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March 4, 2014

Honorable Sarah Parrot
Honorable Greta See
Attorney Examiners
Public Utilities Commission of Ohio
180 East Broad Street
Columbus, Ohio 43215-3793

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Re:
In the Matter of the Establishment of)
4901: 1-10-10(B) Minimum Reliability) Case No. 12-1945-EL-ESS
Performance Standards for Ohio Power)
Company.)

Honorable Examiners Parrot and See:

Attached please find the testimony of Gary Spitznogle in support of the Stipulation and Recommendation, filed yesterday March 4, 2014, resolving the issues in the above referenced case.

In the interest of facilitating an Order by the Commission in time to file the ESSS Rule 10 March 31st reports, the Company requests a hearing as soon as practical. The Company discussed the schedule with the Signatory Parties and offer the following dates for consideration:

Monday March 10, 2014 in the afternoon

Tuesday March 11, 2014 in the morning.

If another date is more convenient for the bench the Signatory Parties will adapt. The Company may also need to request a waiver of the March 31st reliability filing

date pending a Commission Order on the recommendation if more time is needed.
Guidance on the need for that filing is also appreciated.

Cordially,

//ss//Matthew J. Satterwhite

Matthew J. Satterwhite
Senior Counsel

cc: Thomas McNamee, Staff
Joseph Serio, OCC

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Establishment of)	
4901: 1-10-10(B) Minimum Reliability)	
Performance Standards for Ohio Power)	Case No. 12-1945-EL-ESS
Company.)	

**PRE-FILED TESTIMONY OF GARY O. SPITZNOGLE
ON BEHALF OF
OHIO POWER COMPANY
IN SUPPORT OF THE
JOINT STIPULATION AND RECOMMENDATION**

**INDEX TO PRE-FILED TESTIMONY OF
GARY O. SPITZNOGLE
IN SUPPORT OF THE JOINT STIPULATION**

Page No.

1.	Personal Data	1
2.	Purpose of Testimony	2
3.	Joint Stipulation Summary.....	3
4.	Satisfaction of Criteria Used to Review and Approve Stipulations.....	6
5.	Conclusion	8

**PRE-FILED TESTIMONY OF GARY O. SPITZNOGLE
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OHIO POWER COMPANY
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JOINT STIPULATION AND RECOMMENDATION**

1 **PERSONAL DATA**

2 **Q. WHAT IS YOUR NAME AND BUSINESS ADDRESS?**

3 A. My name is Gary O. Spitznogle and my business address is 850 Tech Center Drive,
4 Gahanna, Ohio 43230.

5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. I am employed by the Ohio Power Company, dba AEP Ohio (the “Company”) a unit
7 of American Electric Power (“AEP”). My title is Vice President, Regulatory and
8 Finance of AEP Ohio.

9 **Q. WHAT ARE YOUR RESPONSIBILITIES AS VICE PRESIDENT,
10 REGULATORY AND FINANCE OF AEP OHIO?**

11 A. I am primarily responsible for regulatory operations, regulated electric pricing, and
12 financial performance related to AEP Ohio, including planning and executing rate
13 filings before this Commission. I report directly to AEP Ohio’s President and Chief
14 Operating Officer. I am also responsible for managing the Company’s financial
15 operating plans including various capital and O&M operational budgets that interface
16 with all other AEP organizations affecting the Company’s performance. As part of
17 the financial strategy, I work with various AEP Service Corporation (“AEPSC”)
18 departments to ensure that adequate resources such as debt, equity and cash are

1 available to build, operate, and maintain AEP Ohio's electric system assets providing
2 service to our retail and wholesale customers.

3 **Q. WHAT IS YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND?**

4 A. I earned a Bachelor of Science degree in Chemical Engineering with an Environmental
5 option in 1998 from The Ohio State University. I began my career with AEP Ohio in
6 1997 as an environmental technician at the Conesville Generating Station. I served at
7 the Conesville Generating Station until 2001 when I accepted a position as a lead
8 engineer in Engineering Services at AEPSC. I then served in several other engineering
9 positions before I was named Manager of Air Emissions Optimization in 2002. I was
10 promoted to Manager of New Generation Development in 2006, and then Manager of
11 Integrated Gasification Combined Cycle and Carbon Sequestration and Storage
12 Engineering in 2008. I then advanced to the position of Director of New Technology
13 Development and Policy Support in 2010. I assumed my current role in 2013.

14 **Q. HAVE YOU EVER SUBMITTED TESTIMONY AS A WITNESS BEFORE A**
15 **REGULATORY COMMISSION?**

16 A. Yes. I have filed testimony and testified before the Public Utilities Commission of
17 Ohio in Case Nos. 12-3255-EL-RDR, 13-2249 -EL-UNC, 13-2250-EL-UNC, and 13-
18 2251-EL-UNC.

19 **PURPOSE OF TESTIMONY**

20 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

21 A. My testimony supports the unanimous settlement reached in this case and
22 recommends Commission approval. The purpose of my testimony is to describe and
23 support the unanimous Joint Stipulation and Recommendation ("Joint Stipulation")

1 (incorporated by reference into this testimony) entered into by AEP Ohio, the Office
2 of the Ohio Consumers' Counsel (OCC) and the Commission Staff (collectively the
3 "Signatory Parties:"). The Stipulation was signed and filed on March 3, 2014, to
4 resolve the issues in this case. The Signatory Parties recommend that the
5 Commission approve the Joint Stipulation and issue its Opinion and Order in
6 accordance with the recommendations made in the Joint Stipulation. I have been
7 advised by counsel that the Commission reviews contested Stipulations to determine
8 the reasonableness of the outcome of proceedings using a three-part test:

9 (1) the Joint Stipulation is a product of serious bargaining among capable,
10 knowledgeable parties;

11 (2) the Joint Stipulation does not violate any important regulatory principle or
12 practice; and

13 (3) the Joint Stipulation, as a whole, will benefit customers and the public
14 interest.

15 While this present stipulation is not opposed by any party to the case, I will apply this
16 agreement to that test for the benefit of the record.

17 **JOINT STIPULATION SUMMARY**

18 **Q. PLEASE IDENTIFY THE SIGNATORY PARTIES TO THE JOINT**
19 **STIPULATION.**

20 A. The Signatory Parties to the Joint Stipulation, in addition to the Company, include the
21 Staff and OCC.

22

1 **Q. WHAT ARE YOUR QUALIFICATIONS TO ADDRESS THE ISSUES THAT**
2 **ARE BEING RESOLVED BY THE JOINT STIPULATION?**

3 A. I am the Vice-President, Regulatory and Finance for Ohio Power. I understand the
4 financial implications of the issues being resolved in the Joint Stipulation, and am
5 familiar with the regulatory issues presently faced by AEP Ohio with respect to this
6 proceeding. My staff participated in the negotiations on behalf of the Company in
7 connection with the negotiations and analysis of the issues being resolved in this case
8 by the Joint Stipulation.

9 **Q. WHAT IS THE FOCUS OF THE JOINT STIPULATION?**

10 A. The central focus of the Joint Stipulation is the establishment of reliability standards
11 for the combined Ohio Power Company resulting from an application filed in June of
12 2012 by the Company.

13 **Q. WHAT ARE THE MAIN PROVISIONS IN OF THE JOINT STIPULATION**
14 **REGARDING THE STORM RECOVERY REVENUE REQUIREMENT?**

15 A. The Joint Stipulation adopts the Application filed June 28, 2012 with modifications to
16 reflect the agreements reached in the settlement process. The Signatory Parties
17 agreed to remove calendar year 2008 from the historical average system performance,
18 using the four year period of the ESP as opposed to five years. As discussed in the
19 Joint Stipulation, using the 4 year average of 2009-2012 from the ESP period avoids
20 the need to make adjustments for the riders in existence during that same time period.

21 The Joint Stipulation also adopts specific System Average Interruption
22 Frequency Index (SAIFI) and Customer Average Interruption Duration Index
23 (CAIDI) values for the Ohio Power Company to work to meet each year. These are

1 standards for the Ohio Power Company as a whole; this recognizes the merger of the
2 former Columbus Southern Power Company and Ohio Power into one utility.
3 Specifically, the recommendation is for the Commission to approve:

4 -SAIFI standard set = 1.20. This is made up of the 4 year average of SAIFI of
5 2009-2012 which is 1.09, with a 10% adder to allow for variables in the
6 equation.

7 -CAIDI standard set at 150.0. This is made up of the 4 year average of CAIDI
8 of 2009-2012 which is 138.9 with an 8% adder to allow for variables in the
9 equation.

10 The standards will be applied to performance for the 2013 calendar year and used in
11 the March 2014 filing as the reportable standards.

12 The Signatory Parties also agreed that to the extent an individual circuit
13 appears on the O.A.C. 4901:1-10-11 worst performing circuit list for 3 years in a row
14 that Ohio Power will account for options to address the issues under the Company's
15 control that are contributing to that individual circuits poor performance in the next
16 Distribution Investment Rider (DIR) plan proposal. The Company also agreed to
17 serve OCC with a copy of the Rule 11 Report generated under O.A.C. 4901:1-10-11
18 during the applicability of the standards in this agreement.

19 The Signatory Parties also agreed that the Company will file an updated
20 reliability performance standard application in accordance with Ohio Adm. Code
21 4901:1-1-10-10, no later than June 30, 2016, that reflects the impact of system design
22 changes, technological advancements, and geographical effects of programs like, but

1 not limited to the Distribution Infrastructure Rider (“DIR”) Program and gridSmart,
2 and the results of its updated and current customer perception survey. The Signatory
3 Parties also agreed not to oppose any request for a hearing filed by a Signatory Party
4 with regard to the next reliability performance standard application. The Joint
5 Stipulation clarifies that the agreement not to oppose a hearing request shall not
6 prevent a party from responding to arguments or assertions made by any Signatory
7 Party or commenter in that proceeding on issues other than the request for a hearing.

8 The Signatory Parties also clarified the customer survey expectations outlined
9 in O.A.C. 4901:1-10-10. The Signatory Parties agreed that the surveys, completed
10 every three years, will be conducted quarterly and meet the minimum sample size of
11 completed responses obtained from 400 residential and 400 small commercial
12 customers each quarter. The Company agreed to provide OCC a copy of the survey
13 results pursuant to an executed confidentiality agreement related to this proceeding.

14 Finally, the Signatory Parties agreed that the Joint Stipulation reached in this
15 case satisfied the three-part test traditionally used by the Commission to review
16 contested stipulations.

17 **SATISFACTION OF CRITERIA USED TO REVIEW AND APPROVE**
18 **STIPULATIONS**

19 **Q. DOES THE JOINT STIPULATION REPRESENT A PRODUCT OF SERIOUS**
20 **BARGAINING AMONG CAPABLE, KNOWLEDGEABLE PARTIES?**

21 A. Yes, it does. All Parties to the Joint Stipulation were represented by experienced,
22 competent counsel. Also, the Parties to the Joint Stipulation regularly participate in

1 rate proceedings before the Commission and are knowledgeable in regulatory matters.
2 All parties were invited to participate in settlement discussions regarding the Joint
3 Stipulation. All parties participated in multiple meetings and communications to
4 discuss resolution of the case. Many of the issues in the case were discussed in detail
5 over the course of numerous meetings. Therefore, the Joint Stipulation represents a
6 product of serious bargaining among capable, knowledgeable parties.

7 **Q. DOES THE JOINT STIPULATION VIOLATE ANY IMPORTANT**
8 **REGULATORY PRINCIPLES AND PRACTICES?**

9 A. No, it does not. The Joint Stipulation is consistent with, and does not violate,
10 regulatory principles and practices in Ohio. The Joint Stipulation establishes a
11 numeric value to judge Ohio Power's system reliability performance. The Joint
12 Stipulation is an agreed upon application of the rule created by the Commission for
13 Ohio Power to establish system-wide reliability standards. These standards are just
14 one part of the Commission's overall review oversight of reliability issues.

15 **Q. DOES THE JOINT STIPULATION BENEFIT CONSUMERS AND THE**
16 **PUBLIC INTEREST?**

17 A. Yes, it does. It is in the public interest to amicably settle proceedings like this and
18 enter into agreements with a majority of the parties when a universal settlement
19 cannot be reached. The filing was also made in 2012 recognizing the merger of the
20 former Columbus Southern Power Company and Ohio Power. The standards in place
21 currently (prior to the standards established by this case) contain standards for a
22 company that does not exist and fail to recognize the system-wide application and

1 management of the Ohio Power system. The Stipulation allows the standard to match
2 the operations of the single existing company.

3 **Q. IS IT AEP OHIO'S POSITION THAT THE JOINT STIPULATION MEETS**
4 **THE THREE-PART TEST REGARDING CONSIDERATION OF**
5 **STIPULATIONS AND SHOULD BE ADOPTED BY THE COMMISSION?**

6 A. Yes, it is. As indicated by the Joint Stipulation the other Signatory Parties agree.
7 The agreement is reasonable and should be adopted by the Commission to resolve
8 the present proceeding.

9 **CONCLUSION**

10 **Q. DOES THIS CONCLUDE YOUR PRE-FILED TESTIMONY IN SUPPORT OF**
11 **THE JOINT STIPULATION?**

12 A. Yes it does.

This foregoing document was electronically filed with the Public Utilities

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in

Case No(s). 12-1945-EL-ESS

Summary: Testimony in support of the Stipulation and Recommendation electronically filed by Mr. Matthew J Satterwhite on behalf of Ohio Power Company