

PUBLIC VERSION

*Direct Testimony of James F. Wilson
On Behalf of the Office of the Ohio Consumers' Counsel
PUCO Case Nos. 13-2385-EL-SSO, et al.*

Table 2: OVEC Historical and Forecast Generation (MWh; showing values allocated to AEP Ohio)			
	OVEC Actual Generation	AEP Ohio's Forecast of OVEC Generation	OVEC Forecast, 2016-2018 values reduced 20% in peak hours, 40% in off-peak hours
2012	1,952,385		
2013	1,985,352		
2014	n.a.	n.a.	n.a.
2015 (7 mo.)			
2016			
2017			
2018			
Sources: IEU INT-2-020, IEU INT-2-021, OCC INT-11-275 Competitively Sensitive Confidential attachment in response to part f.			

1

2

3 **Q34. WHY DID YOU REDUCE THE OVEC GENERATION IN THIS MANNER?**

4 **A34.** This reduction results in forecast generation in 2016 of about 2,000,000 MWh
5 allocated to AEP Ohio (higher than in either 2012 or 2013), and even higher
6 values in 2017 and 2018, as shown in Table 2. I reduced off-peak hours more
7 than peak hours because generation in off-peak hours is at more risk due to lower
8 energy prices. Because energy earnings are lower in off-peak hours, reducing off-
9 peak generation has less impact on revenues and the PPA Rider estimate than
10 reducing peak period generation. Reducing peak hours by 20% and off-peak
11 hours by 40% results in use factors in both peak and off-peak hours during 2016,
12 2017 and 2018 that are greater than the PPA Rider Estimate forecasts for the last
13 seven months of 2015.

PUBLIC VERSION

*Direct Testimony of James F. Wilson
On Behalf of the Office of the Ohio Consumers' Counsel
PUCO Case Nos. 13-2385-EL-SSO, et al.*

**Q35. PLEASE PRESENT YOUR ESTIMATE OF THE COST TO CUSTOMERS
FROM THE PPA RIDER BASED ON THE ALTERNATIVE ASSUMPTIONS
YOU HAVE DESCRIBED.**

A35. The results are presented in Table 3. My updated estimate of the cost to customers of the PPA Rider over the ESP Period is just under \$117 million, considerably higher than AEP Ohio's estimate of \$52 million.

Eliminating the lean improvements/process optimization increased the estimated cost to customers of the PPA Rider by \$30 million. Updating the Energy Market Prices based on recent AD Hub prices increased the estimate by approximately [REDACTED]. The third updated assumption, lower OVEC generation, increased the estimate by another [REDACTED]. The three adjustments taken together increased the estimated cost to customers from \$52 million to close to \$117 million.

Table 3: Estimated Cost to Customers from the PPA Rider (\$ mil.)					
PPA Rider: Annual Results (\$ mil.)	Total ESP	2015*	2016	2017	2018*
AEP Ohio's Estimate (IEU INT-2-001)	52.1				
Updated estimate (demand charge, AD Hub prices, generation quantities)	16.7	20.2	39.0	41.0	6.5
Impact of updated demand charge					
Impact of updated AD Hub prices					
Impact of updated generation quantities					
* The ESP Period includes the last 7 months of 2015 and first 5 months of 2018.					

PUBLIC VERSION

*Direct Testimony of James F. Wilson
On Behalf of the Office of the Ohio Consumers' Counsel
PUCO Case Nos. 13-2385-EL-SSO, et al.*

1 ***Q36. BASED ON THIS ANALYSIS, WHAT DO YOU CONSIDER TO BE A***
2 ***REASONABLE ESTIMATE OF THE COST TO AEP OHIO'S CUSTOMERS***
3 ***FROM THE PROPOSED PPA RIDER?***

4 ***A36.*** I consider a reasonable estimate of cost of the PPA Rider to customers to be
5 approximately \$117 million over the ESP Period, as shown in Table 3. This
6 estimate uses the OVEC demand charge forecast, removing the lean
7 improvements/process optimization measures, for which there are no plans or
8 commitments; uses recent AD Hub prices adjusted to the OVEC LMP point; and
9 reduces the OVEC generation to values that are more consistent with (but still in
10 excess of) recent annual results.

11
12 Under these assumptions, the OVEC energy over the ESP Period costs on average
13 [REDACTED] of which [REDACTED] represents the market value of the energy
14 and capacity, and the remaining \$19.22/MWh would be collected from customers
15 through the proposed PPA Rider.

16
17 ***Q37. ACCORDING TO YOUR ESTIMATE, AND ALSO AEP OHIO'S ESTIMATE,***
18 ***THE OVEC ENTITLEMENT RESULTS IN A NET COST TO CUSTOMERS.***
19 ***DOES THIS SUGGEST THAT THE OVEC PLANTS MAY NO LONGER BE***
20 ***ECONOMIC TO OPERATE?***

21 ***A37.*** Yes. While this analysis extends only to May of 2018, it does call into question
22 whether the OVEC plants are economic, and suggests that perhaps the plants (or

PUBLIC VERSION

*Direct Testimony of James F. Wilson
On Behalf of the Office of the Ohio Consumers' Counsel
PUCO Case Nos. 13-2385-EL-SSO, et al.*

some units) should instead be retired or repowered. Of the two plants, Clifty Creek has a [REDACTED]²⁸ and uses [REDACTED] coal,²⁹ resulting in a generation cost over [REDACTED] in 2016, according to AEP Ohio's forecasts. This generation cost is in excess of AD Hub forward prices for off-peak hours in most months of the ESP Period, as shown in Exhibit No. JFW-4, suggesting that this plant might be uneconomic, and called to run only infrequently, during off-peak hours in the coming years.

Q38. YOU HAVE PRESENTED AN ALTERNATIVE FORECAST OF THE IMPACT OF THE PPA RIDER. ISN'T THERE A FAIR AMOUNT OF UNCERTAINTY ABOUT THE ASSUMPTIONS UNDERLYING THESE CALCULATIONS?

A38. Yes there is. These PPA Rider forecasts are based on multiple uncertain elements that could substantially change the outcomes for customers. The cost to customers of the PPA Rider could be much less than, or much more than, either the AEP Ohio estimate or my updated estimate. However, I consider my estimate to be conservative, and more likely to understate than overstate the cost to customers under the PPA Rider.

²⁸ IEU-INT-2-030 Confidential Attachment 1.

²⁹ IEU-INT-2-027 Competitively-Sensitive Confidential Attachment 1.

PUBLIC VERSION

*Direct Testimony of James F. Wilson
On Behalf of the Office of the Ohio Consumers' Counsel
PUCO Case Nos. 13-2385-EL-SSO, et al.*

1 ***Q39. PLEASE IDENTIFY THE ASSUMPTIONS THAT ARE LIKELY TO HAVE***
2 ***THE LARGEST IMPACT ON PPA RIDER OUTCOMES.***

3 ***A39.*** Assumptions with the most significant uncertainty include:

- 4 i. Energy prices, which are related to natural gas prices,
5 demand, weather, and many other factors.
- 6 ii. The amount of other generation competing with the OVEC
7 plants, including existing coal generation (some plants are
8 retiring), new gas-fired capacity, and new wind capacity,
9 among others.
- 10 iii. OVEC plant performance and availability, and other
11 uncertainties related to the operation of the OVEC plants,
12 including the decisions of other OVEC sponsors to take or
13 not take output.
- 14 iv. New environmental or safety regulations pertaining to
15 emissions or coal mining.
- 16 v. OVEC fixed costs.
- 17 vi. Other uncertainties affecting the estimate include future
18 capacity prices, which have been quite variable (however,
19 capacity prices have already been established for all but the
20 last year of the ESP), and coal prices, which have been
21 relatively stable.

PUBLIC VERSION

*Direct Testimony of James F. Wilson
On Behalf of the Office of the Ohio Consumers' Counsel
PUCO Case Nos. 13-2385-EL-SSO, et al.*

1 **IV. POTENTIAL IMPACT OF THE PROPOSED PPA RIDER ON THE**
2 **STABILITY OF CUSTOMERS' RATES**
3

4 ***Q40. YOU NOTED EARLIER THAT AEP OHIO'S WITNESSES ALLEN AND***
5 ***VEGAS SUGGEST THAT THE PPA RIDER WILL STABILIZE CUSTOMER***
6 ***RATES AND PROVIDE A HEDGE AGAINST MARKET VOLATILITY. DID***
7 ***AEP OHIO PROVIDE ANY EXAMPLES OR ESTIMATES OF THE***
8 ***POTENTIAL IMPACT OF THE PPA RIDER ON THE STABILITY OF***
9 ***CUSTOMERS' RATES?***

10 ***A40.*** No.
11

12 ***Q41. WOULD THE PPA RIDER TEND TO STABILIZE STANDARD SERVICE***
13 ***OFFER CUSTOMERS' RATES?***

14 ***A41.*** No, it would not have this effect. Under the ESP, SSO customers will be served
15 by one- and two-year full requirements contracts resulting from competitive
16 auctions. As a result of this process, the rates SSO customers will pay will be
17 established through blending the results of multiple auctions held months or years
18 in advance of delivery. The rate resulting from each auction will tend to reflect
19 forward prices at the time of the auction plus a markup. Forward prices for
20 delivery periods several months or a few years out tend to be fairly stable.
21 Consequently, the rates paid by SSO customers will tend to be fairly stable over

PUBLIC VERSION

*Direct Testimony of James F. Wilson
On Behalf of the Office of the Ohio Consumers' Counsel
PUCO Case Nos. 13-2385-EL-SSO, et al.*

1 time. This has been seen in the auctions held over the past several years to serve
2 other Ohio utilities' SSO customers.

3
4 By contrast, the OVEC net cost will reflect potentially relatively volatile PJM
5 market revenues, netted from relatively stable OVEC plant costs. AEP Ohio
6 states that the OVEC output would generally be offered into the PJM day-ahead
7 market.³⁰ Unlike forward prices for delivery periods months or years in advance,
8 day-ahead market prices can reflect extreme weather, unexpected plant outages,
9 and various other unanticipated circumstances, as has occurred over the past year.
10 The PPA Rider amounts will potentially reflect this volatility, although they will
11 be cumulated over an annual period, and they will also be "upside down" because
12 the revenues will be netted from OVEC costs. Consequently, the PPA Rider
13 would add a relatively volatile component to the SSO customers' rates that
14 otherwise do not include any such volatile components.

15
16 In addition, the PPA Rider amounts will be lagged one year, because the PPA
17 Rider will be calculated annually. As a result, the PPA Rider amounts to be
18 collected from customers in one year will tend to be positive [negative] when
19 PJM market prices were low [high] in the *prior* year, which would generally
20 occur due to the peculiar weather and other conditions of that year. Thus, as SSO

³⁰ OCC INT-5-111 part a (Att. JFW-2).

PUBLIC VERSION

*Direct Testimony of James F. Wilson
On Behalf of the Office of the Ohio Consumers' Counsel
PUCO Case Nos. 13-2385-EL-SSO, et al.*

customers' rates change from year to year reflecting movements in forward prices, the changes in the relatively volatile PPA Rider amounts are perhaps about as likely to move the same direction as the opposite direction. It cannot be assumed, therefore, that the PPA Rider will tend to "stabilize" SSO customers rates.

However the PPA Rider component might move relative to the SSO customers' supply cost, the impact on the customers' bill will be very small. AEP's entitlement under the ICPA has resulted in less than two million MWh of generation per year in recent years, compared to total end use consumption by AEP Ohio's customers of over 40 million MWh per year. Thus, the OVEC entitlement corresponds to only about five percent of AEP Ohio's customers' total load, and the PPA Rider can be understood to, in effect, re-price five percent of each customer's total supply cost. In addition, generation supply is only about half of the customers' bill. So however the PPA Rider amounts move over time relative to the rest of the customer's bill, the effect on the bill will be very small.

Q42. FOR CUSTOMERS WHO ARE SUPPLIED BY COMPETITIVE RETAIL SUPPLIERS, WOULD THE PPA RIDER TEND TO STABILIZE THEIR RATES?

A42. Customers who are instead served by competitive retail suppliers may be exposed to market price fluctuations, or may pay fairly stable rates, depending upon the

PUBLIC VERSION

*Direct Testimony of James F. Wilson
On Behalf of the Office of the Ohio Consumers' Counsel
PUCO Case Nos. 13-2385-EL-SSO, et al.*

1 choices they make that reflect their preferences. The potential impact of the
2 proposed PPA Rider on the trajectory of such customer's rates would also depend
3 on the extent to which the OVEC net costs in one year are uncorrelated or anti-
4 correlated with the costs at which the customer will be supplied in the following
5 year, when the OVEC net costs will be collected through the PPA Rider. To the
6 extent the PPA Rider amounts might be uncorrelated with market price
7 fluctuations and tend to stabilize some customers' bills, they would do so
8 primarily for those customers who have by their choices indicated a preference for
9 market-based rather than stable prices.

10
11 In addition, natural gas and coal price movements tend to be correlated due to
12 inter-fuel competition, and energy prices tend to be correlated with fuel prices
13 because they are set by marginal generation costs. In western PJM, energy prices
14 are set by the marginal cost of coal generation in many hours. Accordingly,
15 OVEC's coal generation provides only a partial hedge of market electric energy
16 costs.

17
18 Again, the PPA Rider is lagged one year, and corresponds to only about five
19 percent of the AEP Ohio load. Consequently, to the extent the PPA Rider
20 provides some shopping customers some price stability despite the lag, the impact
21 would be very small.

*Direct Testimony of James F. Wilson
On Behalf of the Office of the Ohio Consumers' Counsel
PUCO Case Nos. 13-2385-EL-SSO, et al.*

1 **V. EVALUATION OF THE PROPOSED PPA RIDER AS A REGULATORY**
2 **MECHANISM**

3
4 ***Q43. WHAT TYPE OF REGULATORY MECHANISM IS THE PROPOSED PPA***
5 ***RIDER?***

6 ***A43.*** The proposed PPA Rider is an example of a cost tracker – a regulatory
7 mechanism through which the actual costs of a utility function are periodically
8 passed through to customers, outside of a rate case. Under the proposed PPA
9 Rider, the net OVEC costs (all costs net of energy and capacity revenues) each
10 year would be passed through to customers in their rates the following year.

11
12 ***Q44. FOR WHAT TYPES OF COSTS ARE COST TRACKERS CONSIDERED AN***
13 ***APPROPRIATE REGULATORY MECHANISM FOR THEIR COLLECTION***
14 ***FROM CUSTOMERS?***

15 ***A44.*** Under traditional regulation, the collection of costs from customers is subject to
16 regulatory review through periodic rate cases. As noted in a recent report by the
17 National Regulatory Research Institute (“NRRI Report”),³¹ state regulatory
18 commissions typically approve cost trackers under extraordinary circumstances,
19 for costs that are 1) largely outside the control of the utility, and 2) unpredictable

³¹ Costello, Ken, *How Should Regulators View Cost Trackers*, National Regulatory Research Institute Report No. 09-13, September, 2009.

PUBLIC VERSION

*Direct Testimony of James F. Wilson
On Behalf of the Office of the Ohio Consumers' Counsel
PUCO Case Nos. 13-2385-EL-SSO, et al.*

1 and volatile.³² The NRRI Report notes that regulatory commissions often, but not
2 always, also consider whether the costs are substantial and recurring.

3
4 ***Q45. WHY DO REGULATORY COMMISSIONS USE COST TRACKERS ONLY***
5 ***UNDER THESE CIRCUMSTANCES?***

6 ***A45.*** Regulatory commissions use cost trackers for costs that are unpredictable,
7 substantial, and outside utility control primarily to protect a utility from
8 potentially severe financial consequences that are not a result of utility
9 performance. Compared to traditional regulation, a cost tracker provides revenues
10 that adjust more rapidly and fully to increases or decreases in cost. When the
11 costs are largely outside of the utility's control, there is little purpose to regulatory
12 oversight of them. However, by providing for the collection of costs from
13 customers without the traditional regulatory process, a cost tracker also further
14 reduces the weak incentives for cost control provided by traditional regulation.

15
16 ***Q46. CAN YOU PROVIDE AN EXAMPLE OF COSTS THAT MAY BE***
17 ***APPROPRIATE FOR COLLECTION FROM CUSTOMERS THROUGH A***
18 ***COST TRACKER?***

19 ***A46.*** A common example of a cost tracker is the fuel adjustment clause, under which a
20 utility passes through the actual cost of fuel purchased for electric generation.

³² NRRI Report, p. 8.

PUBLIC VERSION

*Direct Testimony of James F. Wilson
On Behalf of the Office of the Ohio Consumers' Counsel
PUCO Case Nos. 13-2385-EL-SSO, et al.*

Fuel market prices, and also fuel requirements, are largely outside utility control and these costs can be substantial and volatile.

Q47. DOES THE PPA RIDER ADDRESS A CIRCUMSTANCE FOR WHICH A COST TRACKER IS APPROPRIATE?

A47. No. AEP Ohio's relationship to the OVEC power plants, including the ICPA and its partial ownership of OVEC, are essentially equivalent to (partial) ownership of the OVEC power plants. The costs (other than fuel) associated with utility-owned power plants are typically subject to traditional regulation. The fixed costs, and variable operations and maintenance costs, are very much under the utility's control, and they are not unpredictable or volatile; consequently, they are not appropriate costs for collection from customers through a cost tracker mechanism. The fuel costs also reflect how the OVEC plants are offered into the PJM markets and, as a result, dispatched.

Traditional regulation of such costs ensures the utility has some incentive to strive to minimize the costs. Under a cost tracker, such as the proposed PPA Rider, it is unclear whether any regulatory oversight of these costs would occur. Under these circumstances, a cost tracker, such as the proposed PPA Rider, is inferior to traditional regulation, as it eliminates incentives to control costs, and may eliminate regulatory oversight.

PUBLIC VERSION

*Direct Testimony of James F. Wilson
On Behalf of the Office of the Ohio Consumers' Counsel
PUCO Case Nos. 13-2385-EL-SSO, et al.*

1 ***Q48. THE OVEC PLANTS ARE OPERATED BY OVEC, NOT AEP OHIO. DOES***
2 ***THIS MAKE THE COST TRACKER APPROACH MORE ACCEPTABLE?***

3 ***A48.*** To the extent AEP Ohio and the other sponsors and owners lack control over
4 OVEC, OVEC's costs are even more removed from any market or regulatory
5 incentives, and imposing these costs on customers is no more justified.

6
7 ***Q49. YOU HAVE COMPARED THE PPA RIDER TO TRADITIONAL COST-OF-***
8 ***SERVICE REGULATION. HOWEVER, UNDER SENATE BILLS 3 AND***
9 ***221, OHIO IS TRANSITIONING ELECTRIC GENERATION FROM A***
10 ***COST-BASED, REGULATED COMMODITY TO A MARKET-BASED***
11 ***COMMODITY. IS THE PPA RIDER CONSISTENT WITH THIS POLICY***
12 ***DIRECTION?***

13 ***A49.*** No. This transition recognizes that electric generation, like other commodities, is
14 produced most efficiently when the associated costs, benefits, and risks are borne
15 by the parties best able to manage them. When competitive providers build, own
16 and operate power plants, and bear the risks of their decisions to build, own and
17 operate power plants, they have full incentive to make sound decisions and to
18 operate efficiently. By contrast, it has long been recognized that when there is
19 full cost recovery, the incentives to make sound decisions and to operate
20 efficiently are weak or absent, so comprehensive regulatory oversight of costs and
21 operations is required.

PUBLIC VERSION

*Direct Testimony of James F. Wilson
On Behalf of the Office of the Ohio Consumers' Counsel
PUCO Case Nos. 13-2385-EL-SSO, et al.*

1 Under the proposed PPA Rider, AEP Ohio would fully collect all OVEC-related
2 costs, as in the regulated world. However, it is not clear whether the PUCO
3 would have the authority and access to review OVEC operations, and to assess the
4 prudence of those operations and the resulting costs, as it has with the regulated
5 assets of Ohio utilities. Consequently, the PPA Rider could create an arrangement
6 that not only lacks market incentives and is inferior to market-based provision of
7 generation; it is also inferior to traditional regulation, to the extent the PUCO's
8 oversight is more limited or nonexistent.

9
10 ***Q50. CAN YOU GIVE A SPECIFIC EXAMPLE OF THE PROBLEMATIC***
11 ***INCENTIVES RESULTING FROM THE PPA RIDER?***

12 ***A50.*** Yes. Consider, for example, the future "lean improvements/process optimization"
13 that AEP Ohio claims would reduce the OVEC fixed costs and associated demand
14 charges below the forecast provided by OVEC (discussed earlier in this
15 testimony). Under market arrangements, if OVEC were able to reduce these fixed
16 costs, it would increase the profits to OVEC's owners. Consequently, OVEC's
17 owners would have incentives to pressure OVEC management to accomplish any
18 such potential cost improvements.

19
20 By contrast, under the proposed PPA Rider, OVEC's actual costs would be passed
21 through to customers. OVEC's owners would, therefore, see no benefit from any

PUBLIC VERSION

*Direct Testimony of James F. Wilson
On Behalf of the Office of the Ohio Consumers' Counsel
PUCO Case Nos. 13-2385-EL-SSO, et al.*

1 such cost reductions, and would have little if any reason to encourage
2 management to pursue them.
3

4 ***Q51. THE AEP COMPANIES OWN OTHER ELECTRIC GENERATION THAT***
5 ***COMPETES IN THE PJM MARKETS. DOES THIS RAISE ANY ISSUES***
6 ***WITH REGARD TO THE PROPOSED PPA RIDER?***

7 ***A51.*** Yes. As noted earlier, the AEP companies own 43.37 percent of OVEC stock,
8 and are allocated the same portion of its cost and output under the ICPA. This
9 gives AEP substantial control over OVEC operations. However, the OVEC
10 plants compete with AEP's unregulated generation in the PJM markets. Under
11 the PPA Rider, AEP would not benefit from incremental OVEC sales and net
12 revenues, as these would pass through to customers. However, incremental
13 output from the OVEC plants will tend to reduce the energy prices available to
14 AEP's plants in the western PJM market area. Therefore, AEP would have some
15 incentive to exercise its control and influence over OVEC, including both its
16 rights to schedule output and also its influence over management and operations
17 as the largest owner, in a manner that would benefit its unregulated generation.
18 This could lead to realizing less than the full value of the OVEC assets in the PJM
19 markets, and higher net costs to customers under the PPA Rider.

PUBLIC VERSION

*Direct Testimony of James F. Wilson
On Behalf of the Office of the Ohio Consumers' Counsel
PUCO Case Nos. 13-2385-EL-SSO, et al.*

1 ***Q52. DOES THE FACT THAT OVEC HAS MULTIPLE OWNERS AND***
2 ***SPONSORS RAISE ANY CONCERNS ABOUT THE PPA RIDER?***

3 ***A52.*** Yes. The ICPA determines how the OVEC output is shared, and how costs that
4 are not associated with output (such as Minimum Loading Event Costs, ICPA
5 Article 5) are allocated. It is not clear that this arrangement ensures efficient
6 decision-making with regard to, among other actions, plant operation,
7 maintenance, and investment. In addition, ownership by multiple parties, and the
8 contractual obligations under the ICPA, may present a barrier to difficult
9 decisions, such as the retirement or repowering of generating units that are no
10 longer economic.

11

12 ***Q53. PLEASE SUMMARIZE THIS SECTION OF YOUR TESTIMONY,***
13 ***REGARDING THE PROPOSED PPA RIDER AS A REGULATORY***
14 ***MECHANISM.***

15 ***A53.*** It is not appropriate for AEP Ohio to collect the net costs of its entitlement to
16 OVEC output from customers through a cost tracker such as the proposed PPA
17 Rider. This would impose the cost and risk of the assets onto customers, while
18 eliminating incentives to control these costs.

*Direct Testimony of James F. Wilson
On Behalf of the Office of the Ohio Consumers' Counsel
PUCO Case Nos. 13-2385-EL-SSO, et al.*

**VI. RECOMMENDATIONS FOR THE TREATMENT OF THE OVEC
ENTITLEMENT**

*Q54. YOU STATED THAT THE PPA RIDER IS LIKELY TO BE COSTLY TO
OHIO CUSTOMERS, WHILE ALSO ELIMINATING INCENTIVES TO
INCREASE REVENUES AND MINIMIZE COSTS ASSOCIATED WITH
THE OVEC ASSETS. WHAT DO YOU RECOMMEND WITH REGARD TO
THE PROPOSED PPA RIDER AND ASSOCIATED OVEC COSTS AND
REVENUES?*

*A54. I recommend that the PUCO simply deny AEP Ohio's request for the PPA Rider,
finding that the costs, benefits and risks of AEP Ohio's OVEC entitlement should
not be passed through to customers. The PUCO has ruled that AEP Ohio may
retain the OVEC assets, subject to conditions that should apply "during the
current ESP and beyond, until the OVEC contractual entitlements can be
transferred to AEP Genco or otherwise divested, or until otherwise ordered by the
Commission,"³³ and that retail rate issues should be addressed in this, the next
ESP proceeding. However, the proposed PPA Rider would shift the costs and
risks associated with the OVEC plants to customers, and that should not be
allowed.*

³³ Case No. 12-1126-EL-UNC, Finding and Order of December 4, 2013 at 9.

PUBLIC VERSION

*Direct Testimony of James F. Wilson
On Behalf of the Office of the Ohio Consumers' Counsel
PUCO Case Nos. 13-2385-EL-SSO, et al.*

1 ***Q55. IF THE PUCO IS UNWILLING TO DENY THE REQUESTED PPA RIDER,***
2 ***ARE THERE WAYS THAT IT COULD BE MODIFIED TO PROVIDE SOME***
3 ***PROTECTION TO CUSTOMERS?***

4 ***A55.*** Yes. A second (and less preferred) option would be to modify the PPA Rider so
5 that it is cost-neutral for customers, at least in an ex ante, forecast expected value
6 sense, and so that the actual net cost or benefit of the OVEC capacity would be
7 shared between AEP Ohio and customers. Such a sharing rule would provide
8 customers some protection, and would also restore some of the incentives to
9 maximize revenues and minimize costs that the PPA Rider, as proposed,
10 eliminates.

11

12 ***Q56. PLEASE ELABORATE ON HOW SUCH A SHARING RULE MIGHT WORK.***

13 ***A56.*** A sharing rule could take the form of a typical incentive mechanism. First, a
14 “benchmark” for the OVEC net cost would be established. The benchmark could
15 be established based on a one-time forecast of expected OVEC value, or it could
16 be determined based on a formula that takes into account actual market prices and
17 perhaps other uncertainties over time.

18

19 Then if the actual OVEC net cost in a month equals the market-based benchmark
20 value, the PPA Rider would be zero and have no effect. Whenever actual net cost
21 differs from the benchmark, the sharing rule would take effect. For instance, the

PUBLIC VERSION

*Direct Testimony of James F. Wilson
On Behalf of the Office of the Ohio Consumers' Counsel
PUCO Case Nos. 13-2385-EL-SSO, et al.*

1 sharing rule might call for half of the net cost or benefit to be passed through to
2 customers through the PPA Rider, with half retained by AEP Ohio.

3
4 Under this approach, in effect, AEP Ohio would be rewarded through the PPA
5 Rider when the OVEC entitlement is more valuable than the market-based
6 benchmark, and AEP Ohio would bear half the cost when the OVEC entitlement
7 is costly relative to the benchmark. But the risk to AEP Ohio would be reduced
8 by sharing the cost or benefit 50/50 with customers. The risk to customers would
9 similarly be reduced by 50% compared to the PPA Rider as proposed by AEP
10 Ohio.

11
12 ***Q57. WHAT ARE THE ADVANTAGES OF THIS APPROACH COMPARED TO***
13 ***THE PPA RIDER AS AEP OHIO HAS PROPOSED IT?***

14 ***A57.*** There are three advantages to this modification of the PPA Rider.

- 15 i. First, by establishing in advance an explicit benchmark (or
16 benchmark formula) based on expected market value, there
17 is no built-in subsidy or ex ante expected amount to be
18 collected from customers through the PPA Rider. Under
19 the PPA Rider as proposed, the cost to customers over the
20 ESP Period is expected to be \$52 million under AEP
21 Ohio's estimate, or \$117 million under my estimate. If the
22 benchmark reflects an unbiased estimate of the expected

PUBLIC VERSION

*Direct Testimony of James F. Wilson
On Behalf of the Office of the Ohio Consumers' Counsel
PUCO Case Nos. 13-2385-EL-SSO, et al.*

market value, the expected cumulative value over the ESP
Period of the PPA Rider would be zero, at least at the time
it is established.

ii. Second, as a result of the sharing rule, AEP Ohio would
have more incentive to maximize revenues and minimize
costs, incentives that are eliminated under the proposed
PPA Rider.

iii. Third, the risk to customers would be 50% mitigated by
such a sharing rule, compared to the proposed PPA Rider
(in addition to removing the subsidy).

***Q58. IN ITS APPLICATION (P. 15), AEP OHIO REQUESTS A RIGHT TO
TERMINATE THE ELECTRIC SECURITY PLAN ONE YEAR EARLY, IF
THERE IS A SUBSTANTIVE CHANGE TO OHIO OR FEDERAL LAWS OR
REGULATORY RULES, OR TO PJM MARKET RULES. SHOULD AEP
OHIO BE PERMITTED TO TERMINATE THE PPA RIDER ON THIS
BASIS?***

A58. No. If the PPA Rider is approved, it should not be included under any such
“regulatory out” option. Instead, AEP Ohio should only be allowed to terminate
the PPA Rider by PUCO order.

PUBLIC VERSION

*Direct Testimony of James F. Wilson
On Behalf of the Office of the Ohio Consumers' Counsel
PUCO Case Nos. 13-2385-EL-SSO, et al.*

1 Allowing AEP Ohio to terminate the ESP and PPA Rider early would potentially
2 allow AEP Ohio to impose the net cost of the OVEC plants on customers through
3 May 2017, and then, if conditions change and the plants are anticipated to be
4 economic during 2017/2018, terminate the PPA Rider and retain the net benefits.
5 That would be unfair to customers and should not be allowed.

6
7 An arrangement that allowed AEP Ohio to terminate the PPA Rider early would
8 also create an incentive to maximize capital and maintenance expenses while such
9 costs are being passed through to customers, reducing the need for such
10 expenditures during a later period when net profits are retained.


11
12 ***Q59. DOES THIS COMPLETE YOUR PRE-FILED TESTIMONY?***

13 ***A59.*** Yes it does. However, I understand that I may be asked to update or supplement
14 my testimony based on new information that may become available.

PUBLIC VERSION

CERTIFICATE OF SERVICE

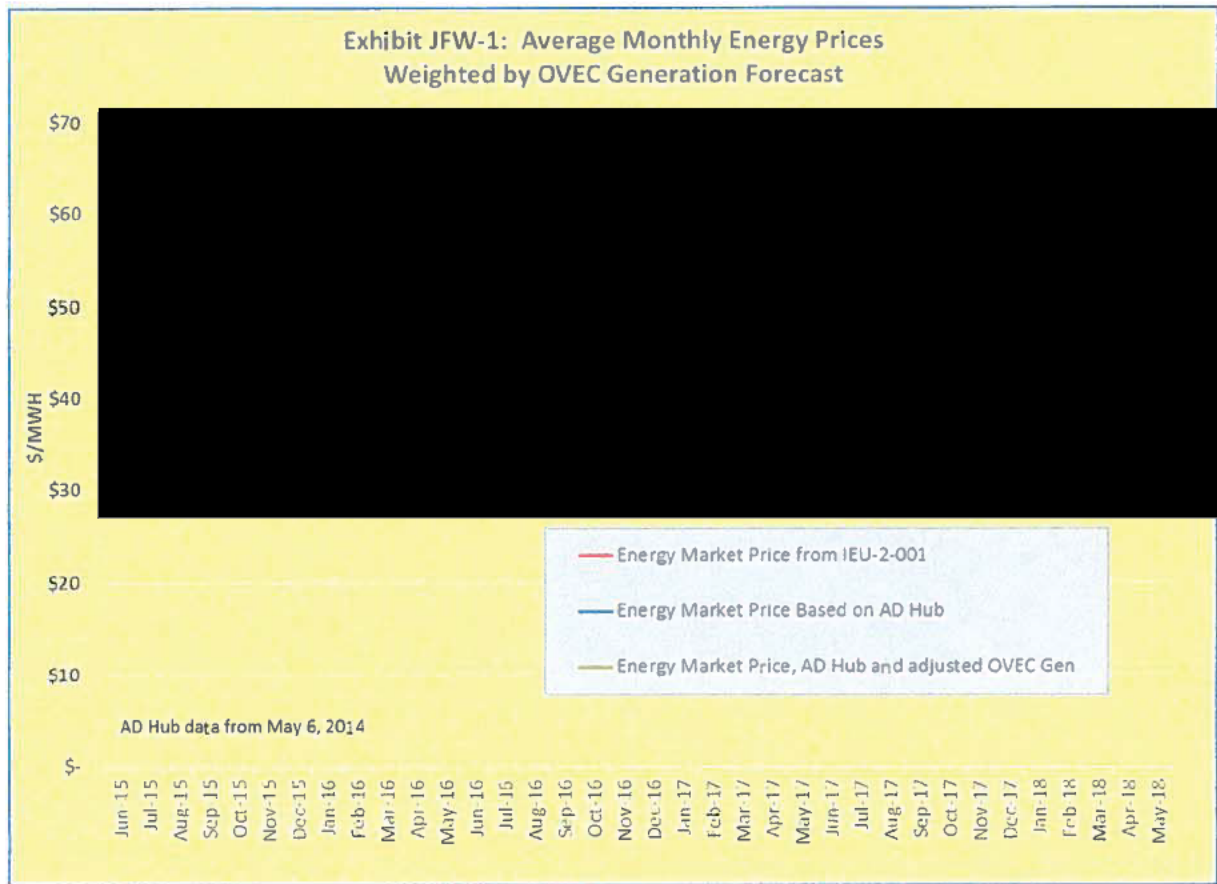
I hereby certify that a true copy of the foregoing *Direct Testimony of James F. Wilson, CONFIDENTIAL VERSION, on Behalf of the Office of the Ohio Consumers' Counsel* was served via electronic transmission this 6th day of May, 2014 upon the parties below.

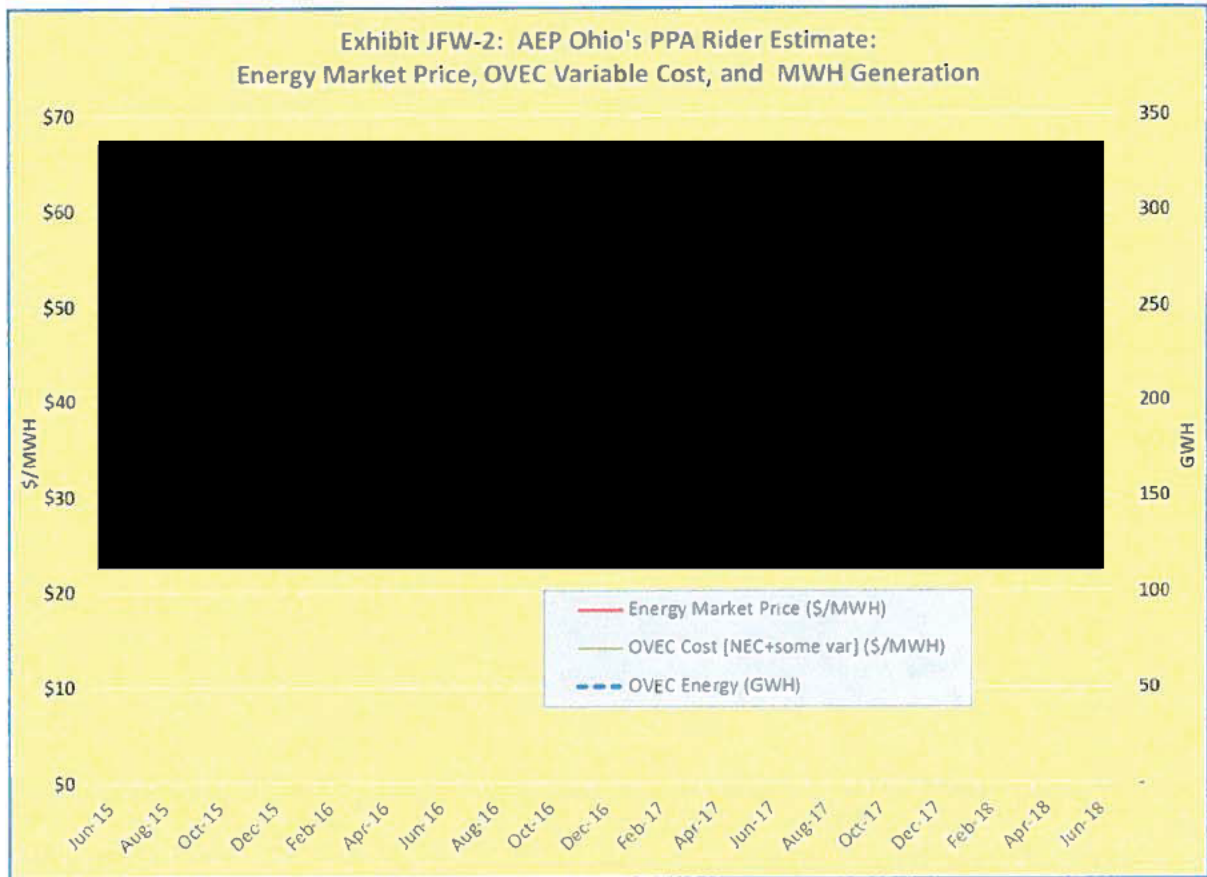


Maureen R. Grady
Assistant Consumers' Counsel

PARTIES OF RECORD

stnourse@aep.com
mjsatterwhite@aep.com
dconway@porterwright.com







PUBLIC VERSION



OHIO POWER COMPANY'S RESPONSE
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL'S
DISCOVERY REQUEST
PUCO CASE NO. 13-2385-EL-SSO et al.
ELEVENTH SET

INTERROGATORY

INT-11-272 IEU-INT-2-001 Conf. att. 1 page 1 states, "* OVEC demand charge has been decreased \$10M annual (versus the projections from OVEC) to reflect lean improvements/process optimization"

- a. Identify the demand charge projections from OVEC;
- b. Has OVEC and/or you committed to making these "lean improvements/process optimization"?
- c. Has OVEC or you committed to reducing the demand charge \$10M annually based on the "lean improvements/process optimization"?
- d. Do you commit to the \$10M annual reduction in demand charge for purposes of the PPA Rider even if OVEC or you fail to implement the "lean improvements/process optimization"?

RESPONSE

- a. OVEC provides yearly demand charges with OPCo (including CSP) having a 19.93% share.

2015: Total = \$368M OPCo @ 19.93% = \$73M
2016: Total = \$384M OPCo @ 19.93% = \$77M
2017: Total = \$395M OPCo @ 19.93% = \$79M
2018: Total = \$436M OPCo @ 19.93% = \$87M

- b. No.
- c. No.
- d. No.

Prepared by: William A. Allen

OHIO POWER COMPANY'S RESPONSE
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL'S
DISCOVERY REQUEST
PUCO CASE NO. 13-2385-EL-SSO et al.
ELEVENTH SET

REQUEST FOR PRODUCTION OF DOCUMENTS

RPD-11-049 Referring to what has been requested from you in OCC INT-273, please provide all documents, including workpapers that support the values referenced therein.

RESPONSE

There are no documents or workpapers for OCC INT-11-273 other than OEG-INT-2-001 conf. att. 1 and IEU-INT-2-001 Conf. att. 1, which have already been provided.

Prepared by: William A. Allen

**OHIO POWER COMPANY'S RESPONSE
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL'S
DISCOVERY REQUEST
PUCO CASE NO. 13-2385-EL-SSO et al.
ELEVENTH SET**

REQUEST FOR PRODUCTION OF DOCUMENTS

RPD-11-048 Referring to your response to OCC INT-272, if the response to the interrogatory (a)-(d) was affirmative in any respect, please provide a copy of documents that:

- a. Describe the "lean improvements/process optimization"
- b. Pertain to commitments you have made with re: to "lean improvements/process optimization"
- c. Pertain to OVEC commitments to reducing the demand charge \$10M annually based on the "lean improvements/process optimization" or some other basis.

RESPONSE

Not applicable.

Prepared by: William A. Allen

OHIO POWER COMPANY'S RESPONSE
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL'S
DISCOVERY REQUEST
PUCO CASE NO. 13-2385-EL-SSO et al.
ELEVENTH SET

INTERROGATORY

INT-11-275 IEU-INT-2-001 Conf. att. 1 page 1 line 15 is labeled "Energy Market Price (\$/MWH).

- a. What is the source of this energy market average monthly price forecast?
- b. When was the forecast prepared, and by whom?
- c. If a model was used, identify the model and the assumptions used.
- d. If this value is based on or related to the data provided in OEG-INT-2-006, describe how the Energy Market Price values were calculated based on the hourly values in OEG-INT-2-006.
- e. Describe all assumptions or estimates that were used with regard to the operation of the OVEC plants (peak hours, off-peak hours, etc.) in determining the Energy Market Price.
- f. Identify the forecast hourly OVEC generation quantities during the ESP III period, if applicable.

RESPONSE

- a. The Company objects to this request as it was previously asked and answered in OCC-INT-5-094 parts b,c.
- b. The Company objects to this request as it was previously asked and answered in OCC-INT-5-094 part e.
- c. The Company objects to this request as it was previously asked and answered in OCC INT-5-095, part c.
- d. The referenced Energy Market Price represents the monthly weighted average hourly market prices weighted by hourly OVEC generation.
- e. The Company objects to this requests as it was previously asked and answered in OCC-INT-5-094 parts a,b,c and d.
- f. See Competitively-Sensitive Confidential OCC INT-11-275.

OHIO POWER COMPANY'S RESPONSE
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL'S
DISCOVERY REQUEST
PUCO CASE NO. 13-2385-EL-SSO et al.
FIFTH SET

INTERROGATORY

- INT-5-090 Please refer to the response to OEG-INT-2-006 Confidential Attachment 1 and describe in detail the information shown in this attachment, including:
- a. The source of the data and the manner in which it was determined. If the data was developed through a computer model, identify the computer model (including manufacturer, product model and serial number), and provide all model inputs and assumptions.
 - b. Please state what the indicated prices represent, including the delivery location.
 - c. Please identify the date the forecast was prepared and the person(s) who was/were responsible for preparing the forecast.
 - d. Does the provided forecast represent all of the forecasts, including preliminary, amended and revised forecasts, prepared or acquired by AEP Ohio to estimate market prices for the indicated terms, as requested in OEG-INT-2-006?

RESPONSE

- a. The near-term market data (2014 through 2018) are based on forward market prices provided by AEP's Commercial Operations group. Forward prices are retrieved from several different exchanges (e.g., NYMEX or ICE) to create future price marks which are converted to hourly prices using proprietary algorithms by AEP Commercial Operations. Longer-term prices (2019 through 2023) are based on a fundamental forecast prepared by AEP's Fundamental Analysis Group. For a description of the model and inputs, refer to the response to question 95, part c., this set.
- b. ADHUB.
- c. The forecasts were prepared in August of 2013 by the Commercial Operations and Fundamental Analysis Groups.
- d. No.

Prepared by: William A. Allen

OHIO POWER COMPANY'S RESPONSE
TO DIRECT ENERGY SERVICES LLC's
DISCOVERY REQUEST
PUCO CASE NO. 13-2385-EL-SSO et al.
FIRST SET

INTERROGATORY

INT-1-003 Referencing the newly proposed Power Purchase Agreement ("PPA") Rider:

- (a) Witness Allen explains (at page 5, lines 7-11) that OVEC power participation benefits and requirements would be included in the PPA rider and that AEP Ohio will have the ability to allow the inclusion of additional PPAs or similar products subsequently approved by the Commission in the rider (through the ESP term). What "additional PPAs" would AEP believe could be included in the rider? Please also provide examples of "similar products" that AEP Ohio would envision could be approved to be put into the rider.
- (b) If the PPA rider as proposed for OVEC power had been in place for calendar years 2011, 2012, and 2013, please provide the rider calculation on a monthly basis for customers on Schedule RS, GS-1, GS-2, GS-3, and GS-4 customers.
- (c) What does AEP Ohio expect the forward energy competitive price projections over the next three years to be for the PPA rider?

RESPONSE

- (a) The Company has not proposed any additional PPAs to be included in the PPA rider at this time. As stated on page 8, lines 9-11, "the Company will have the ability to petition the Commission to allow the inclusion of additional PPAs (or similar products subsequently approved by the Commission) in the PPA rider throughout the ESP term." Similar products could be contracts or agreements for the purchase of capacity and energy.
- (b) The Company has not performed the requested calculation.
- (c) See the Company's response to OEG INT-2-006.

OHIO POWER COMPANY'S RESPONSE
TO OHIO ENERGY GROUP'S
DISCOVERY REQUEST
PUCO CASE NO. 13-2385-EL-SSO et al.
EIGHTH SET

INTERROGATORY

INT-8-006 Please provide AEP Ohio's latest forecast (or results from its latest modeling efforts) of its expected portion of OVEC monthly generation (in MWh) for 2014 and as far out as is available.

RESPONSE

The Company has not updated the forecast.

Prepared by: William A. Allen

OHIO POWER COMPANY'S RESPONSE
TO OHIO ENERGY GROUP'S
DISCOVERY REQUEST
PUCO CASE NO. 13-2385-EL-SSO et al.
EIGHTH SET

INTERROGATORY

INT-8-007 Please provide AEP Ohio's latest forecast (or results from its latest modeling efforts) of the expected energy-related revenues from providing its expected portion of OVEC monthly generation into the PJM day-ahead market for 2014 and as far out as is available.

RESPONSE

See the Company's response to OEG INT-8-006.

Prepared by: William A. Allen

OHIO POWER COMPANY'S RESPONSE
TO OHIO ENERGY GROUP'S
DISCOVERY REQUEST
PUCO CASE NO. 13-2385-EL-SSO et al.
EIGHTH SET

INTERROGATORY

INT-8-008 Please provide AEP Ohio's latest forecast (or results from its latest modeling efforts) of the expected energy-related costs associated with its expected portion of OVEC monthly generation for 2014 and as far out as is available. If possible, please provide component details (e.g., fuel costs, variable O&M costs, start costs, SO2 costs, CO2 costs, etc.).

RESPONSE

See the Company's response to OEG INT-8-006.

Prepared by: William A. Allen

**OHIO POWER COMPANY'S RESPONSE
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL'S
DISCOVERY REQUEST
PUCO CASE NO. 13-2385-EL-SSO et al.
SUPPLEMENTAL FIFTH SET**

INTERROGATORY

INT-5-107 Please identify and break down the LMP price(s) available to OVEC for each billing period to AEP-Ohio for the past 3 years.

RESPONSE

OCC INT-5-107 Attachment 1 displays Day Ahead LMP's by month for the last three years. Two transactions point were utilized (OVEC & AEP Gen Hub). Each LMP price is broken down by the following components: Congestion, Energy, & Loss. The amounts reflect a monthly average price.

Prepared by: William A. Allen

SUPPLEMENTAL RESPONSE

The Company's previous response incorrectly displayed Real Time Prices for the 2013 AEP Gen Hub transaction point. OCC INT-5-107 Supplemental Attachment 1 displays the corrected table highlighted in yellow.

Prepared by: William A. Allen

Attachment JFW-2
Page 11 of 18

1.

Month	2011 OVEC Transaction Point				2012 OVEC Transaction Point				2013 OVEC Transaction Point			
	DA LMP - Congestion	DA LMP - Energy	DA LMP - Loss	DA LMP - Price	DA LMP - Congestion	DA LMP - Energy	DA LMP - Loss	DA LMP - Price	DA LMP - Congestion	DA LMP - Energy	DA LMP - Loss	DA LMP - Price
Jan	-10.33	54.92	-5.36	39.23	-0.72	33.06	-2.36	29.98	-2.16	34.89	-2.49	30.24
Feb	-3.68	42.30	-4.09	34.52	-0.27	30.49	-2.14	28.08	-1.82	35.29	-2.07	31.40
Mar	-1.58	39.85	-3.54	34.74	0.11	28.73	-1.50	27.34	-1.31	38.91	-1.97	35.62
Apr	-1.87	40.84	-3.16	35.81	0.17	28.05	-1.55	26.66	-0.54	38.95	-1.70	36.71
May	-1.50	43.43	-2.65	39.28	-0.16	30.02	-1.21	28.66	-1.04	37.89	-1.76	35.09
Jun	-5.51	48.02	-2.96	39.55	-1.75	31.89	-2.16	27.98	-1.10	36.16	-1.96	33.10
Jul	-5.27	57.16	-5.57	46.33	-1.62	41.56	-3.13	36.81	-3.03	45.54	-3.21	39.30
Aug	-1.71	42.96	-3.75	37.50	-1.83	32.82	-2.45	28.55	-1.07	33.72	-1.83	30.82
Sep	-1.72	38.00	-3.40	32.88	-1.00	31.89	-1.96	28.93	-2.17	34.86	-1.72	30.96
Oct	-0.09	36.80	-2.31	34.40	0.14	33.84	-1.85	32.13	-0.72	34.53	-1.67	32.13
Nov	0.20	34.65	-1.80	33.05	-0.75	38.17	-2.76	34.65	-1.39	34.77	-1.83	31.55
Dec	-0.44	33.41	-1.25	31.72	-0.70	31.97	-2.37	28.90	-1.86	38.65	-2.42	34.37
Avg.	-2.79	42.69	-3.32	36.58	-0.70	32.71	-2.12	29.89	-1.52	37.01	-2.05	33.44

2.

Month	2011 AEP Gen Hub Transaction Point				2012 AEP Gen Hub Transaction Point				2013 AEP Gen Hub Transaction Point			
	DA LMP - Congestion	DA LMP - Energy	DA LMP - Loss	DA LMP - Price	DA LMP - Congestion	DA LMP - Energy	DA LMP - Loss	DA LMP - Price	DA LMP - Congestion	DA LMP - Energy	DA LMP - Loss	DA LMP - Price
Jan	-11.56	54.92	-4.91	38.45	-0.81	33.06	-1.91	30.34	-2.50	34.89	-2.16	30.23
Feb	-4.23	42.30	-3.62	34.44	-0.52	30.49	-1.78	28.19	-1.75	35.29	-1.84	31.70
Mar	-1.72	39.85	-2.86	35.28	0.07	28.73	-1.37	27.43	-1.23	38.91	-1.73	35.94
Apr	-1.96	40.84	-2.59	36.29	0.25	28.05	-1.24	27.06	-0.62	38.95	-1.60	36.74
May	-0.59	43.43	-2.09	40.75	0.11	30.02	-1.04	29.09	-1.05	37.89	-1.65	35.19
Jun	-4.50	48.02	-2.42	41.11	-1.37	31.89	-1.80	28.72	-1.18	36.16	-1.75	33.23
Jul	-4.77	57.16	-4.83	47.56	-1.14	41.56	-2.87	37.54	-2.58	45.54	-2.87	40.10
Aug	-1.58	42.96	-3.06	38.31	-1.50	32.82	-2.20	29.13	-1.05	33.72	-1.73	30.93
Sep	-0.83	38.00	-2.73	34.44	-0.90	31.89	-1.72	29.27	-2.20	34.86	-1.66	31.00
Oct	0.28	36.80	-1.79	35.29	-0.15	33.84	-1.50	32.19	-0.68	34.53	-1.52	32.32
Nov	-0.01	34.65	-1.25	33.39	-1.15	38.17	-2.21	34.80	-1.48	34.78	-1.57	31.73
Dec	0.00	33.41	-1.38	32.03	-0.70	31.97	-2.11	29.16	-2.03	38.65	-2.21	34.41
Avg.	-2.62	42.69	-2.79	37.28	-0.65	32.71	-1.81	30.24	-1.53	37.01	-1.86	33.63

Note:

1. Day Ahead LMP's at OVEC Transaction Point
2. Day Ahead LMP's at AEP Gen Hub Transaction Point
3. Prices reflect a monthly average.

**OHIO POWER COMPANY'S RESPONSE
TO INDUSTRIAL ENERGY USERS-OHIO'S
DISCOVERY REQUEST
PUCO CASE NO. 13-2385-EL-SSO et al.
SECOND SET**

INTERROGATORY

INT-2-014 Identify all ancillary services revenue AEP-Ohio received related to OVEC in 2012.

RESPONSE

AEP-Ohio does not receive ancillary services revenue related to OVEC.

Prepared by: William A. Allen

**OHIO POWER COMPANY'S RESPONSE
TO INDUSTRIAL ENERGY USERS-OHIO'S
DISCOVERY REQUEST
PUCO CASE NO. 13-2385-EL-SSO et al.
SECOND SET**

INTERROGATORY

INT-2-015 Identify all ancillary services revenue AEP-Ohio received related to OVEC in 2013.

RESPONSE

Please see the Company's response to IEU INT-2-014.

Prepared by: William A. Allen

**OHIO POWER COMPANY'S RESPONSE
TO INDUSTRIAL ENERGY USERS-OHIO'S
DISCOVERY REQUEST
PUCO CASE NO. 13-2385-EL-SSO et al.
SECOND SET**

INTERROGATORY

INT-2- 003 Identify AEP-Ohio's current power participation ratio in OVEC.

RESPONSE

As indicated at page 9, lines 11-12 of the testimony of Company witness Allen, "Ohio Power Company has a 19.93% share of the OVEC power participation benefits and requirements."

Prepared by: William A. Allen

**OHIO POWER COMPANY'S RESPONSE
TO INDUSTRIAL ENERGY USERS-OHIO'S
DISCOVERY REQUEST
PUCO CASE NO. 13-2385-EL-SSO et al.
SECOND SET**

INTERROGATORY

INT-2-020 Identify OVEC's kilowatt hour output for 2012 allocable to AEP-Ohio (in accordance with AEP-Ohio's power participation ratio).

RESPONSE

OVEC's kilowatt hour output for 2012 received by Ohio Power Company was 1,952,385kWh.

Prepared by: William A. Allen

**OHIO POWER COMPANY'S RESPONSE
TO INDUSTRIAL ENERGY USERS-OHIO'S
DISCOVERY REQUEST
PUCO CASE NO. 13-2385-EL-SSO et al.
SECOND SET**

INTERROGATORY

INT-2-021 Identify OVEC's kilowatt hour output for 2013 allocable to AEP-Ohio (in accordance with AEP-Ohio's power participation ratio).

RESPONSE

OVEC's kilowatt hour output for 2013 received by Ohio Power Company was 1,985,352kWh.

Prepared by: William A. Allen

OHIO POWER COMPANY'S RESPONSE
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL'S
DISCOVERY REQUEST
PUCO CASE NO. 13-2385-EL-SSO et al.
SIXTH SET

INTERROGATORY

INT-6-114 Re: Response to IEU-2-001: The forecast reflects a large increase in output (OVEC Energy GWH) in the summer months in 2016 compared to 2015. Explain the basis for the forecasted increase in summer generation.

RESPONSE

As shown in IEU INT-2-001 Confidential Attachment 1, the forecasted average market price for energy increased about \$4.54/MWh from the summer of 2015 to the summer of 2016, while the forecasted OVEC energy price increased only \$0.95/MWh. Thus, the forecasted relative energy price position of OVEC would be more favorable.

Prepared by: William A. Allen

OHIO POWER COMPANY'S RESPONSE
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL'S
DISCOVERY REQUEST
PUCO CASE NO. 13-2385-EL-SSO et al.
FIFTH SET

INTERROGATORY

- INT-5-111 Re: Allen testimony p. 10, lines 6-7: Describe in detail how OPC will sell the OVEC entitlement into the "PJM market."
- a. Will the energy be offered into the day-ahead or real-time markets?
 - b. State whether any transmission or transmission rights are associated with the entitlement, and the delivery points at which the entitlement will be sold.
 - c. If specific plans do not yet exist for selling the OVEC entitlement, state the basis upon which the strategy for selling the entitlements will be determined.

RESPONSE

- a. It is OPC's expectation that the OVEC entitlement will generally be offered into PJM's day-ahead market.
- b. No.
- c. Please see the Company's response to part 'a'.

Prepared by: William A. Allen

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

6/6/2014 2:23:11 PM

in

Case No(s). 13-2385-EL-SSO, 13-2386-EL-AAM

Summary: Testimony -Public Version James F. Wilson on behalf of the Office of the Ohio Consumers' Counsel (Part 2 of 2) electronically filed by Mr. Steven T Nourse on behalf of Ohio Power Company