

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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| In the Matter of the Application of |) | |
| Ohio Power Company to Establish |) | Case No. 12-3255-EL-RDR |
| Initial Storm Damage Recovery Rider |) | |
| Rates. |) | |

**REPLY BRIEF OF OHIO POWER COMPANY
IN SUPPORT OF THE JOINT STIPULATION**

Filed: March 17, 2014

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I. Introduction

The Ohio Power system faced the most destructive and expensive storm in its history in the summer of 2012. The incremental cost associated with the extraordinary efforts to restore electric service after that storm and the two others that interrupted electric service that summer are under review in this proceeding. As ordered by the Commission, when it previously established the mechanism allowing cost recovery of these incremental operation and management (O&M) costs, Ohio Power Company (“Ohio Power” or “Company”) filed an application outlining the O&M costs eligible for recovery. Staff conducted an extensive review of the Company application and costs associated with the storms. Interested parties performed their own review of the application, conducted discovery and provided comments to the Commission on the Company’s application. The Company discussed the matters raised by Staff and interested parties and reached a stipulated conclusion to provide the Commission with an agreed settlement to determine the prudent and reasonable costs of the storm. That settlement provided for Commission consideration resolves this matter and costs residential customers \$2.34 a month and non-residential customers \$9.67 a month for 12 months. While the Office of

the Ohio Consumers' Counsel (OCC) did not join in the settlement the record shows that the settlement already goes beyond the positions expressed by all other Signatory Parties. The record also establishes that the settlement involved all parties to the case, including OCC, and is the result of great compromise.

OCC's initial post-hearing brief takes issue with things beyond this case and fails to recognize the decisions made and the extraordinary efforts of the men and women who worked 16 hour days to restore electric service to Ohio customers in extreme conditions. OCC appears to question the prudence of recovering incremental O&M storm costs which is a matter already determined as appropriate in the ESP II proceeding when the Commission approved the mechanism. OCC also approaches its review judging decisions in hindsight without recognizing that the decisions had to be made in an emergency situation at the moment to give the Company a chance to restore service as safe and quickly as possible and ensure that the resources being demanded across the eastern seaboard would be doing their work in Ohio. Those decisions provided for a safe and efficient restoration that would not have been possible but for the Company's quick decisions and prior planning.

Ultimately, this case is about the review of a Stipulation signed by all but one party to the case that establishes the reasonableness and prudence of the costs associated with the herculean effort to restore electric service in the summer of 2012. The record supports approval of the Stipulation. The Stipulation satisfies the three-part test typically used by the Commission in consideration of such agreements. The Company respectfully requests the Commission approve the Stipulation without modification.

II. The Stipulation meets the Three-Part Test for Approval by the Commission.

OCC fails to overcome the record support and reasonableness of the Stipulation that satisfies the three-part test for Commission adoption of stipulations.¹ As discussed in Ohio Power's Initial Brief, while stipulations filed pursuant to O.A.C. 4901-1-30 are not binding on the Commission, the terms of such agreements are accorded substantial weight. *Consumers' Counsel v. Pub. Util. Comm.* (1992), 64 Ohio St.3d 123, 125, citing *Akron v. Pub. Util. Comm.* (1978), 55 Ohio St.2d 155. The weight given the Stipulation, in combination with the evidence of record establishing the reasonableness of the incremental costs, support the Commission's acceptance of the Stipulation as a reasonable resolution of the issues in this proceeding.

A. The Stipulation satisfies the first-prong of the three part test.

OCC argues that the Stipulation fails to satisfy the first prong of the three-part test through a misapplication of the standard. (OCC Br. at 8-9.) The arguments provided in Ohio Power's initial brief adequately respond to OCC's arguments on the first prong of the test.² In short, the standard focuses on the openness of the settlement process as opposed to a head count on the signatures on the Stipulation. OCC was fully involved in the settlement process that led to the Stipulation. OCC does not possess a unilateral veto right on stipulations offered to the Commission for review. In addition the Staff of the Commission is responsible for considering the interests of residential customers. Ultimately, a stipulation is judged by the Commission as appropriate or not based on the purpose of the case. The record supports satisfaction of the first prong of the three-part test for Commission approval of the stipulation to resolve this proceeding.

¹ See Ohio Power's Initial Post-Hearing Brief at 8-20 for a full discussion of the three-part test.

² See Ohio Power's Initial Post-Hearing Brief at 8-11.

B. The Stipulation satisfies the second prong of the three-part test concerning the package being in the public interest.

OCC takes issue with the benefit prong of the three-part test by arguing that carrying costs are not in the public interest and that the Stipulation does not include an offset for the \$20 million capital SEET commitment. (OCC Br. at 9-13; 31-38; 39-41.)

1. The Carrying Cost Provision is Part of the Overall Package Presented for Approval by the Commission.

OCC takes issue with the reasonableness of the carrying charge recommended in the Stipulation. (OCC Br. at 9-13; 31-38.) OCC argues that the carrying charge positions of the Signatory Parties compromised in the Stipulation are not benefits because there is no proof that the Commission would have rubber-stamped Ohio Power's request. (Id. at 31.) OCC also argues that the ESP II Order did not authorize a carrying charge. OCC also argues that Ohio Power first filed its motion requesting to record a carrying charge in August 2013, a year after the storm. (Id. at 32.) OCC's assertion that the carrying charge portion of the settlement package is not a benefit suffers from several fatal flaws.

This prong of the standard judges whether the overall package, represented in the Stipulation, is meant to be viewed as a whole to determine if it is in the public interest. Here the decrease in the potential carrying costs to long-term debt and to cover a shorter period of time for recovery are both compromises that provide benefits as part of the overall package offered to resolve this case. OCC's argument about the uncertainty of whether the Commission would have granted the carrying charges in the manner and at the same level requested by Ohio Power is without merit. OCC sets up an impossible standard for negotiations in Commission cases, where parties would be forced to assume they will lose all of their positions in litigation and then begin negotiations based on that assumption. Such a position is preposterous. The Company

provided record support for the carrying cost level and term. (see Company Ex. 3, Dias at 22-23 describing the carrying charge basis and recovery level.) It is reasonable to expect the Commission will rely on the record evidence to make its decision and to negotiate based on that filed position.

The provision of carrying charges is appropriate for storms that occurred almost two years ago at this point.³ The Company offered to forego carrying charges if the rider was processed quickly after filing and rates were implemented by April 1, 2013. (Company Ex. 1 at para 29; Company Ex. 3 Dias at 22.) The Application filed in December of 2012, the testimony of Company witness Dias and even the motion filed by the Company in an attempt to begin collecting those carrying charges all assumed recovery of a carrying charge at the weighted average cost of capital (WACC). Mr. Dias testified that it was appropriate to approve a WACC carrying charge based on the nature of the costs being recovered and to be consistent with the other riders approved in the ESP II proceeding. The Commission did not deny the application of a carrying charge in the ESP II, instead the Commission indicated that a decision on carrying charges was premature. (ESP Order at 69.) Therefore, nothing precluded the Company from seeking a carrying charge dating back to the 2012 major storms. But the Company filed a request to avoid such a carrying charge if the process moved forward to enable Ohio Power to collect the full costs by April of 2014. (Company Ex. 3 Dias at 22.)

OCC was aware of Ohio Power's request in its Application and the establishment of carrying costs is consistent with OCC's prior arguments as described by the Commission in the ESP II Order. In response to Ohio Power's request in its Application, OCC filed comments in

³ OCC mistakenly states that Ohio Power filed its Application in December of 2013 when it was in fact filed an entire year earlier in December of 2012. (OCC Br. at 3.)

this docket that sought denial of the entire application, but if carrying costs were to be applied it argued in favor of the long-term debt rate being used instead of WACC. (OCC's May 29, 2013 comments at 21-22.) As discussed in Ohio Power's Initial Post-Hearing Brief, OCC also argued for carrying charges to be applied at the long-term debt rate in the ESP II proceeding. (See discussion in Ohio Power's Initial Brief at 14.) Any argument that Ohio Power did not include the dollar amount in its initial application ignores the record.

OCC's assertion that the Application did not seek carrying charges is incorrect. (OCC Br. at 34.) As discussed above, the Application includes the specific request if the cost recovery did not commence by April 1, 2013. (Company Ex. 1 at para 29; Company Ex. 3 Dias at 22.) There was no way to know how long the Commission process would take and even the length of the recovery period. Therefore, the Company provided a reasonable delay in the collection of carrying charges on costs incurred in the summer of 2012 in exchange for a timely resolution of the review. The fact that the numbers calculating that charge were not included in the Application is only reflective of the unknowns at the time and not a lack of requesting the treatment. The motion filed in August 2013 only sought to move the collection of the carrying charges along sooner than the conclusion of the case, but sought implementation over the entire period at the WACC, as included in the Application. The request for carrying charges remained as part of the Application due to the delay in time. The parties to the case understood the request and replied accordingly in their comments on the Application.

OCC next argues that all Signatory Parties did not support the application of the carrying charges in the Stipulation as an attempt to undermine the argument that the settlement is in the public interest and representative of diverse interests. (OCC Br. at 36.) OCC's argument ignores the fact that the Stipulation is to be viewed as a package. The footnote indicates that certain

Signatory Parties abstained from the carrying charge prong of the Stipulation. That abstention shows the movement of the parties that previously opposed the carrying charge. The Stipulation is meant to be viewed as a whole with all parts interrelated, so the change in position, for settlement purposes only, is part of the package that the Commission is charged with reviewing. OCC's reliance on the change in position of certain Signatory Parties is not support for its opposition; it is support for the reasonableness of the package presented in the Stipulation.

2. The \$20 Million SEET Investment is not Properly Part of this Proceeding.

OCC misunderstands prior Commission dicta in another proceeding and improperly treats it as an expectation or duty to be applied in this proceeding. OCC asserts that the \$20 million SEET commitment should be applied in this case. (OCC Br. at 39-41.) OCC correctly reflects the dicta from the Commission's 2013 decision in the Long Term Forecast Case (2013 LTFR Opinion) After it was determined that the Turning Point Project, that long had been the intended vehicle to apply the \$20 million SEET commitment, was not needed in the 2013 LTFR Opinion, the Commission instructed that if Ohio Power could not make the \$20 million investment in the Turning Point or similar project by the end of the year that, "the Company should submit a proposal for another appropriate use for the \$20 million investment." (2013 LTFR Opinion at 28.) The Commission indicated that one such option is that Ohio Power could choose to apply the dollars to offset the major storm damage costs that are deferred under the mechanism that is set to be populated by the outcome of this case. (Id.) Company witness Dias confirmed that the Commission language discusses the submission of a proposal by the Company to invest the \$20 million. (Tr. III at 388.) He also testified to the Company's submission of just such a proposal that complies with the Commission direction was already included in the gridSMART Phase II docket. (Id. at 390.)

The Commission indicated that the Company could choose to apply the offset to this case but did not say that it would or even could order that the **capital** commitment at the root of that SEET commitment could be used to offset the O&M costs at issue in the present case. The Commission dictum was just a suggestion, not an order. In fact, the \$20 million SEET commitment is based on a statute that contemplates spending on a capital project and not offsetting incremental O&M costs. R.C. 4928.143(F), the basis of the SEET commitment, includes a provision that clearly states,

Consideration also shall be given to the **capital requirements of future committed investments** in this state.

As indicated in the testimony of Company witness Dias, this present case involves the need to recover O&M expenses prudently incurred and requested for recovery in this proceeding. (Company Ex. 3 Dias at 23.) OCC witness Yankel agreed that the Commission should apply the law in applying the SEET commitment. (Tr. V at 956.) The law is clear that the SEET commitment is a capital commitment and this case deals with O&M expenses.

OCC also attempts to assert that application of the commitment in this case, in spite of the fact that it is not included in the Stipulation, would be in the public interest. OCC even cites to the comments by the Staff in another docket not related to this case where the Staff expressed a preference for the \$20 million to be spent in a manner that does not create an additional burden on ratepayers. (OCC Br. at 40-41.) However, the completion of that thought is that the Staff is a Signatory Party to the Stipulation and that provision is not included in Stipulation presented for Commission review. The commitment is a capital commitment that is under review for a capital project in another docket. The Company did not choose to volunteer that commitment for

application to this case involving O&M and the parties did not choose to include it in the settlement package.

C. The Stipulation satisfies the third prong of the three-part test concerning regulatory principles.

Nothing in OCC's brief indicates that the Stipulation violates any regulatory principle or practice, the third prong of the test. OCC includes a number of sub-arguments that focus on its disagreement with costs spent for storm restoration that are factual arguments centered on whether the costs are reasonable and prudent, but the only claim in OCC's brief is that there is a violation of a regulatory principle is that the Stipulation violates R.C. 4905.22. This statute requires the Commission to ensure the utility service and pricing is adequate, just and reasonable. (OCC Br. at 14.) Ironically, the mechanism to provide the Company recovery of costs expended to furnish adequate service is exactly what OCC is undermining in this case. A public utility cannot provide adequate service if it is not able to exercise mechanisms already created with the purpose of providing the utility the costs of restoring service after major storms. The Commission made the determination in the ESP II proceeding that this mechanism should be part of the regulatory scheme to allow Ohio Power to fulfill its duty under R.C. 4905.22. It is OCC that seeks to undermine and question the wisdom of the Commission in this case by denying Ohio Power reasonable and prudent costs spent to restore power in a safe and efficient manner. The Signatory Parties have proposed a reasonable settlement in light of the record evidence that fulfills the statutory provision raised by OCC.

OCC takes issue with the testimony that the Stipulation furthers state policy R.C. 4928.02(A) to ensure the availability to consumers of adequate, reliable, safe, efficient, nondiscriminatory and reasonably priced electric service. (OCC Br. at 14.) The same analysis

applied to R.C. 4905.22 applies to R.C. 4928.02(A). The Stipulation resolves the case and allows the Company to recover reasonable and prudent storm related costs (as intended by the mechanism previously approved by the Commission), shown through testimony to be prudent and reasonable. Acceptance of the Stipulation encourages timely restoration of electric service in the future and a respect for the mutual assistance process used during the 2012 major storms. Denial of the Stipulation and by extension the denial of the support of the costs outlined in the Company's testimony could have negative consequences on future restoration efforts and reliability. (Company Ex. 3 Dias Direct at 25-26.) 317-639-1210. The Stipulation is an agreement of the Company and all parties, other than OCC, to ensure a cooperative future based on restoring service as quickly and safely as possible.

Despite OCC's conclusory statements to the contrary, the Stipulation as a package benefits customers and is in the public interest. (OCC Br. at 9-11.) The purpose of the case is to determine the reasonable and prudent incremental costs that should be included in the Ohio Power storm rider, already approved by the Commission. It is in the public interest to approve recovery of reasonable and prudent incremental major storm expenses. (See Ohio Power Initial Brief at 12-13.) The costs presented by Ohio Power Company in its Application are real costs expended to restore service to customers after major storms in 2012. As explained in further detail in Ohio Power's Initial Post-Hearing Brief, the package represented in the Stipulation represents an accommodation by the Company that goes beyond the value of the issues raised by the Signatory Parties in the comment and discussion process established by the Commission to facilitate usage of the mechanism.⁴ That package approved by the Signatory Parties resulted in a savings to customers represented by a \$2.34 a month charge for residential and \$9.67 for non-

⁴ See Ohio Power's Initial Post-Hearing Brief at 12-16.

commercial customers over a 12-month period. (Company Ex. 2, Spitznogle at 8-10; Joint Exhibit 1 at Updated SJD-2.)

OCC appears to confuse the issues and attempts to misrepresent the fact that customers experienced hardship as a result of the 2012 major storms as a reason that recovery under the Commission approved mechanism is not appropriate. OCC argues that customers incurred considerable expense related to lodging and the replacement of food from being without power for days and weeks. (OCC Br. at 1; 3, 4; 41). OCC's blame for the catastrophic event is misplaced. Ohio Power performed miraculously in the face of the worst storm to ever to hit its distribution system. The June 29th storm and all major storms are Acts of God, not Acts of Ohio Power. (Tr. V at 813-814) Even OCC witness Yankel agreed that Ohio Power did not create the June 29th storm. (Tr. V at 909.) Further, he agreed that customers do not have a right to uninterrupted service. (Id. at 910.) The Commission should also take note that OCC did not assert that Ohio Power's ongoing maintenance led to any of the outages or extension of the outages in any manner. And Mr. Yankel also testified to the fact that it would be unreasonable to spend the money to guarantee uninterrupted service on the distribution grid. (Id.)

The Commission-approved tariff does not hold Ohio Power liable for events like the June 29, 2012 major storm. Ohio Power's tariff states that the utility is not liable for damages caused by an interruption in service due to Acts of God or the disturbance of the electric system to prevent or limit the extent of interruption, instability or disturbance on the system. (Company Ex. 8, Ohio Power Tariff Sheet No. 103-16; Tr. IV at 734; Tr. V at 813-814.) OCC's incorporation of the hardship faced by customers in response to the storm is an attack on nature not on Ohio Power. There is not a question that the June 29th storm had a catastrophic impact on much of the Eastern half of the United States, including Ohio Power and its customers. But,

Ohio Power stepped up and performed miraculously in the face of the worst storm to ever to hit the distribution system to the benefit of customers. In fact, the record shows that Ohio Power's decisions and management of the storm allowed the Company to restore power at least five days sooner and saved over \$50 million more dollars in restoration costs. (Tr. at 795.) As discussed in Ohio Power's initial brief, that benefit does not even count the benefits and avoided costs of customers that were restored five days earlier as a direct result of Ohio Power's actions. (Ohio Post-Hearing Brief at 18.) There is no question that the June 29, 2012 major storm was an unfortunate catastrophic event, but Ohio Power answered the bell and spent approximately \$61 million in incremental O&M above the \$5 million in base rates to safely and quickly restore electric service to 700,000 Ohio Power customers. It is time to make the Company whole for the work and money spent in the summer of 2012, as intended when the mechanism was created.

OCC is correct that the benefit of having power restored was already realized by Ohio Power customers in the summer of 2012. (OCC Br. at 13.) The fact that customers are already restored does not mean that it is in the public interest to deny Ohio Power's application of the mechanism intended to compensate Ohio Power for the incremental expense of restoring that power. But as Company witness Dias testified, if the Commission devalues the resources utilities use and the industry best practices used to safely restore power to customers as soon as practical after major storms, then utilities will not use as many resources and restrict best practices and restoration times will be slower in the future. (Company Ex. 3, Dias at 26.) Customers already received the benefit of the costs paid by Ohio Power to restore service in an expedited manner and should now live up to its responsibility under the Commission's previously established mechanism. Approval of the Stipulation, agreed to by the Company,

should not risk slower restoration efforts in the future due to a devaluing of restorations resources.

1. Approval of the Stipulation and the Reasonable and Prudent Costs Included to Resolve the Proceeding Does Not Violate any Regulatory Principles.

OCC mistakenly argues that the Company did not show that several costs were reasonable and prudent and therefore recovery of those costs denies a finding that the Stipulation does not violate any regulatory principle.⁵ The Stipulation as a whole represents the Signatory Parties' agreement to the level of costs that are reasonable and prudent as a compromise of the positions offered in the process outlined by the Commission to resolve this case. The Company provided sufficient record evidence supporting the prudence and reasonableness of all the costs that were questioned through the Commission process. The costs were also subject to a Staff audit. But it should also be pointed out that regardless of OCC's claims, that the record contains a stipulation that, for purposes of settlement, already includes a disallowance of \$6.1 million in costs. So while the record supports the recovery of practically all the costs of the initial Application, the Commission is asked to approve a settlement that includes a compromise to provide an agreed outcome for the case. That settlement is a reasonable and prudent outcome of the central question in the case on what are the reasonable and prudent incremental costs associated with restoring service after major storms in 2012.

⁵OCC performed extensive discovery and lengthy cross-examination dominating the balance of the four day hearing with numerous exhibits, making it difficult to know what it would carry forward to the briefing process. OCC should be limited to the arguments raised in its initial brief. For example, OCC did not even address its prior argument related to the split between O&M and Capital spending addressed in Company Ex. 5, the direct prefiled testimony of Thomas Mitchell. An extensive layout of new argumentation or examples of its position in its reply would be inappropriate and should be viewed by the Commission critically.

The largest of the costs questioned by OCC are those dedicated to paying for the contract with Storm Services. The other costs included in OCC's criticism include overtime for exempt employees, refunds, and costs associated with the Company's efforts to show appreciation for the restoration responders. OCC's arguments ignore the pre-filed and hearing testimony of Company witnesses deferring to the testimony of its witness Anthony Yankel, a witness without the credibility to support OCC's claims. The only credible evidence of record supports the prudence and reasonableness of these costs and therefore the adoption of the Stipulation.

a. The Record Supports the Reasonable and Prudent Costs of the Storm Services Vendor.

The evidentiary record establishes that “[t]he services provided by Storm Services, LLC were actual costs that were necessary and prudent for safely restoring electric services after the Derecho (June 29th storm).” (Company Ex. 3 Dias Direct at 16.) The use of Storm Services ensured that electric service was restored to the Ohio Power service territory at least five days sooner through increased efficiency and the ability to secure more responders through the mutual assistance process at a point when competition for those resources were very high. (Tr. V at 705; See also Ohio Power Initial Brief at 25-28.) OCC takes issue with the prudence of the costs associated with use of this vendor. (OCC Br. at 15-24.) OCC's attacks on the services offered are misplaced, factually inaccurate, and fail to address an understanding of storm restoration needs. The Company experts providing testimony in this case are involved in actual process of storm restoration and agreed that the use of Storm Services LLC saved time and was prudent and reasonable. (Tr. V. at 705; Company Ex. 3 Dias Direct at 17.) This point is established throughout the record. As Company witness Dias testified, “as I’ve testified to over and over again, that that decision, a decision to not use Storm Services or a service like them would have had consequences and that consequence would have been the restoration effort would have taken

longer.” (Tr. III at 408.) Even OCC expert Yankel agreed that any service that restored power five days sooner would make the costs more reasonable. (Tr. V at 945-946.) He stated that if restoration can be sped up for any reason it is a benefit. (Id. at 949-950.) The record is clear; Storm Services sped up restoration and was a reasonable and prudent expense.

One argument offered by OCC that is factually inaccurate is OCC’s attempt to compare the June 29th storm to the Hurricane Ike storm in 2008 as an attempt to show inappropriate spending in 2012. (OCC Br. at 16.) OCC relies upon OCC Exhibit 14, a general community information article from Ohio Power’s external website attempting to introduce the concept of customer responsibility for repayment of storm costs (i.e. the mechanism approved by the Commission). The article used the 2008 Hurricane Ike storm as point of reference for customers to show the unprecedented amount of damage experienced by the June 29th storm and introduce the concept of cost recovery. OCC and the Commission should not over rely on a community outreach effort for a website when compared to the presentation of expert witnesses and testimony in this case. For example, Company witness Dias explained that the expense of the storm included in the article compared to the amount allowed for recovery from the 2008 storm was related to the split between capital and O&M costs. (Tr. III at 378-379.) He stated that capital costs were being considered in that case just like capital costs are not requested in that case. (Id.)

The damage from the 2008 Hurricane Ike storm and the June 29, 2012 storm was also significantly different. Company witness Kirkpatrick testified that the real drivers of storm costs are infrastructure damage in the form of broken poles and the amount of wire that needs replaced because stringing wire requires a lot of labor. (Id. at 804-805.) He and Company witness Dias both testified that the real difference between Ike and the June 29th storm was the infrastructure

damage, more poles and more wires were impacted in the June 29th storm. (Id. at 805; Tr. III at 372.) He testified that the difference in damage to the system between the two storms was pretty dramatic. (Tr. V at 805-806.) He also testified that the June 29th storm saw an increase in copper theft, when fallen copper wire was stolen making it unable to be restrung when the installation team arrived to do the work, particularly in Southern Ohio. (Id.) Finally, Mr. Kirkpatrick relied upon OCC Exhibit 39 to point out that the weather conditions faced by the responders to the 2008 Ike storm had the best possible weather to perform restoration work. (Id. at 806.) He pointed out that in 2008 the responders had highs in the low 70s with plenty of blue skies, while the weather in 2012 had days above 100 degrees, high humidity even at night and the constant threat of thunderstorms. (Id. at 806-807.) He testified that the weather differences had a dramatic impact on how much work could get done. (Id. at 807.)

OCC also asserts that the use of the Storm Services accommodations for restoration responders was imprudent. (OCC Br. at 17.) OCC takes issue with the amount of time that the lodging facilities were utilized, the occupancy and that one set was not activated in the Belmont area. (Id. at 20.) In reviewing the Company's actions after the fact, the OCC fails to recognize that the prudence standard is not one of perfection but whether the actions were reasonable based upon the information that the Company has at the time that the decisions were made. Ohio Power has justified its spending and the prudence of its actions to restore electric service as quickly and safely as possible. The Commission review of that effort should be done in the shoes of what faced Ohio Power in that emergency situation at the time as it does when reviewing prudence in other circumstances.

The usage of the bunk trailers was appropriate. The discussion of the efficiency gained and prudence of setting up restoration efforts with the Storm Services bunk and other facilities in

the staging areas is discussed and detailed at length in the record and in the Company's initial brief. One issue OCC mentions is the capacity of the trailers used. Company witness Dias testified that while the facilities were rated for a capacity of 36 that these responders were coming from separate households bringing their own clothes, suitcases, tools, equipment and whatever else they personally needed so 24 to a facility made more sense. (Tr. III at 264.) Mr. Yankel's own testimony also references the Company discovery response that discussed how the bunk trailers could only practically sleep 24 with all of the equipment of the responders. (OCC Ex. 2a Yankel at 16.)

Mr. Kirkpatrick explained the prudence behind the Belmont lodging trailer that was not activated. He testified how the restoration is a dynamic effort. (Tr. V at 810.) He explained that AEP ordered a number of facilities on the morning of June 30, 2012 including a lodging station for the Belmont area as part of its initial activation plan to restore service across the territory. (Tr. IV at 732.) But after a more thorough assessment it was determined that the anticipated additional resources needed for the area were not needed. (Id.) Mr. Kirkpatrick testified that the lodging trailers were ordered and delivered with a full expectation they would be used based on the best estimate at the time of the expected damage. (Id.) The lodging trailers were not ultimately used at that staging area, but in accordance with the contract they were ordered and therefore part of the cost of the storm restoration under the agreement with Storm Services. (Id.) As Mr. Kirkpatrick testified, as a service that is part of the restoration effort, he would expect the Company to pay for that (as part of the restoration costs). (Tr. V. at 835-836.) That is a prudent part of the overall storm costs included in a dynamic restoration effort in the wake of a catastrophic event. OCC cannot expect a service provider like Storm Services to deliver the equipment requested and not be paid for providing the service. Other utilities may have

requested utilization of the facilities that were dedicated to Ohio at the time. As Mr. Kirkpatrick testified, it is a massive event with a lot going on. (Id.) The fact that the lodging trailers were not retained throughout the length of the outage should be viewed as a positive and not portrayed as imprudent. The resource was available for the purpose intended and when it was determined it was not needed it was released.

OCC argues that the use of Storm Services was not reasonable because the decision was made without adequate analysis or effort to procure lodging. (OCC Br. at 17-18.) As established in the initial post-hearing brief of the Company, OCC does not understand the issues involved with storm restoration and obtaining mutual assistance.⁶ OCC's lack of understanding of the severity of the situation facing the Eastern half of the United States is shown by its comment that it might take some effort on the part of the utility, but utilities in Ohio in the past have provided lodging to non-local field workers who come to Ohio. (OCC Br. at 18.)

The decision to commit to the use of Storm Services on Saturday morning, June 30, 2012, was made at a time when resources were finite and the damage was extensive. Mr. Kirkpatrick testified that when he committed to use Storm Services on Saturday morning that he doubled the resources he could request. (Tr. V at 782.) As a result he obtained 2500 outside responders on the first day because he knew he could lodge and provide the necessary support services. (Id.) Mr. Kirkpatrick testified that the resource pool was not endless. (Id. at 783.) The record shows that if he had spent Saturday and Sunday assessing the services available (like ice, food, hotels, etc.) and requested the same number of people, that Ohio Power would not have received anywhere near the number of restorers acquired. (Tr. V at 782-783.) It was prudent to act and secure the services that enabled the outage restoration to be completed at least five days sooner.

⁶ See Ohio Power Initial Brief at 24-28 discussing the decision made to secure Storm Services.

(Id. at 795.) In fact, Company witness Dias testified that the use of Storm Services is what enabled many of the businesses that OCC asserts should have been used by the Company to have power restored so quickly. (Tr. III at 376.) As indicated by Company witness Kirkpatrick, it was prudent to secure the services of a vendor like Storm Services because he could not conduct a widespread logistical analysis while 700,000 customers were without service because that would delay the restoration effort. (Id.)

OCC includes a number of broad or incorrect statements in its brief. OCC contends that Ohio Power contracted with Storm Services merely for the Company's convenience. The testimony of Company witness Kirkpatrick and Dias already showed the value of securing a vendor like Storm Services. Company witness Dias also testified that the utilization of this type of vendor is also an industry best practice. (Company Ex. 3, Dias Direct at 11.) OCC also argues that Storm Services business is uniquely applied to areas in the southeastern United States to respond to hurricanes. (OCC Br. at 19.) It is true that the services are used in hurricane situations but as indicated on OCC Exhibit 21 (Storm Services Website Excerpt) they also served in the aftermath of ice storms in the Midwest. In fact, Mr. Kirkpatrick testified that he analyzed the Storm Services type of vendor prior to his employment with Ohio Power and that analysis included their response to an ice storm that is similar in damage to a wind storm. (Id. at 778.) Regardless, as Mr. Kirkpatrick testified, the June 29th storm produced heavy damage and the Company response was the same as to the impact of a hurricane. (Tr. V at 776-777.)

OCC also argues that there was little effort on behalf of the Company to control the costs of Storm Services' operations. (OCC Br. at 19.) OCC argues that Ohio Power's accounting was made after the fact. (Id.) OCC's argument again ignores the nature of the agreement with Storm

Services⁷ as a service-based offering at a competitive unit-based pricing based on a pre-negotiated cost list; they did not operate as a pass through of costs. (Tr. V at 802; Verified by OCC witness Yankel at Tr. V at 944.) As indicated by Mr. Kirkpatrick, the purpose of hiring a vendor like Storm Services is to have the confidence that you can get all of the support services by hiring a single entity and that takes the responsibility of focusing on those issues off of the utility. (Tr. V at 794.) The nature of the contract means that Ohio Power is expected to pay the unit costs regardless of the underlying acquisition costs. (Id. at 802.) Company witness Kirkpatrick explained the value by stating that the concept at play here is that regardless of where the resources are that the Company is relying on Storm Services to secure all those necessary items and the Company does not have to expend valuable resources all over the Midwest trying to obtain the items. (Id.)

The type of costs OCC may be referring to could be the few costs that were passed through to the Company like the cost of the food served the restoration responders. OCC counsel and then Ohio Power Counsel in redirect asked a series of questions dealing with the need to pay for food that was left over after meals. (Tr. IV 614-615; V at 788; 835.) Mr. Kirkpatrick appropriately responded that he expected Storm Services to make sure that they had enough food for every last person that needed to be fed. (Id. at 835.) Mr. Kirkpatrick pointed out that he did not think anyone could predict what hungry linemen will eat when they get back from working 16 hour shifts, and that buffet style options were appropriate. (Id. at 788.) He also pointed out that the responders are not all reporting at the same time for meals and running out of food for these men and women working in these extreme conditions would be unacceptable. (Id.) As Mr. Kirkpatrick testified that is why he obtained a service like Storm Services because

⁷ See discussion in Ohio Power's Initial Post-Hearing Brief at 25-26.

they know how to do this and paying for the chance that there may be leftover food is part of the prudent method of serving a large contingent of resources dedicated to restoring electric service. (Id. at 789.) In a number of places Mr. Kirkpatrick mentioned that it is reasonable that the Company pay for certain costs. It is important to put that in context that each of those discussions is intended in the context of reflecting those costs as part of the storm expense as opposed to requiring Storm Services to pay those costs, because they are offering a service. This type of parsing of the work done by Storm Services to ensure adequate nutrition for restoration responders is not appropriate. Storm Services had general service fees for a number of things and those were the result of a competitive process and properly due the vendor (see discussion in Ohio Power's Initial Brief at 26.). The few cost-based items like food costs were done properly and focused on adequate nutrition for responders.

OCC's argument that the Company only used after the fact accounting and that in some way diminishes the Company's reasonableness is also a misnomer. The record reflects the strength of Ohio Power's accounting practices in response to the 2012 storms. On cross-examination, counsel for OCC discussed the apparent costs associated with providing assistance to Wheeling Power. Company witness Dias indicated that Ohio Power had a contractual duty to provide certain assistance to Wheeling Power and did so under that contract. (Tr. II at 164-165.) OCC submitted OCC Ex. 6, Data Request 2-082 that indicated Ohio Power performed such work, and it also indicated that none of those costs are included in this filing. (OCC Ex. 6.) The costs associated with this contractual duty are not part of this request. The prefiled testimony of Company witness Thomas Mitchell also shows that the Company already reclassified \$44,982 to Wheeling Power Company which reduced the amount needed for the storm request. (Company Ex. 5 Mitchell Direct at 10.)

OCC claims that there was an issue with the use of hotel rooms while the Storm Services facilities went unused. (OCC Br. at 20.) There were some rooms unused by the Company as would be expected in such a large scale restoration project. It could be rooms that were dedicated to responders delayed past their expected arrival date. Even OCC witness Yankel admitted in his pre-filed direct testimony that the Company, “should not be faulted for such ‘no show charges,’ because during a time of emergency such as this, there are bound to be coordination problems.” (OCC Ex 2a Yankel at 33.) Ohio Power had resources traveling to Ohio from numerous locations and logistically schedules of those responders have issues. OCC also argued that there was some level of inappropriate charges because there were Storm Services staging areas with lodging in areas where hotels were being used. (OCC Br. at 23.) Company witness Kirkpatrick testified that there will be Storm Services lodging in the same area as hotel rooms because the restoration effort is dynamic and in constant motion with resources constantly redeploying. (Tr. V. at 810.) He further testified that resources are constantly collapsing into the final areas of restoration. (Id.) Mr. Dias testified that Storm Services was not able to handle all of the resource requirements. (Tr. III at 396.) There is nothing inappropriate about having hotel rooms in the same area as staging areas. AEP Ohio utilized over 4500 responders to restore power after the June 29th storm. Company witness Dias also shared his experience from past restoration efforts when after working 16 hour shifts restoring power, he and his fellow responders returned to find their suitcases and personal items packed in the front lobby of the hotel and they were thrown out of their hotels and not allowed to remain. (Tr. II at 197). This shows that OCC witness Yankel’s suggestion that the Company try and lock up all the rooms before the general public can gain access, aside from the fact that the Company finds OCC’s suggestion that the Company develop a plan to prevent its customers from getting access

to hotel rooms after a catastrophic event, it is also inaccurate because hotels do not have to allow Company personnel to stay in the facilities even when they are already in the room.

With the lack of any credible expert experienced in storm restoration, OCC attempts to treat an unsubstantiated newspaper article and someone's blog to attack the Storm Services vendor and its involvement in a situation in Alabama. (OCC Br. at 22-23.) OCC witness Yankel indicated at hearing that he pulled the articles off of the internet. Mr. Yankel admitted that he had no knowledge of what occurred in this situation other than what was reflected in the internet articles. (Tr. V at 1004.) He testified that he had never seen the contract that governed the relationship described in the internet stories. (Id.) He testified that he does not normally read the AL.com source and that it appears to be a blog of some sort. (Id. at 1006.) He also testified that he does not know if the Mayor of Tuscaloosa took the same steps as American Electric Power to issue a RFP to judge the competitiveness of Storm Services against other providers. (Id. at 1007.) The two internet articles have no application to this case. The two internet articles have no foundation for the Commission to rely upon as probative evidence. Mr. Yankel cannot personally corroborate any of the facts asserted in the article and blog posting. Regardless, the actions of a city seeking assistance in responding to its needs after a storm and a public utility like Ohio Power restoring power across the state of Ohio are not comparable. These types of services are industry best practice for utilities and the record in this case shows it was secured through a competitive process. OCC's attempts to distract the Commission with internet blogs do not provide adequate contradictions to Company experts with years of experience in responding to catastrophic major storms who were present for cross-examination by OCC and the Administrative Law Judge. OCC introduced this information on redirect and did not even include the accusation in its case in chief prefiled with the Commission where the accusations

could be researched and explored. Unsubstantiated internet articles and blogs addressing an unrelated situation should be given no probative weight by the Commission when expert witnesses directly involved in the situation were made available for questions.

OCC argues that the prices charged by Storm Services were exorbitant. (OCC Br. at 20.) OCC's analysis suffers from the fatal flaw of the admitted experience and focus of its expert witness. OCC's review is an after the fact audit of an emergency situation from the comfort of an audit desk that is judging matters in comparison to a normal blue sky day absent a declared emergency. The Storm Services type services are an industry best practice for catastrophic storms that produce the level of damage experienced after the June 29th storm. (Company Ex. 3 Dias Direct at 11.) As detailed in Ohio Power's Initial Post-Hearing Brief at 26 the terms charged by Storm Services were reached as a result of a competitive process of which Storm Services was deemed the most competitive. (Tr. IV at 586-588; 597.) Likewise, the value of Storm Services cannot be compared to the booking of a hotel room on a typical evening in Ohio. Both the record and Ohio Power's Initial Post-Hearing Brief go into detail on the variety of offerings realized by using Storm Services. OCC's attempt to minimize its impact only showcases its witness' inexperience with restoration work and misapplies the underlying documentation found in the Storm Services bill detail that do not relate to the agreed upon and competitively bid service fees of Storm Services.⁸ Storm Services provided a service that was enacted in response to an emergency situation and cannot be judged after-the-fact without the

⁸ OCC moved a number of exhibits into the record that included the underlying costs of the services offered by Storm Services. OCC did not provide an analysis of these items in its initial brief to allow the Company to respond to individual representations that may have other details countering the apparent charge offered by OCC. However, the underlying point is that those receipts represent the expenses of Storm Services, not the costs to the Company because the terms of the relationship were in large part based on predetermined fixed pricing leaving Storm Services to acquire the goods regardless if it costs more or less than the agreed upon service price charged Ohio Power.

proper weight being applied to the situation faced at the time. Ohio Power responded accordingly to a catastrophic major storm to enact an industry best practice that the Company had the advantage of already entering into a relationship based on a competitive bid. OCC's attacks on the reasonableness of Storm Services are inappropriate and should be denied in favor of the reasonable and prudent Stipulation resolving this case as provided by the Signatory Parties.

b. Ohio Power justified the exercise of its overtime policy.

OCC argues that under Commission precedent, Ohio Power is barred from collecting overtime compensation paid to exempt employees. OCC applies the holding in the prior Duke Storm case⁹ as the controlling precedent to deny the ability to pay exempt employees overtime in a major storm restoration. The situation found in the Duke proceeding is not comparable to the overtime compensation paid by Ohio Power and the testimony of OCC's own expert supports the reasonableness of the expense.

OCC's reliance on the Duke case and the holding in the underlying Commission case involving a request for recovery of storm costs is not comparable to the facts of this case. Aside from the fact that the Duke proceeding was completely different than the Ohio Power-specific mechanism that has a \$5 million threshold and distinct process for determining the outcome, the policy exercised by Ohio Power satisfies the parameters established by the Commission to pay overtime to exempt employees in these extreme situations. OCC cites the Commission's Opinion and Order in the Duke Storm case to establish the premise that the Commission has not allowed supplemental compensation paid to exempt employees in storm restoration efforts, "if the utility

⁹ *In re Duke Energy Ohio, Inc.* (2012), 131 Ohio St. 3d 487, 489-490; 2012 Ohio 1509; 967 N.E.2d 201.

does not ordinarily pay overtime to its exempt and/or salaried employees”.¹⁰ However, as established by Company witness Dias, Ohio Power does have a policy to regularly pay exempt employees in major storm restoration circumstances and that policy was followed in the aftermath of the 2012 storm.

As supported by Company witness Dias, Ohio Power’s overtime for non-union employees is governed by the Company’s internal labor policy. (Company Ex. 3 Dias Direct at 4.) Mr. Dias and Mr. Kirkpatrick both outlined the scale of compensation for hours worked by exempt employees during major storm restoration efforts that starts with compensation at their normal hourly rate up to a level of employee that receives no compensation due to the higher grade of employee classification. (Id. at 5; Tr. IV at 542.) Mr. Dias testified that Ohio Power followed its employee overtime policy for the 2012 major storms and that the compensation for exempt employees is a legitimate expense and should be recovered. (Company Ex. 3 Dias Direct at 5-6.) He explained how the American Electric Power Service Corporation Human Resources Department participates in industry surveys and processes to determine fair and reasonable labor rates to assure the retention of qualified employees. (Id.) That analysis shows that the normal compensation does factor in occasional overtime associated with an employee’s normal work duties. (Id. at 6.) But the occasional overtime of normal work duties does not include compensation for “extended overtime over multiple days during extreme conditions of a major storm over a national holiday.” (Id.)

As Mr. Dias testified, failing to compensate exempt employees in these extreme situations would be punitive and that is why the Company’s policy compensate employees in this

¹⁰ OCC Initial Post-Hearing Brief at 25, citing *In the Matter of the Application of Duke Energy Ohio, Inc. to Establish and Adjust the Initial Level of Its Distribution Reliability Rider*, Case No. 09-1946-EL-RDR, Opinion and Order (January 11, 2011) at 13.

situation. (Id.) Mr. Dias discussed how there is no duty for exempt employees to report for service, but that in major restoration efforts like the June 29th storm the Company needs all hands on deck and there is a need to compensate them for that additional effort. (Id. at 120.) OCC argues that the policy is not a policy but is a discretionary item for the Company. But Mr. Dias testified at hearing that his use of the word discretion was simply to indicate that it is the discretion of the Company to have a policy and not that it is applied on a discretionary basis. (Tr. II at 119.) In fact, Mr. Dias testified “[w]e’ve used that policy as far back as I can remember in my ten years here.” (Id. at 119-120; see also at 127-128.) The Ohio Power policy is not the ad hoc choice as portrayed by OCC. (OCC Br. at 25.) The choice is to have a policy that compensates exempt employees for going beyond their normal jobs to assist storm responders in catastrophic situations. And as discussed on cross-examination by counsel for OCC, Mr. Dias testified that it is a policy that is only implemented during major storm restoration. (Tr. II at 129.) The record shows that policy exists and that it is consistently applied. Therefore, the Ohio Power policy to compensate exempt employees for restoration efforts in major storms that are beyond their normal job duties is something that Ohio Power ordinarily pays. That ordinary payment and implementation of the policy makes the practice in compliance with the standard used by the Commission and incorporated in OCC’s analysis. (OCC Br. at 25-26.)

Even if the Commission took issue with the application of the policy in the past, the record in this case establishes that the costs would be present regardless of whether they were Ohio Power employees or contractors. Company witness Dias testified that absent the work of these Company employees, Ohio Power would be forced to seek to hire contract employees, with no guarantee that those individuals would be available to respond to the emergency call for

responders. (Company Ex. 3, Dias at 6.) OCC witness Yankel also agreed, as shown by the impeachment of his deposition, that “if those exempt employees aren’t there, then it’s reasonable for the company to hire someone else to fill the role.” (Tr. V at 952.) Mr. Yankel later tried to rehabilitate that statement on redirect saying that in his deposition he meant the need to go out and get a replacement for an employee in a major storm related to field workers like linemen not clerical work. (Id. at 971-972.) But again on re-cross examination Mr. Yankel showed the lack of his expertise in judging what employees are needed or not needed. When asked about his clarification to his statement from his deposition Mr. Yankel admitted that he was not aware of the work done by assessors (other than what he saw on receipts). (Id. at 1002.) In fact, Mr. Yankel admitted that he could not provide testimony to what the different functions of the different jobs employees might need to provide storm restoration in the field. (Id. at 1002-1003.) The expert witnesses that do storm restoration, Company witness Dias and Kirkpatrick, do know what is needed in the field and are the ones that put these employees to work (Mr. Kirkpatrick who oversaw the restoration efforts in 2012) and testified that absent those employees that contractors would have to be hired (Mr. Dias, Company Ex. 3 at 6.)

The compensation provided to exempt employees was pursuant to an existing Company policy implemented consistently in major storm events. The costs are reasonable and prudent and should not be determined otherwise in this case. The utilization of current employee volunteers avoids the need to secure even more outside contractors at a time when resources can be scarce. The Commission should deny OCC’s argument and approve the Signatory Parties agreed compromise to settle this case as a reasonable and prudent outcome of this matter.

c. The Stipulation already removes the refunds secured by Ohio Power from vendors.

OCC includes in its attack on the Stipulation refunds already reflected in the stipulated result. (OCC Br. at 26-27.) The refunds are included on the updated SJD-2 attached to the Stipulation. Likewise, the Company included the refunds in SJD-2 attached to the Company Exhibit 3, the prefiled testimony of Selwyn Dias. The refunds are not an issue in the case. In fact, the Stipulation includes a provision that ensure any future refunds or adjustments discovered will be shared with Staff and reflected in the final amount included in the rider. (Joint Exhibit 1, Stipulation, Para E at 4-5.)

d. The appreciation shown by Ohio Power to the storm responders and communities is justified.

OCC also seeks to question the efforts undertaken by Ohio Power to share its appreciation for the work done in restoring service to the region in the aftermath of the June 29th storm. (OCC Br. at 27-29.) In particular, OCC challenges the cost of newspaper listings from the AEP Ohio ‘Thank You’ campaign, and ball caps provided to the restoration workers responding to the June 29th storm.

Company witness Dias testified to the importance of recognizing out-of-state responders as part of the mutual assistance process. (Company Ex. 3, Dias Direct at 15.) He discusses the responders’ burdens of being away from their families and home on a national holiday. (Id.) He discusses the 16-hour days in blistering heat in unfamiliar territory. (Id.) Mr. Dias explained that it is in Ohio Power’s and Ohio’s best interest that the men and women that leave their families to assist Ohio come back again if their services are required in the future. (Id.)

OCC claims that the efforts of the Company to show its appreciation for the responders that restored power by publicly thanking them in their state newspapers was not appropriate. (OCC Br. at 27-28.) As OCC correctly points out much of the materials printed in newspapers

were in other states like Louisiana, Michigan and North Carolina. (OCC Br. at 27.) Mr. Dias described these costs as a means to publicly thank outside utilities and contractors for safely providing aid during Ohio's time of need. (Company Ex. 3, Dias Direct at 16.) Mr. Dias added that this is a legitimate expense recognizing the conditions faced and the need to ensure mutual assistance in the future. (Id.) As Mr. Dias pointed out, mutual assistance is critical and we want to ensure that others will answer the call and focus on restoring power here in Ohio. (Id.) Mr. Dias' testimony supports the reasonableness of the costs as part of such a devastating storm and recognizes the importance of preserving Ohio's place in the mutual assistance queue with other providers.

OCC also challenges the supplying of ball caps to the service responders that answered to call for help from Ohio after the June 29th storm. Mr. Dias reiterated the appreciation necessary for the 16 hour days in 100 degree heat and the sacrifice made by these responders. (Id. at 14.) Mr. Dias said the employees were given ball caps to express gratitude and commemorate their extraordinary efforts to safely return all of the Ohio Power customer's electric service. (Id.) The Company in a recognition of concerns raised by parties had agreed to not include those costs in its filed position reflected in Mr. Dias testimony, but did not say that the \$35,687 were not legitimate costs.

The costs of the appreciation to the men and women who rebuilt the Ohio Power territory in the wake of the June 29th storm are reasonable and prudent costs worthy of recovery. To the extent that is in question there is an agreement, for the sake of settlement, disallowing \$6.1 million in storm costs. The costs are valid and reasonable storm costs, but the Commission need not determine the individual costs in this case and can consider the package as a whole in response to the catastrophic summer of 2012 and approve the Stipulation as presented.

e. The cost allocator proffered by the Signatory Parties is fair and reasonable.

OCC argues with the allocation of the storm costs asserting that the proposed methodology does not reflect cost causation on the system. (OCC Br. at 38.) The cost allocator assigns the very reasonable amount of \$2.34 a month to residential customers and \$9.67 a month for twelve month to non-residential customers. (Company Ex. 2 at 8-10; Joint Ex. 1 at SJD-2.) OCC's position is curious when the cost causer in this case is a major storm, an Act of God that interrupted the distribution system function. On cross-examination, OCC witness Yankel agreed that it is necessary to establish a linkage between a utility's customers and the particular costs incurred by the utility in serving those customers. (Tr. V at 898.) He then agreed that the Stipulation bases the allocation based on distribution costs while his allocation is based on the generation service represented by the kWh. (Id. at 900-901.) By OCC witness Yankel's own cost causation testimony it is appropriate to charge the distribution storm rider based on the distribution structure as the cost causer as opposed to the generation basis. Distribution service is agnostic to the generation or kWh used by a customer. OCC's own standard demands the allocation recommended by the Signatory Parties.

OCC asserts some type of discrimination due to the higher percentage of costs being allocated to residential customers. (OCC Br. at 38-39.) As discussed above, the allocation is based on the customer's presence on the distribution system which is fair when the true cost causer is an Act of God beyond anyone's control. OCC makes an inaccurate statement in this argument asserting that Ohio Power places the lowest priority for restoring electric service on the residential class and smaller use customers. (OCC Br. at 38 relying on testimony of Mr. Yankel.) OCC's testimony and analysis is false. A closer look at Confidential OCC Ex. 15, an excerpt from the Company's Service Restoration Plan, shows a key phrase left out of Mr.

Yankel's testimony. I do not think OCC would argue with the first hierarchy that starts with safety and essential services including hospitals, law enforcement and other general welfare providers. It is the second hierarchy that OCC misrepresents as leaving residential and smaller customers at the bottom of the list. As shown on the actual exhibit the document reads: "Based on circuits (Number of Customers involved)." (Confidential OCC Ex. 15 at 46.) Mr. Yankel and OCC incorrectly presume the priority for service is based on the descending order of the confidential list. But, had Mr. Yankel or OCC included the header to the list clearly listed on the exhibit, it would be obvious that the restoration is based on the circuits with the largest number of customers. Company witness Dias also clarified that this plan is the guide for both transmission and distribution responders and many of the items in the list OCC misrepresents are transmission related circuits not included in the costs at issue in this case. (Tr. III at 380-381.) OCC's assertion that residential and smaller use customers are the lowest priority is inaccurate and improperly excludes relevant information from the exhibit that directly contradicts the position it offers the Commission.

f. The July 18, 2012 Storm Qualifies as a Major Storm.

OCC argues that the July 18, 2012 storm does not qualify as a major storm based on the information provided in AEP Ohio's ESSS Rule 10 annual reports. (OCC Br. at 29-31.) The discussion provided by OCC verifies its misapplication of data to provide its incorrect conclusion. The detail outlining OCC's incorrect assumptions and the inappropriateness of relying on the separate company Rule 10 reports in this proceeding is outlined in Ohio Power's Initial Brief at 28-33. In short, OCC made assumptions about data provided in response to the Company's reliability standards (reported separately for the former Columbus Southern Power and former Ohio

Power) and the meaning of statements describing data in discovery. OCC's assumptions are false. The customer minutes of interruption needed to determine major storms status is an Ohio Power company wide number and does not rely on the equation used to determine the reliability standards. The data used in both calculations may be the same data because it relates to system performance, but the focus in this case should be on the combined Ohio Power not the former separate companies. The record shows that OCC's assumptions and conclusions are incorrect and the July 18, 2012 storm is a major storm of which the costs to restore service should be included in this case.

IV. Conclusion

For the foregoing reasons, the undersigned Signatory Parties request that the Commission adopt the Stipulation without modification.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the above filing was served by electronic mail upon the individuals listed below **by the 17th day of March 2014.**

/s// Matthew J. Satterwhite

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