' renewable energy requirement compliance activities, and
4 for determination of the proper assignment of costs (FAC vs AER).
5 Because the FAC will continue to be audited on an annual basis, and
6 because there is an interrelationship between FAC issues and AER issues, it
7 is logical to have the audits conducted at the same time by the same auditor.
8 When the FAC ends, and FAC audits are no longer conducted, the AER
9 audits should continue, but the schedule could be revised so that they would
10 be conducted every other year and cover a two year period.

11
12 The Companies have proposed a methodology for the determination and
13 allocation of REC expense associated with the purchase of bundled
14 products. As a general concept, the Companies' proposal to conduct an
15 allocation of cost components of bundled products is reasonable. However,
16 details of how to determine the cost components and how to apply the allo-
17 cation to specific situations should be determined in the context of the AER
18 audits. Similarly, with regard to renewable generation from the Com-
19 panies' currently existing generation facilities, I recommend that an alloca-
20 tion of energy, capacity, and REC value be made, with recovery of energy
21 and capacity related costs occurring in the FAC and REC related costs
22 occurring in the AER.

1 8. Q. Doe this conclude your testimony?

2 A. Yes, it does. However, I reserve the right to submit supplemental testi-
3 mony as described herein, as new information subsequently becomes avail-
4 able or in response to positions taken by other parties.

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 via electronic mail, upon the following parties of record, this 9th day of May, 2012.



Werner L. Margard III
Assistant Attorney General

Parties of Record:

tsiwo@bricker.com
dclark1@aep.com
grady@occ.state.oh.us
keith.nusbaum@snrdenton.com
kpkreider@kmklaw.com
mjsatterwhite@aep.com
ned.ford@fuse.net
pfox@hilliardohio.gov
ricks@ohanet.org
stnourse@aep.com
cathy@theoec.org
dsullivan@nrdc.org
aehaedt@jonesday.com
dakutik@jonesday.com
haydenm@firstenergycorp.com
dconway@porterwright.cmo
jlang@clafee.com
cmiller@szd.com
ahaque@szd.com
gdunn@szd.com
mhpetricoff@vorys.com
lmcbride@calfee.com
talexander@calfee.com
etter@occ.state.oh.us

trent@theoeg.com
nolan@theoec.org
gpoulos@enernoc.com
emma.hand@snrdenton.com
doug.bonner@snrdenton.com
clinton.vince@snrdenton.com
sam@mwncmh.com
dstahl@eimerstahl.com
aaragona@eimerstahl.com
ssolberg@eimerstahl.com
tsantarelli@elpc.org
callwein@wamenergylaw.com
malina@wexlerwalker.com
jkooper@hess.com
kguerry@hess.com
afreifeld@viridityenergy.com
swolfe@viridityenergy.com
korenergy@insight.rr.com
sasloan@aep.com
dane.stinson@baileycavalierie.com
cendsley@ofbp.org
jeanne.kingery@duke-energy.com
rsugarman@kegler.brown.com
asimhaque@icemiller.com

small@occ.state.oh.us
cynthia.a.fonner@constellation.com
david.fein@constellation.com
dorothy.corbett@duke-energy.com
amy.spiller@duke-energy.com
dboehm@bkllawfirm.com
mkurtz@bkllawfirm.com
tobrien@bricker.com
jbentine@cwslaw.com
myurick@cwslaw.com
zkravtiz@cwslaw.com
jejadwin@aep.com
msmalz@ohiopoveritylaw.org
jmaskovyak@ohiopoveritylaw.org
bakahn@vorys.com
gary.a.jeffries@dom.com
stephen.chriss@wal-mart.com
dmeyere@kmklaw.com
holly@raysmithlaw.com
barthroyer@aol.com
philip.sineneng@thompsonhine.com
carolyn.flahive@thompsonhine.com
terrance.mebane@thompsonhine.com
drinebolt@ohioparterns.corg

gregory.dunn@icemiller.com
christopher.miller@icemiller.com
bpbarger@bcslawyers.com
yalami@aep.com
todonnell@bricker.com
cmontgomery@bricker.com
lmalister@bricker.com
mwarnock@bricker.com
gthomas@gtpowergroup.com
wmassey@cov.com
henryeckhart@aol.com
laurac@chappelleconsulting.net
whit@shitt-sturtevant.com
thompson@whitt-sturtevant.com
sandry.grace@exeloncorp.com
joliker@mwncomh.com
fdarr@mwncomh.com
jestes@skaddenc.com
paul.wight@skadden.com
smhoward@vorys.com
mjsettineri@vorys.cmo
lkalepsclark@vorys.com
cmooney2@columbus.rr.com