

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

- - -

In the Matter of the :
Application of Ohio Power :
Company for Authority to :
Establish a Standard :
Service Offer Pursuant to : Case No. 16-1852-EL-SSO
Section 4928.143, Revised :
Code, in the Form of an :
Electric Security Plan. :

In the Matter of the :
Application of Ohio Power :
Company for Approval of : Case No. 16-1853-EL-AAM
Certain Accounting :
Authority. :

- - -

PROCEEDINGS

before Ms. Greta See and Ms. Sarah Parrot, Attorney
Examiners, at the Public Utilities Commission of
Ohio, 180 East Broad Street, Room 11-A, Columbus,
Ohio, called at 10:00 a.m. on Wednesday, November 1,
2017.

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VOLUME I

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17 On behalf of Ohio Power Company.

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12 Columbus, Ohio 43215-4291

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14 Charging Association.

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21 Electric Power Supply Association,
22 Constellation NewEnergy, Inc., and
23 Dynegy, Inc.

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On behalf of Paulding Wind Farm II, LLC.

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1 Wednesday Morning Session,
2 November 1, 2017.

3 - - -

4 EXAMINER SEE: Let's go on the record.

5 Scheduled for hearing today at this time
6 is Case No. 16-1852-EL-SSO, being entitled In the
7 Matter of the Application of Ohio Power Company for
8 Authority to Establish a Standard Service Offer
9 Pursuant to Revised Code Section 4928.143 in the Form
10 of an Electric Security Plan, and Case No.
11 16-1853-EL-AAM, being entitled In the Matter of the
12 Application of Ohio Power Company for Approval of
13 Certain Accounting Authority.

14 My name is Greta See. To my right is
15 Sarah Parrot. We are the attorney examiners assigned
16 to hear this case by the Commission.

17 At this time I would like to take
18 appearances of the parties. Let's start with the
19 applicant, Ohio Power Company.

20 MR. NOURSE: Thank you, your Honor. On
21 behalf of Ohio Power Company, Steven T. Nourse,
22 Christen M. Blend, 1 Riverside Plaza, Columbus, Ohio
23 43215; and Christopher L. Miller, Jeremy M. Grayem,
24 from the Ice Miller law firm; and Eric Gallon from
25 Porter, Wright, Morris & Arthur. Thank you.

1 I'm sorry, I skipped one. Mr. Matt S.
2 McKenzie is also with AEP. Excuse me. I'm trying to
3 remember them all.

4 MR. MCKENZIE: I know where I stand.

5 EXAMINER SEE: On behalf of Kroger.

6 MS. WHITFIELD: Angela Paul Whitfield.

7 EXAMINER SEE: On behalf of Walmart and
8 Sam's Club.

9 MS. HARRIS: Carrie Harris with the law
10 firm of Spilman, Thomas & Battle.

11 EXAMINER SEE: Industrial Energy Users of
12 Ohio.

13 MR. PRITCHARD: On behalf of IEU-Ohio,
14 Matt Pritchard, 21 East State Street, Columbus, Ohio
15 43215, with the law firm McNees Wallace & Nurick.

16 EXAMINER SEE: Commerce Energy,
17 Incorporated, doing business as Just Energy.

18 MR. WHITT: Good morning. Mark Whitt and
19 Rebekah Glover from the law firm Whitt Sturtevant
20 LLP, 88 East Broad Street, Suite 1590, Columbus, Ohio
21 43215. We will also be entering an appearance for
22 Retail Energy Supply Association.

23 EXAMINER SEE: Ohio Environmental Council
24 and the Environmental Defense Fund.

25 MS. LEPPLA: Thank you, your Honor.

1 Miranda Leppla on behalf of OEC and EDF.

2 EXAMINER SEE: Ohio Consumers' Counsel.

3 MR. MICHAEL: Hello, your Honor. Bill
4 Michael and Kevin Moore; and also Dane Stinson from
5 the law firm of Bricker & Eckler.

6 EXAMINER SEE: Constellation NewEnergy,
7 Incorporated.

8 MS. PETRUCCI: Good morning. On behalf
9 of Constellation NewEnergy, the law firm of Vorys,
10 Sater, Seymour & Pease, Michael J. Settineri and
11 Gretchen L. Petrucci; and then I will make an
12 appearance for Dynegy and for P3 Group, Energy Supply
13 Power Association.

14 EXAMINER SEE: Interstate Gas Supply.

15 MR. OLIKER: Good morning, your Honors.
16 On behalf of IGS Energy, Joseph Olikier and Michael
17 Nugent, 6100 Emerald Parkway, Dublin, Ohio 43016.

18 EXAMINER SEE: Ohio Energy Group.

19 MR. BOEHM: Good morning, your Honor.
20 Kurt Boehm for OEG.

21 EXAMINER SEE: Ohio Hospital Association.

22 MR. PARRAM: Good morning, your Honor.
23 Rick Sites on behalf of the Ohio Hospital
24 Association, 155 East Broad Street, 3rd floor,
25 Columbus, Ohio 43215; and Devin Parram from the law

1 firm of Brickler & Eckler, 100 South Third Street,
2 Columbus, Ohio 43215.

3 EXAMINER SEE: Duke Energy Ohio.

4 Ohio Manufacturers' Association Group.
5 I'm sorry. Ohio Manufacturers' Association Energy
6 Group.

7 MS. BOJKO: Thank you, your Honor. On
8 behalf of the OMAEG, Kimberly W. Bojko, James Perko,
9 with the law firm Carpenter Lipps and Leland, 280
10 North High Street, Suite 1300, Columbus, Ohio 43215.

11 EXAMINER SEE: Sierra Club.

12 Ohio Partners for Affordable Energy.

13 MS. MOONEY: On behalf of the Ohio
14 Partners for Affordable Energy, I'm Colleen Mooney.

15 EXAMINER SEE: Electric Vehicle Charging
16 Association.

17 MR. BORCHERS: Good morning, your Honors.
18 Dylan Borchers and Elyse Akhbari, from the law firm
19 of Bricker & Eckler, 100 South Third Street,
20 Columbus, Ohio 43215.

21 EXAMINER SEE: Environmental Law & Policy
22 Center.

23 MS. FLEISHER: Good morning. On behalf
24 of ELPC, Madeline Fleisher, 21 West Broad Street,
25 Eighth Floor, Columbus, Ohio 43215.

1 EXAMINER SEE: Natural Resources Defense
2 Council.

3 Paulding Wind Farm II, LLC

4 EXAMINER SEE: I'm sorry. You are going
5 to need to stand again and speak a little louder or
6 come to the table.

7 MS. HEWELL: Good morning. Nicki Hewell
8 and Sommer Sheely, from Bricker & Eckler.

9 EXAMINER SEE: Mid-Atlantic Renewable
10 Energy Coalition.

11 MR. VORYS: Good morning, your Honor.
12 Bill Vorys, Terrence O' Donnell, and Christine Pirik,
13 from the law firm Dickinson Wright, 150 East Gay
14 Street, Columbus 43215.

15 EXAMINER SEE: EnerNOC Incorporated.

16 Buckeye Power Incorporated.

17 Calpine Energy Solutions.

18 Is there any party who has counsel
19 present that I didn't call?

20 Mr. Margard.

21 MR. MARGARD: Good morning, your Honor.
22 On behalf of the staff of the Public Utilities
23 Commission of Ohio, Mike DeWine, Ohio Attorney
24 General, William L. Wright, Section Chief of the
25 Public Utilities Section, by Assistant Attorneys

1 General Werner Margard and Robert A. Eubanks.

2 EXAMINER SEE: Thank you.

3 As Mr. Margard indicated, there were a
4 couple of matters we needed to address before we get
5 started today.

6 EXAMINER PARROT: Mr. Margard.

7 MR. MARGARD: Thank you, your Honor. As
8 a preliminary matter, as the Bench is aware, staff
9 filed a motion to file its testimony a day late due
10 to inadvertence, apparently some confusion involving
11 the docketing system on September 13. That testimony
12 was filed on September 14. All of the parties had
13 ample time, of course, to review that and no
14 objections were filed, and we would ask the Bench for
15 a motion, allowing that testimony to be filed.

16 EXAMINER PARROT: And staff's motion will
17 be granted at this time.

18 Any other preliminary matters?

19 If not, the Bench has a couple I would
20 also note. Let me go ahead and deal with those.

21 I would note that on October 27th, ELPC
22 filed, on behalf of Robert Kelter, a motion for pro
23 hac vice admission. That motion will be granted at
24 this time.

25 ELPC also filed a motion for leave to

1 file the testimony of Sam Spofforth out of time, on
2 May 3, 2017. No objections were filed to that motion
3 and that motion will be granted at this time as well.

4 EXAMINER SEE: If there are no other
5 preliminary matters, Mr. Nourse, you can call your
6 first witness.

7 MR. NOURSE: Thank you, your Honor. AEP
8 Ohio calls William A. Allen. If I may, I am going to
9 hand out a couple of documents that I plan to use
10 during direct examination, only one of which I plan
11 to make an exhibit. So we will give the Bench the
12 other -- the other two, and give the reporter the one
13 I plan to use.

14 EXAMINER SEE: Okay. Mr. Allen, if you
15 would raise your right hand, please.

16 (Witness sworn.)

17 EXAMINER SEE: Thank you. Have a seat.

18 - - -

19 WILLIAM A. ALLEN

20 being first duly sworn, as prescribed by law, was
21 examined and testified as follows:

22 DIRECT EXAMINATION

23 By Mr. Nourse:

24 Q. Good morning, Mr. Allen.

25 A. Good morning.

1 Q. What is your name and business address?

2 A. It's William A. Allen, and my business
3 address is 1 Riverside Plaza, Columbus, Ohio 43215.

4 Q. By whom are you employed and in what
5 capacity?

6 A. I'm employed by American Electric Power
7 Service Corporation as managing director of
8 regulatory case management.

9 Q. And did you prepare and cause to be filed
10 written direct testimony in these proceedings on
11 September 13, 2017?

12 A. Yes, I did.

13 MR. NOURSE: Your Honor, I would like to
14 mark Mr. Allen's prefiled testimony as AEP Ohio
15 Exhibit No. 1.

16 (EXHIBIT MARKED FOR IDENTIFICATION.)

17 Q. Mr. Allen, do you have what I just marked
18 as Exhibit 1?

19 A. I do.

20 Q. And is this testimony prepared by you or
21 under your direction?

22 A. Yes, it was.

23 Q. Now, I want to direct your attention for
24 a moment to the stipulation attachment that's in your
25 testimony, page 35, paragraph III.M, page 35. Do you

1 see that?

2 A. I do.

3 Q. And the stipulation references Exhibit
4 DBW-4 from AEP Ohio witness Weiss's testimony there,
5 correct?

6 A. That's correct.

7 Q. And that exhibit is the Master Service
8 Standard Service Offer Supply Agreement, correct?

9 A. That's correct.

10 MR. NOURSE: And, your Honor, I would
11 like to submit a corrected version of Exhibit DBW-4
12 that reflects the changes referenced in the
13 stipulation, and I would walk the witness through the
14 redlined version to show the changes and submit the
15 Revised Exhibit DBW-4 as Company Exhibit 2.

16 EXAMINER SEE: Okay. Just a moment,
17 Mr. Nourse.

18 MR. NOURSE: Certainly.

19 (EXHIBIT MARKED FOR IDENTIFICATION.)

20 EXAMINER SEE: Okay. Go ahead,
21 Mr. Nourse.

22 MR. NOURSE: Thank you.

23 Q. (By Mr. Nourse) Mr. Allen, the paragraph
24 III.M. on page 35 references a change concerning the
25 court of competent jurisdiction and binding

1 arbitration local. Do you see that?

2 A. I do.

3 Q. Excuse me. And then if you'll turn to
4 paragraph III.J.7 on page 27 of the stipulation and
5 heading BTCR. Do you also see the stipulation
6 reference to amending the Master Supply Agreement for
7 PJM Billing Line Item 1930?

8 A. Yes, I do.

9 Q. Thank you.

10 And then I believe you also have a copy
11 and the Bench also has a copy of a docketed letter on
12 October 10, 2017, that references two additional
13 typographical errors to Exhibit DBW-4.

14 A. Yes, I have that.

15 Q. Okay. With those -- with those matters
16 in mind, let me ask you to look at the redlined
17 version that you have that's not marked as an
18 exhibit, but counsel for OCC and the Bench have this.
19 And if you could first turn to page 2 of that
20 document.

21 A. I'm there.

22 Q. And confirm that is the Pnode ID number
23 change that was referenced in the October 10 letter?

24 A. That's correct.

25 Q. Okay. And then on page 43 of that

1 document, in paragraph 11.2 or Article 11.2, under
2 Binding Arbitration, do you see the change about the
3 venue for arbitration litigation there, correct?

4 A. That's correct.

5 Q. All right. Then if you'll turn to
6 Attachment C-1. The Independent Credit Requirement
7 Per Tranche table.

8 A. I'm there.

9 Q. And that is the change that's the second
10 change that was mentioned in the October 10 letter,
11 correct?

12 A. That's correct.

13 Q. Okay. Can you explain your understanding
14 of what this change is in the table here?

15 A. The change in the table is to incorporate
16 the correct values for the credit requirements and
17 the decline that occurs in each month through the
18 period, and includes all three auction products, the
19 12-month, the 24-month and the 36-month product.

20 Q. Thank you.

21 And then finally on this document, if you
22 turn to F-3, a couple pages from the end.

23 A. I'm there.

24 Q. And is this correction the correction
25 that was mentioned in the stipulation, paragraph

1 III.J.7, to assign generation deactivation costs as
2 an EDC?

3 A. Yes, it is.

4 Q. And is it your understanding on that last
5 change that that already reflects the way BTCR
6 billing allocation works?

7 A. Yes, that's correct.

8 Q. Okay. And then finally on this matter,
9 Mr. Allen, if you'll reference the Exhibit DBW-4
10 that's the clean copy, the revised clean copy that
11 we've marked as AEP Ohio Exhibit 2. Do you have
12 that?

13 A. I do not.

14 Q. Okay. Mr. Allen, all I was going to ask
15 you about this, does the clean version of DBW-4
16 reflect the changes that we just went through?

17 A. Yes, it does.

18 Q. Thank you.

19 MR. NOURSE: And, your Honor, subject to
20 cross-examination, I move for the admission of
21 Company Exhibit 1 and Company Exhibit 2. And for the
22 convenience of the record, I would also like to
23 separately mark the entire stipulation as Joint
24 Exhibit 1 for reference by all the parties. And we
25 have copies if anybody needs copies of that.

1 EXAMINER SEE: Okay.

2 (EXHIBIT MARKED FOR IDENTIFICATION.)

3 MR. NOURSE: With that, the witness is
4 available for cross-examination, your Honor.

5 EXAMINER SEE: Any cross-examination for
6 Mr. Allen. Ms. Whitfield?

7 MS. WHITFIELD: Nothing from Kroger.

8 EXAMINER SEE: Ms. Harris?

9 MS. HARRIS: No, ma'am.

10 EXAMINER SEE: Mr. Pritchard?

11 MR. PRITCHARD: No cross, your Honor.

12 EXAMINER SEE: Mr. Whitt?

13 MR. WHITT: No questions, your Honor.

14 EXAMINER SEE: Ms -- brace yourself, your
15 name is about to be butchered, Ms. Miranda Lapella --

16 MS. LEPPLA: "Leppla." Nothing from us.
17 Thank you.

18 EXAMINER SEE: I warned you.

19 Mr. Whitt? You have no questions for
20 either? Okay.

21 MR. WHITT: No, your Honor.

22 EXAMINER SEE: My fault.

23 Ms. Petrucci.

24 MS. PETRUCCI: No questions, your Honor.

25 EXAMINER SEE: Mr. Olier?

1 MR. OLIKER: No questions, your Honor.

2 EXAMINER SEE: Mr. Boehm?

3 MR. BOEHM: No questions, your Honor.

4 EXAMINER SEE: Mr. Parram? Okay.

5 Ms. Bojko?

6 MS. BOJKO: No questions, your Honor.

7 Thank you.

8 EXAMINER SEE: Ms. Mooney.

9 MS. MOONEY: No questions, your Honor.

10 EXAMINER SEE: Mr. Borchers.

11 MR. BORCHERS: No questions, your Honor.

12 EXAMINER SEE: Ms. Fleisher.

13 MS. FLEISHER: No questions, your Honor.

14 EXAMINER SEE: Ms. Hewell.

15 MS. HEWELL: No questions, your Honor.

16 EXAMINER SEE: Mr. Vorys.

17 MR. VORYS: No questions, your Honor.

18 EXAMINER SEE: Okay. Mr. Margard, any

19 questions?

20 MR. MARGARD: No, thank you, your Honor.

21 EXAMINER SEE: Mr. Michael.

22 MR. MICHAEL: Yes, your Honor. Thank

23 you.

24 - - -

25

CROSS-EXAMINATION

By Mr. Michael:

Q. Good morning, Mr. Allen.

A. Good morning.

MR. MICHAEL: And, your Honor, if I might, I would like to first introduce and have marked as OCC Exhibit 1. This is a group of AEP's discovery responses to discovery that OCC served. Your Honor, AEP has stipulated to the admissibility of what we have marked as OCC Exhibit 1. And with your Honor's indulgence, what I would like to do is go ahead and proceed with my cross-examination and give the other parties an opportunity to look at it and see --

MR. OLIKER: I'm sorry. Can we go off the record for a second?

EXAMINER SEE: Hold on just a second.

MR. OLIKER: You have about 10 copies of the same document.

EXAMINER SEE: Let's go off the record for just a second.

(Discussion off the record.)

(EXHIBIT MARKED FOR IDENTIFICATION.)

EXAMINER SEE: Let's go back on the record.

1 Mr. Michael.

2 MR. MICHAEL: Thank you, your Honor.

3 Q. (By Mr. Michael) Mr. Allen, I would like
4 to start with your testimony first, if I could. And
5 if you would please turn to page 4, lines 20 through
6 23, and let me know when you're there.

7 A. I'm there.

8 Q. Okay. Have you found any conflicts
9 between your testimony and the terms of the
10 stipulation?

11 A. I'm not aware of any, no.

12 Q. Did you look?

13 A. I have looked, and when I prepared my
14 testimony the intent was to accurately and
15 consistently represent what was in the stipulation.

16 Q. Okay. But you were obviously worried
17 there might be a conflict which is why you put that
18 provision in there, correct?

19 A. No.

20 Q. Okay. And if we were to find conflicts
21 in the stipulation with your testimony, according to
22 this provision of your testimony, then the
23 stipulation would control and not your testimony,
24 correct?

25 A. That's correct.

1 Q. And under those circumstances, the
2 Commission wouldn't have any supporting testimony of
3 that provision, correct?

4 A. I don't know.

5 Q. If you please turn to page 6 of your
6 testimony, Mr. Allen, and I draw your attention to
7 pages -- pardon me, lines 12 through 13.

8 A. I'm there.

9 Q. Okay. With whom is AEP Ohio engaging to
10 do a new long-term debt financing or refinancing?

11 A. AEP Ohio has a debt financing that is
12 coming due in 2018 and upon that time the company
13 would evaluate its financing needs and would go out
14 and look to a number of banks and financial
15 institutions in order to issue a new debt instrument,
16 if necessary.

17 Q. What is that debt instrument for?

18 A. It would be for general corporate needs
19 for financing the company.

20 Q. Okay. When was it entered into?

21 A. Which long term?

22 Q. The one in your testimony.

23 A. It hasn't been issued at this point in
24 time.

25 Q. The current debt instrument.

1 A. The one that is being redeemed in 2018?

2 Q. Uh-huh.

3 A. I don't recall what date that was entered
4 into.

5 Q. Okay. Do you have any idea about the
6 term for the borrowing for the potential refinancing,
7 what the term will be?

8 A. The company will evaluate, as we do when
9 we issue bonds in the normal course of business,
10 we'll evaluate what the business financing instrument
11 is. So we'll look at the different bond maturity and
12 the rates that are out there and we'll determine
13 what's the best for the long-term interest of the
14 company.

15 Q. Okay. Do you have any projection about
16 what the potential rates will be, interest rates?

17 A. Based on where interest rates are today,
18 the expectation would be that it's lower than the
19 cost rate of the current instrument that would be
20 replaced. But, of course, those rates change daily
21 and we'll have to see where those rates are next year
22 when we actually issue the debt if we choose to issue
23 the debt.

24 Q. Do you have any estimate of one-time
25 costs that might be associated with that refinancing;

1 for example, attorney's fees or investment adviser
2 fees?

3 A. I do not.

4 Q. I'd draw your attention, if I could,
5 Mr. Allen, further down that page, line 22, where
6 there is a reference to the "nonbypassable RGR
7 Rider." Do you see that?

8 A. I do.

9 Q. You don't have any projections for RGR's
10 cost, correct?

11 A. That's correct. That will be part of a
12 separate proceeding.

13 Q. And you were involved in the 14-1693,
14 correct, Mr. Allen? The PPA Rider case?

15 A. I was.

16 Q. Okay. And in that case, recovery for
17 renewables was through the PPA Rider, correct?

18 A. That's correct.

19 Q. If I could draw your attention to page 7,
20 Mr. Allen, lines 9 through 12.

21 A. 7 through 12?

22 Q. I'm sorry. 9 through 12. Page 7, lines
23 9 through 12.

24 A. Okay.

25 Q. The resulting revenues from a reasonable

1 arrangement could be less than revenue that would
2 have applied had the output been liquidated into the
3 wholesale market under the RGR, correct?

4 A. That is a calculation that would have to
5 be determined as part of those reasonable
6 arrangements. The -- you know, as an example, an
7 entity may enter into a contract where the price that
8 they were paying for the renewables was greater than
9 the market rate but less than the cost of that
10 renewable and it would -- the result would be that
11 Ohio would have access to additional renewable power
12 under this provision without the remaining
13 customers -- those not participating in the regional
14 arrangement would pay a lower cost to get access to
15 that.

16 MR. MICHAEL: I would move to strike,
17 your Honor, and ask the question be reread and he
18 answer the one I asked and not the one he wants to.

19 MR. NOURSE: Your Honor, I believe he did
20 respond, and he was asking mathematically about the
21 difference between the market rate and the charge
22 under the reasonable arrangement.

23 EXAMINER SEE: Okay.

24 MR. NOURSE: If I could just add, your
25 Honor, he was asking whether the revenues could

1 exceed, so he gave an example responsive to
2 illustrate how it would work.

3 MR. MICHAEL: It's a "yes" or "no"
4 question.

5 EXAMINER SEE: The answer stands.

6 MR. MICHAEL: May I have it reread?

7 EXAMINER SEE: The question or the
8 answer?

9 MR. MICHAEL: The answer.

10 EXAMINER SEE: Sure.

11 (Record read.)

12 MR. MICHAEL: Thank you.

13 Q. (By Mr. Michael) Mr. Allen, if I
14 remembered correctly, when the court reporter reread
15 your answer, you said something about it's possible
16 that the price paid could be greater than, and my
17 question was whether or not the price under the
18 reasonable arrangement could be less than the revenue
19 that would have applied had the output been
20 liquidated on the wholesale market. Is that also a
21 potential outcome of these reasonable arrangements?

22 A. It's a mathematical possibility. The
23 Commission, in approving the reasonable arrangement,
24 would be evaluating the total benefits of that
25 reasonable arrangement and the pricing under -- for

1 renewables under the provision, weighing it in
2 totality with all other provisions, but it's a
3 mathematical possibility.

4 Q. If you turn to page 8 of your testimony,
5 Mr. Allen, and I draw your attention to lines 8
6 through 10, please.

7 A. I'm there.

8 Q. You don't have any cost projections for
9 the PowerForward Rider, correct?

10 A. That's correct. The Commission has not
11 completed its investigation in the PowerForward
12 docket for the PowerForward initiative.

13 Q. On page 8 of your testimony, line 4,
14 Mr. Allen, you reference the Smart Columbus
15 initiative. Do you see that?

16 A. I'm sorry. Can you give me the page
17 again?

18 Q. Certainly. Page 8, lines 4 and 5.

19 A. Okay. I see.

20 Q. What is the Smart Columbus initiative?

21 A. The Smart Columbus initiative is a
22 program where the City of Columbus has entered into
23 an arrangement with the DOE to investigate ways to do
24 things such as electrify transportation, ways to
25 reduce emissions, things of that nature.

1 Q. Okay. What is the geographic area to
2 which the Smart Columbus initiative applies?

3 A. The Smart Columbus initiative, which is
4 different than the geographic area described in the
5 Smart City Rider, but the smart Columbus initiative
6 would be the central Ohio area.

7 Q. Can you be more specific about what is
8 the central Ohio area? You mean the Columbus
9 metropolitan area?

10 A. That would be my expectation, yes.

11 Q. And I think you acknowledged, Mr. Allen,
12 the geographic area for the Smart Columbus initiative
13 is different than the geographic area to which the
14 Smart City Rider may apply; is that correct?

15 A. That's correct. Technology under the
16 Smart City Rider could be applied in any areas of the
17 AEP service territory.

18 Q. Okay. And the technologies would include
19 micro grids, correct?

20 A. That's correct.

21 Q. And EV charging stations?

22 A. That's correct.

23 Q. If I could draw your attention, staying
24 on page 8, Mr. Allen, to lines 16 and 17.

25 A. I'm there.

1 Q. You don't have any projections of costs
2 for software and control systems needed to
3 efficiently operate the micro grids that are not
4 recoverable through DIR, correct?

5 A. We don't have a specific estimate for
6 those costs. We will know those when we actually
7 incur them. But based on some analysis the company
8 has done, those expenses would be approximately
9 500,000 for the totality of the O&M software and
10 control systems for a single micro grid.

11 Q. Okay. Did you produce that analysis in
12 conjunction with this case?

13 A. I don't know if we provided it in
14 discovery, but it was provided to me in response to a
15 request I made in the last couple of days.

16 Q. Right before the hearing?

17 A. Yes. It seemed like a question that may
18 be asked, so I got the information.

19 Q. Good. If I could draw your attention,
20 Mr. Allen, to page 10, lines 7 through 10.

21 A. I'm there.

22 Q. And I apologize, Mr. Allen, also down to
23 line 10 as well.

24 A. Line 7 through 10?

25 Q. Yes, sir.

1 A. I'm there.

2 Q. Okay. Thank you.

3 The \$10 million will be coming from all
4 customers whether or not they use electric car
5 infrastructure or not, correct?

6 A. That's correct.

7 Q. So signatory parties aren't agreeing to
8 promote EV charging market development, they are
9 agreeing to allow AEP to allow customers to pay for
10 it, correct?

11 A. No. My understanding is that the
12 signatory parties are agreeing to promote EV charging
13 market development.

14 Q. But they are charging customers to pay
15 for that whether or not they use those charging
16 stations, correct?

17 A. The concept behind the pilot that we're
18 doing here is that we need to evaluate how EV
19 charging stations impact the grid. And as part of
20 that pilot, we can identify in the future how to make
21 sure that when EV charging stations are more
22 generally used on our grid, how to make sure that we
23 can minimize the cost impact on the grid, which
24 results in savings to all of our customers by having
25 an efficient grid.

1 MR. MICHAEL: Okay. I would move to
2 strike, your Honor, and ask the question be reread
3 and he answer my question, not the one he wants to.

4 MR. NOURSE: Your Honor, I think
5 Mr. Michael's putting forth a, you know,
6 argumentative sort of cynical question, trying to say
7 that the \$10 million would be spent regardless of
8 whether customers use the facilities or not.

9 I think Mr. -- Mr. Allen's entitled to
10 explain his understanding of how the program is
11 actually going to work and the purpose, the overall
12 purpose as stated in his testimony, promoting EV
13 charging market development.

14 EXAMINER SEE: The motion to strike is
15 granted.

16 If you could reread the question or
17 restate the question, Mr. Michael.

18 MR. MICHAEL: I would like it reread if I
19 could, your Honor, please.

20 EXAMINER SEE: You may.

21 (Record read.)

22 A. Customers are paying -- would be paying a
23 charge under the Smart City Rider, so that we can get
24 information to provide long-term benefits.

25 Q. Draw your attention -- I'm sorry,

1 Mr. Allen, back to page 8, lines 1 through 7.

2 A. I'm there.

3 Q. The source of funds to make the
4 referenced investments is AEP's electric distribution
5 customers, correct?

6 A. The funds will be provided by AEP Ohio
7 and then the company will recover the costs that it
8 incurs from its customers.

9 Q. Okay. Is there any private investment in
10 connection with the referenced investments?

11 A. For each of the programs that are
12 included in here, the micro grids and the charging
13 stations, there will be private investments by site
14 hosts in the case of charging stations, and the --
15 and the sites where the micro grid is provided as
16 well.

17 Q. Okay. Let's start with the micro grid.
18 What kind of private dollars will be invested in the
19 micro grids and for what?

20 A. So as part of a micro grid, there may be
21 renewable generation provided at that facility, solar
22 panels, wind turbine, batteries, and the program
23 provides for a rebate, but it's not necessarily true
24 that the rebate will cover all of those costs that
25 the participant incurs for that micro grid.

1 Q. But it's also the rebate could cover
2 100 percent of the costs, correct?

3 A. It may be possible.

4 Q. Okay. And how about the EV charging
5 stations, what kind of private investment will there
6 be and for what?

7 A. There's make-ready work that the site
8 host has to do, so that would be things like running
9 the line from their existing electrical
10 infrastructure to where the charging stations are
11 located.

12 Q. Okay. And there's also a rebate in
13 connection with the EV charging stations, correct?

14 A. There is, and that's described in the
15 stipulation.

16 Q. And the rebate could cover 100 percent of
17 those costs that you just referenced, correct?

18 A. So let me point you to the language in
19 the stipulation. If you go to page 15 --

20 Q. Could you answer my question first and
21 then you can point me -- I asked it for a reason.

22 A. The answer is it depends.

23 Q. Okay.

24 A. In most cases it will not cover all of
25 the costs. So if we go to page 15, paragraph d. --

1 I'm sorry. Paragraph f. on page 16, for
2 government-owned property, the credits can be
3 100 percent. For other locations, it's 80 percent,
4 75 percent, or 50 percent. So only in the case of
5 government-owned property would it be 100 percent or
6 could it be 100 percent.

7 Q. So, in that scenario, customers would be
8 funding 100 percent of the EV charging station?

9 A. For government-owned property, and then
10 also in paragraph g. where the EV charging stations
11 are placed in low-income geographic areas.

12 Q. So in those circumstances where I believe
13 you referenced 60 percent and 80 percent, is private
14 dollars making up the difference?

15 A. Yes.

16 MR. MICHAEL: Could we go off the record
17 for a moment, your Honor, please?

18 EXAMINER SEE: Yes.

19 (Discussion off the record.)

20 EXAMINER SEE: Let's go back on the
21 record.

22 Q. (By Mr. Michael) If I could direct your
23 attention, Mr. Allen, to page 7, line 2.

24 A. I'm there.

25 Q. For those renewable projects referenced,

1 Mr. Allen, would the company get a return on and of
2 investment for the company-owned projects?

3 A. Yes, that would be my expectation.

4 Q. If I could direct your attention to
5 page 10, Mr. Allen, line 20.

6 A. I'm there.

7 Q. Who can be a site host?

8 A. A site host can be any number of
9 entities. It can be an office. It can be somebody
10 like a Meijer or a Walmart, those types of entities.

11 Q. Okay. Do the entities that could
12 potentially be a site host have any characteristics
13 that AEP would evaluate as to who could be a site
14 host?

15 A. It would generally be customers of AEP
16 Ohio to be participants in the program.

17 Q. I mean, do you have any idea about what
18 characteristics you would look for in choosing who a
19 site host might be?

20 A. So if you go back to the stipulation, it
21 describes those types of locations. So site hosts
22 can be governmental entities like the City of
23 Columbus. They can also be locations that are
24 public, and in that case those public locations would
25 be things like a Starbucks or a Meijers where there's

1 public access to that.

2 There are cases of multiunit dwellings so
3 those would be -- apartment complexes would be those
4 types of locations. Workplaces, so places like
5 Nationwide would be a site host. And then low-income
6 locations.

7 Q. Okay.

8 A. So those could be apartment complexes in
9 low-income areas, those would be the types of site
10 hosts.

11 Q. Who can be a charging station provider?

12 A. A charging station provider, there is any
13 number of entities that provide that service today.
14 One that comes to mind would be ChargePoint.

15 Q. Are those -- those are the companies that
16 make the charging stations?

17 A. They are the entities that operate the
18 charging stations.

19 Q. And does AEP have any criterion by which
20 a charging station provider would be chosen?

21 A. I think that's part of the program here
22 is that we would be developing that.

23 Q. Okay. And obviously, as a regulatory
24 expert, you know that the PUCO has jurisdiction over
25 neither the site hosts nor the charging station

1 providers, correct?

2 A. As part of this program, to participate
3 in the program, those entities are agreeing, as part
4 of receiving the rebate, to provide certain sets of
5 data to the Commission as part of the program.

6 MR. MICHAEL: I would move to strike,
7 your Honor, nonresponsive.

8 MR. NOURSE: Your Honor, I mean first of
9 all, he is asking him a question that's probably
10 undetermined at this time and is -- borders on a
11 legal question, but I think his answer just
12 illustrates there are conditions in the stipulation
13 and there will be program details and conditions
14 developed per the stipulation that imposes
15 requirements on these participants. Whether that
16 equates to jurisdiction in Mr. Michael's mind or not,
17 I don't know. But I think Mr. Allen is just trying
18 to answer the question posed.

19 MR. MICHAEL: Well, and I prefaced my
20 question, your Honor, "as a regulatory expert," so I
21 am not looking for a legal opinion; and if the answer
22 is undetermined, the answer is undetermined. I want
23 an answer to my question; not one that wasn't asked.

24 EXAMINER SEE: The answer stands, but you
25 can ask it again.

1 MR. MICHAEL: Okay. Thank you, your
2 Honor.

3 Q. (By Mr. Michael) Who will have authority,
4 Mr. Allen, over the price charged at the charging
5 station?

6 MR. NOURSE: Your Honor, I would object.
7 I am not sure what "authority" means.

8 MR. OLIKER: Your Honor, I would also
9 object to the extent it calls for a legal conclusion.

10 MR. MICHAEL: I just want to know who is
11 going to set the price at the charging station.

12 EXAMINER SEE: So --

13 MR. MICHAEL: I'll ask that.

14 EXAMINER SEE: You can answer that
15 question, Mr. Allen.

16 MR. MICHAEL: Thank you, your Honor.

17 THE WITNESS: The price of the charging
18 station would be set by the -- by the charging
19 station entity, such as ChargePoint, in conjunction
20 with any agreement they have with the site host.

21 Q. Okay. And as a regulatory expert,
22 Mr. Allen, you know that the PUCO would have no
23 jurisdiction over the price charged by the charging
24 station provider, correct?

25 MR. NOURSE: Your Honor, objection.

1 The -- the -- obviously "jurisdiction" is a legal
2 concept and asking for a legal conclusion, and the
3 stipulation does try to address this and references
4 the Commission's authority which, again, will be
5 determined by the Commission, not Mr. Allen.

6 MR. WHITT: Additionally, your Honor, I
7 would object and ask for clarification on price of
8 what. Are we talking about the electricity or the
9 charging station infrastructure or both or neither?

10 MR. MICHAEL: I can clear that up real
11 quick, if you would like, your Honor.

12 EXAMINER SEE: Okay.

13 MR. MICHAEL: The price of the
14 electricity.

15 EXAMINER SEE: Okay. Reask your
16 question, Mr. Michael.

17 MR. MICHAEL: Certainly.

18 Actually, may I have the question reread,
19 please?

20 EXAMINER SEE: Yes.

21 (Record read.)

22 MR. NOURSE: Again, if we are just going
23 to reask the same question, I would ask my objection
24 be addressed. I thought he was going to rephrase.

25 MR. MICHAEL: But I did do the caveat,

1 your Honor, "as a regulatory expert." I am not
2 interested in asking him for a legal conclusion, but
3 Mr. Allen has been on the stand many, many, many,
4 many times and has been given the opportunity to
5 answer questions like this based on his regulatory
6 expertise. That's all I am asking for.

7 EXAMINER SEE: The objection is
8 sustained. Rephrase your question, Mr. Michael.

9 Q. (By Mr. Michael) As a regulatory expert,
10 Mr. Allen, do you know if the PUCO has jurisdiction
11 over the prices for electricity charged by the
12 charging station providers?

13 A. The best reference I can give when you
14 talk about selling electricity would be the
15 submetering issue that's going on today, and I think
16 the Commission is addressing whether or not they have
17 jurisdiction over the resale of electricity and the
18 way you described it would be a resale of
19 electricity.

20 Q. Okay. So what's your answer then? It's
21 undetermined whether they would have jurisdiction?

22 A. I think there is an open debate
23 currently.

24 Q. Okay. If you would turn to page 12 of
25 your testimony, Mr. Allen, and I draw your attention

1 to line 17 and 18.

2 A. Line 17 and 18?

3 Q. Yes, sir.

4 A. I'm there.

5 Q. Okay. Thank you.

6 Mr. Allen, you have no cost projections
7 for the PEV Tariff, correct?

8 A. The PEV Tariff doesn't have a cost. It
9 would be a rate offering to customers utilizing power
10 for PEV purposes.

11 Q. So you don't have any cost projections
12 for the PowerForward which we established earlier,
13 correct?

14 A. That's right. The PowerForward
15 initiative hasn't been completed yet.

16 Q. And I am trying to understand the
17 relationship then, based on your answers, between the
18 PowerForward initiative and the PEV Tariff. Could
19 you explain that to me, please?

20 A. Sure. The PowerForward initiative is
21 looking at a whole host of issues around new
22 technologies that can be implemented on the
23 distribution grid; one of those would be PEVs. And
24 what this is addressing is a tariff offering, so the
25 price for electric service for PEV usage.

1 Q. Okay. And it would be a voluntary opt-in
2 to this tariff?

3 A. I don't think that's been determined. It
4 could be determined that PEV facilities have unique
5 characteristics such that it could be a mandatory
6 tariff or it could be an optional tariff that had
7 different pricing structures that someone could opt
8 into. It just hasn't been determined at this point.

9 Q. Okay. Further down on that same page,
10 Mr. Allen, lines 19 through 23.

11 A. I'm there.

12 Q. Do you have any cost projections for
13 recovery of payments to customers with cogeneration
14 facilities?

15 A. That would occur through a separate
16 proceeding.

17 Q. So no, you don't.

18 A. What this is documenting is that the
19 company is continuing the ACRR today without
20 inclusion of COGEN which was something that was
21 requested in the company's initial filing and we're
22 maintaining the right that we've always had to
23 recover COGEN costs through a separate proceeding.
24 So what it's documenting here is that we're not
25 asking for recovery in the ACRR today.

1 Q. Okay. So you have no cost projections
2 for recovery of payments to customers with
3 cogeneration facilities, correct?

4 A. That's correct. That will be a separate
5 proceeding.

6 Q. It would be really easy if you just
7 answer my question. I will give you an opportunity
8 to explain your answer, but please listen and answer
9 my question. We can move along quickly.

10 If I could turn your attention,
11 Mr. Allen, to page 13, lines 2 and 3.

12 A. I'm there.

13 Q. Okay. So will \$1.05 per megawatt-hour be
14 added to the SSO price under the CIR?

15 A. SSO customers will see the net of the
16 \$1.05 and the .48 cents credit, so for a net of 57
17 cents, that would be the addition for an SSO
18 customer.

19 Q. Okay. So just for clarity in the record,
20 Mr. Allen, I am going to get to the net, and I
21 realize there's the SSOCR where there will be a
22 payment back to certain customers. So I just want to
23 establish for the record initially, the CIR will add
24 \$1.05 per megawatt-hour to the SSO, correct?

25 A. That isolated component adds \$1.05 to the

1 bill, correct.

2 Q. Okay. And then the SSOCR will pay back
3 48 cents to all customers, correct?

4 A. That's the current estimate based on the
5 shopping load that exists.

6 Q. Okay. And the \$1.05 will be paid only by
7 SSO customers, correct?

8 MR. OLIKER: Objection, asked and
9 answered.

10 EXAMINER SEE: Overruled.

11 Answer the question, Mr. Allen.

12 A. The CIR will be paid by SSO customers.

13 Q. Okay. Mr. Allen, can you describe for me
14 what, if any, costs are included in the \$1.05 per
15 megawatt-hour?

16 A. The \$1.05 was a negotiated value as part
17 of the various parties having different views on what
18 that value should be. The types of costs that will
19 be included in that \$1.05 would be things like bad
20 debt expense, PUCO and OCC assessment fees, and other
21 types of costs like that.

22 Q. And did you account for an increase in
23 the OCC investment fees?

24 A. We did not.

25 Q. So was there any -- was there any

1 analysis done to support that \$1.05 or was that
2 simply a function of negotiation between the parties
3 that reached it? A data-driven analysis of it.

4 A. There was data provided in the case by
5 witness White.

6 Q. In this case?

7 A. Yes.

8 Q. Okay.

9 A. Defending a certain level of CIR charges,
10 and this was a negotiated value that was
11 significantly less than the value that he estimated
12 based upon his analysis.

13 Q. Okay. And when parties negotiated that
14 \$1.05 value, did they have what Mr. White said in his
15 testimony during those negotiations?

16 MR. WHITT: Objection. Calls for
17 speculation.

18 MR. NOURSE: I would also object based on
19 he's asking the substance of settlement negotiations
20 and the content of data exchanged in order to reach
21 stipulations.

22 MR. MICHAEL: Well, I don't think that's
23 true, and when I asked Mr. Allen if there was any
24 analysis or data backing up the \$1.05 number, he
25 referenced Mr. White's testimony. I'm simply asking

1 if -- don't have to get specifics, but during the
2 time of the negotiation, did they have Mr. White's
3 testimony at that time.

4 MR. NOURSE: Well, again --

5 MR. MICHAEL: If you want to base the
6 testimony on Mr. White's testimony, and Mr. White's
7 testimony was filed after negotiations took place, I
8 think the record ought to reflect that.

9 MR. NOURSE: Your Honor, I think
10 Mr. Allen, to be clear, was referencing testimony
11 that's been docketed in the case. And frankly it
12 was -- it was before and after the stipulation,
13 including testimony the company filed in support of
14 the amended application a year ago. So that's a
15 different point saying that there are litigation
16 positions in the record reflecting various numbers.

17 And the -- I think Mr. Allen's point was
18 based on what's been docketed in saying the number of
19 \$1.05 is a reasonable number and, in that vein, not
20 talking about the content of settlement negotiations.

21 MR. MICHAEL: I can only go based on
22 Mr. Allen's testimony; and Mr. Nourse's testimony is
23 irrelevant. Mr. Allen said that Mr. White submitted
24 a data-driven analysis about the \$1.05, and I want to
25 know if when the negotiations took place they had

1 that data available to them.

2 MR. WHITT: The Commission's docket is
3 also relevant and will reflect what was filed when
4 and the content of the information and it may be
5 presumed that publicly-filed information was
6 available to parties.

7 MR. NOURSE: Your Honor, could I just
8 add, you know, in light of Mr. Michael's explanation
9 of his question, again, it's really not relevant in
10 addition to being confidential settlement
11 negotiations. It's really not relevant what data
12 parties exchanged.

13 What's relevant is the three-part test
14 and the reasonableness of the stipulation terms in
15 light of the record and in light of litigated
16 positions that have been filed and Commission
17 precedent, things like that. It's not based on what
18 some individual party may or may not have had in
19 their back pocket during negotiation. It's not
20 relevant.

21 EXAMINER SEE: The objection is
22 sustained. Reask your -- move on to the next
23 question, Mr. Michael.

24 MR. MICHAEL: Thanks, your Honor.

25 Q. (By Mr. Michael) Mr. Allen, were any

1 costs related to Choice that are included in base
2 rates evaluated in connection with the \$1.05 per
3 megawatt charge under CIR?

4 A. When the company's current base rates,
5 which are what you are referring to, were approved by
6 the Commission based on costs for 2010, is my
7 recollection, and at that point in time there was
8 very limited shopping occurring in AEP's service
9 territory at that time. And so those costs would not
10 have reflected significant costs associated with the
11 Choice Program.

12 Q. If I could draw your attention,
13 Mr. Allen, to page 13, lines 11 and 12, please.

14 A. I'm there.

15 Q. You don't have any cost projections for
16 the costs of the pilot battery storage/demand side
17 management program with Kroger and Walmart, correct?

18 A. I apologize.

19 Q. Take your time.

20 A. I'm not finding it in the settlement
21 here. If you go to page 33.

22 Q. Of the stip?

23 A. Of the stipulation. It's follows from
24 paragraph 14 on the EE/PDR. And there's -- the
25 funding would be coming from the EE/PDR plan. The

1 investment would be \$200,000 per year for Kroger and
2 \$200,000 per year for Walmart.

3 Q. Okay. On page 13, lines 18 and 19,
4 Mr. Allen. Let me know when you're there, please.

5 A. Page 13, lines 18 and 19?

6 Q. Yes, sir.

7 A. I'm there.

8 Q. And it says there "if no rate case is
9 filed by June 1, 2020," correct?

10 A. That's correct.

11 Q. Okay. Earlier in the stipulation, I
12 believe, AEP committed to filing a rate case by
13 June 1, 2020, correct?

14 A. That's correct.

15 Q. Okay. So is the "if" there suggesting
16 that AEP, in fact, may not file a rate case by
17 June 1, 2020?

18 A. No. The company fully intends to file a
19 case by June 1, 2020. This just explains what would
20 happen and provides protection to other parties if
21 for some reason the company did not make that filing.

22 Q. Okay. If I could get you to turn to
23 page 17, lines 16 through 18, Mr. Allen.

24 A. The page reference again, I'm sorry?

25 Q. Certainly. Page 17, lines 16 through 18.

1 A. I'm there.

2 Q. Is it true that the debt refinancing that
3 we discussed earlier may, in fact, not occur?

4 A. That's true and in that case there would
5 be no adverse consequence to customers.

6 Q. Page 17, line 11, Mr. Allen.

7 A. Okay. I'm there.

8 Q. What do you mean by "streamlined
9 approach"?

10 A. It's an approach that doesn't require as
11 much -- as many resources from the various parties
12 that would review a base case proceeding. So we are
13 able to do it in a way that's more administratively
14 efficient.

15 Q. Okay. Now, given your previous answer,
16 this is a little bit less clear to me than it was
17 earlier, but AEP has agreed to file a rate case by
18 June 1, 2020 -- June 1, 2020, so customers and other
19 parties are going to experience the "adding
20 complexity of a distribution case" anyway, right?

21 A. The parties will incur that complexity as
22 part of the case filed in 2020. What this is
23 intended to describe is that instead of having to
24 have multiple rate cases to recover distribution
25 investments, that those investments can occur, the

1 company can receive recovery, and we can space out
2 the rate cases.

3 Q. Okay. If I could draw your attention to
4 line 23 on that page, Mr. Allen.

5 A. I'm there.

6 Q. What is the timing of the investments if
7 the Smart City Rider is approved?

8 A. Those investments could be made in the
9 very near term as those investments are needed.

10 Q. They would have to await an application
11 to populate the PowerForward Rider though; is that
12 correct? Pardon me, the Smart City Rider.

13 A. The investments in the Smart City Rider
14 could begin to occur as part of this proceeding. The
15 Commission would be approving it as part of this
16 proceeding.

17 Q. Okay. But they're -- is the Smart City
18 Rider going to be limited to only those two types of
19 investments then; the micro grid and the EV charging
20 stations?

21 A. Yes, that's correct.

22 Q. Okay. If you would, Mr. Allen, please
23 turn to page 18, lines 1 through 4 of your testimony.

24 A. I'm there.

25 Q. If there's no findings or directives

1 coming out of the PowerForward initiatives, then
2 there is no benefits under the PowerForward Rider,
3 correct?

4 A. There would be no programs to include in
5 that rider, that's correct.

6 Q. When will AEP know what, if any, findings
7 or directives come out of the PowerForward
8 initiative?

9 A. When the Commission issues those
10 findings.

11 Q. And you don't have any idea when that's
12 going to happen, correct?

13 A. I think there are some meetings happening
14 in the first part of next year, 2018, but I don't
15 know when the Commission is going to issue its final
16 findings.

17 Q. Okay. Lines 6 and 7, please, Mr. Allen,
18 on page 18.

19 A. I'm there.

20 Q. There you assert that the mechanism
21 should accelerate EV charger deployment in the
22 company's service territory. Do you see that?

23 A. I do.

24 Q. So it may, in fact, not accelerate EV
25 charger deployment in the company's service

1 territory, correct?

2 A. That's not my expectation.

3 Q. Then why didn't you say the mechanism
4 will accelerate EV charging station deployment in the
5 company's service territory?

6 A. Because the company doesn't have full
7 control over what other entities do; but the clear
8 expectation is that when you make EV charging
9 deployment more economic, it will be accelerated.

10 Q. If you would please turn to page 21 of
11 your testimony, Mr. Allen.

12 A. I'm there.

13 Q. That's Table 1 at the top of the page,
14 correct?

15 A. Yes, it is.

16 Q. And that table doesn't include the cost
17 of any placeholder riders, correct?

18 A. That's correct.

19 Q. I want to ask you a question about the
20 automaker credit, Mr. Allen. Why was 2009 set as the
21 baseline for the automaker credit?

22 A. It was an element of settlement in a
23 prior proceeding. A value in using the 2009 year as
24 a baseline is that we all recall 2009 was a year of
25 low economic output and automakers were significantly

1 challenged and output was reduced. And so setting a
2 baseline at that 2009 level, incents producers within
3 our service territory to maintain production above
4 those levels to provide economic development benefits
5 to our service territory.

6 Q. Are there any conditions an automaker
7 must make to receive the automaker credit, for
8 example, a certain employee account or capital
9 investment?

10 A. There are conditions they would need to
11 meet to receive the discount. The first obviously
12 being that they be a customer and also that they have
13 production above the 2009 baseline level. If they
14 don't maintain production above that level, there
15 would be no discount.

16 Q. Okay. Any other conditions other than
17 those two?

18 A. No.

19 Q. Why are only signatory parties eligible
20 for the IRP-D program?

21 A. It's not limited to only signatory
22 parties.

23 Q. Okay. So if a large industrial customer
24 that does not participate in PUCO proceedings were to
25 approach AEP -- and that wasn't a signatory party,

1 were to approach AEP, the IRP-D program would be
2 available to them, the one in the stipulation?

3 A. So if you go to page 26 of the
4 stipulation, it's paragraph 5 on the top of that
5 page.

6 Q. I'm sorry. What page, Mr. Allen?

7 A. Page 26, there's the --

8 Q. Give me a second, will you, please?

9 A. Sure.

10 Q. Okay.

11 A. It's the New Industry IRP and that's
12 available to new customers to attract new customers
13 to Ohio, to aid in economic development, and it
14 provides up to 120 megawatts of IRP participation.
15 And that's for nonsignatory parties or eligible to
16 any customer.

17 Q. Has any new customer, Mr. Allen, to date
18 requested that allocation reflected on page 26,
19 paragraph 5?

20 A. I'm not certain. But to also finish, in
21 the category of participation in the IRP program,
22 that's not limited to the signatory parties. Also
23 legacy IRP customers can participate in the program,
24 and they don't need to be members of the signatory
25 parties.

1 Q. Describe for me, if you would, Mr. Allen,
2 briefly, the "enroll from your wallet" program?
3 What's entailed with that?

4 A. As I describe on page 16 of my testimony,
5 the "enroll from my wallet" alternative provides
6 an --

7 Q. Can we all use your wallet to enroll in
8 it?

9 A. No. I am not an AEP Ohio customer so,
10 no.

11 Q. Okay. Go ahead. I'm sorry.

12 A. So as it describes on lines 7 through 9,
13 it's an alternative means for suppliers to obtain
14 customers' unique service delivery identifications.
15 So what it provides is the same type of information
16 that a customer would provide to the company to get
17 their service delivery identifier.

18 If they provide that same type of
19 information to a CRES provider, that CRES provider
20 would be able to enroll the customer in the customer
21 Choice Program, and the customer would still have the
22 same protections they have today to ensure that they
23 intended to switch. The same rescission letter will
24 go out to the customer that they will see to make
25 sure that they intended to initiate the switch.

1 Q. Okay. Would the possible enrollment via
2 the "enroll from my wallet" alternatives, would that
3 be over the phone with a CRES provider?

4 A. Or, for example, at a kiosk at a mall.

5 Q. I am just trying to figure out how that
6 interaction would take place in the "enroll in my
7 wallet" program.

8 A. I think both options are available. The
9 intent is customers don't always have access to their
10 bill, but they have access to other unique
11 information they can provide to the CRES provider.

12 Q. So on the customer's bill, is there
13 information about price to compare?

14 A. There is.

15 Q. Okay. And they could "enroll from my
16 wallet" without the benefit of the bill with the
17 price to compare, correct?

18 A. That's correct.

19 Q. I'm sorry to go back, Mr. Allen, but I
20 had a couple of lay questions, so page 12, lines 7
21 through 11.

22 A. Okay. I'm there.

23 Q. Okay. And that talks about the Optional
24 Demand Meter Residential Tariff, correct?

25 A. Yes.

1 Q. Okay. Is such a tariff presented
2 anywhere in this case?

3 A. It was my understanding it was proposed
4 in our initial testimony in the case.

5 Q. Okay. Was it proposed in any of the
6 testimony supporting the stipulation?

7 A. Yes, on line 10 on page 12.

8 Q. I mean, like the tariff though itself
9 like you did for the PEV.

10 A. It's not described any -- in any other
11 location of my testimony.

12 Q. Okay. How will the rates and terms of
13 that tariff be determined?

14 A. It would be determined based on the cost
15 of providing that service.

16 Q. And would that be determined in an ATA
17 filing?

18 A. You would have to look at our initial
19 application to see if that tariff was populated in
20 our filing.

21 Q. Page 12, lines 19 through 23, Mr. Allen,
22 please. We are going to talk about COGEN a little
23 bit more, if we could.

24 A. Okay.

25 Q. How are payments to customers with

1 cogeneration facilities currently recovered?

2 A. My understanding is that the company does
3 not recover those costs today, so we incur costs to
4 make payments to COGEN customers and don't have a
5 recovery vehicle.

6 MR. MICHAEL: Your Honor, if I could have
7 like a couple of minutes, I think I may be done, but
8 I would like an opportunity to think about it for a
9 second.

10 EXAMINER SEE: Okay. Let's go off the
11 record.

12 (Discussion off the record.)

13 EXAMINER SEE: Let's go back on the
14 record.

15 Mr. Michael.

16 MR. MICHAEL: Thank you, your Honor.

17 Q. (By Mr. Michael) Mr. Allen, are there any
18 costs borne by AEP for having a Choice Program? For
19 example, do customers call into your call center with
20 Choice questions?

21 A. Yes, they do.

22 MR. MICHAEL: Okay. Your Honor, with one
23 small caveat, I have no further questions. The
24 caveat is, as your Honor recalls, I introduced OCC
25 Exhibit 1 earlier, and it was a compilation of AEP's

1 discovery responses to which AEP was willing to
2 stipulate to the admissibility. We've passed that
3 out to the other parties. So long as there are no
4 objections to the admissibility of OCC Exhibit 1, I
5 have no further questions.

6 MR. NOURSE: No objection.

7 MR. OLICKER: Your Honor, just before we
8 stipulate to the admission of those exhibits, I think
9 the parties should have some additional time to
10 review them, seeing as we just saw them a half an
11 hour ago.

12 EXAMINER SEE: Okay. Well, we will --
13 Mr. Michael had requested some time to leave at about
14 noon. We'll allow the parties to look at it during
15 their lunch break, and we will take the issue up
16 again when we return after the lunch break.

17 MR. OLICKER: Thank you, your Honor.

18 MR. MICHAEL: Thank you, your Honor.

19 EXAMINER SEE: With that let's --

20 MR. MICHAEL: Unfortunately, your Honor,
21 until -- I hate to do this, but I can't conclude my
22 cross-examination of Mr. Allen until I have feedback
23 as to whether or not OCC Exhibit 1 gets into the
24 record, because in the highly unlikely event, your
25 Honor, A, any party were to object to it and, B, that

1 your Honor would grant the objection, I would have to
2 cross-examine Mr. Allen on the subject matter of the
3 discovery responses.

4 EXAMINER SEE: And we will take that
5 matter up after the lunch break.

6 MR. MICHAEL: Great.

7 EXAMINER SEE: We'll go back on the
8 record at 2 o'clock. We will accommodate the
9 Commission meeting.

10 We're off the record.

11 (Thereupon, at 11:52 a.m., a lunch recess
12 was taken.)

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1 Wednesday Afternoon Session,
2 November 1, 2017.

3 - - -

4 EXAMINER SEE: Let's go back on the
5 record.

6 Mr. Nourse.

7 MR. NOURSE: Yes, thank you, your Honor.

8 I conferred with OCC counsel, and the
9 company had a desire to put some additional exhibits
10 in the record while Mr. Allen is still on the stand
11 in case there are any additional questions about it.
12 These are -- No. 1, it would be the amended
13 application which we would mark as Company Exhibit 3
14 from November 23, 2016 in the docket in these cases.

15 (EXHIBIT MARKED FOR IDENTIFICATION.)

16 MR. NOURSE: And then there are three
17 additional exhibits that are referenced directly or
18 indirectly in the stipulation that are from company
19 testimony, company's original testimony that was
20 filed with the amended application. So I would like
21 to mark Exhibit -- Company Exhibit 4 as -- the
22 Exhibit SDG-2 --

23 EXAMINER SEE: You said a Company Exhibit
24 -- I'm sorry, you said Company Exhibit 4?

25 MR. NOURSE: That would be 4. I marked

1 the amended application as Company 3.

2 EXAMINER SEE: Okay.

3 MR. NOURSE: And then Company 4 would be
4 Exhibit SDG-2, which is the EDI agreement that was
5 attached to the prior prefiled testimony of
6 Mr. Gabbard.

7 (EXHIBIT MARKED FOR IDENTIFICATION.)

8 MR. NOURSE: And then also from
9 Mr. Gabbard's testimony is SDG-3, which is the
10 supplier tariff that's actually amended in
11 Attachment F to the stipulation. I would like to
12 mark that as Company Exhibit 5.

13 (EXHIBIT MARKED FOR IDENTIFICATION.)

14 MR. NOURSE: And then similarly, Exhibit
15 DBW-5 is the revised auction bidding rules from
16 Mr. Weiss's testimony that was previously filed with
17 the amended application and that would be marked as
18 Company Exhibit 6.

19 (EXHIBIT MARKED FOR IDENTIFICATION.)

20 MR. NOURSE: So I would like to present
21 those and move them into evidence prior to Mr. Allen
22 leaving the stand in case anyone has questions about
23 those. Thank you.

24 EXAMINER SEE: Okay. Mr. Olier, you
25 wanted an opportunity to review OCC Exhibit 1.

1 MR. OLIKER: No objections from IGS, your
2 Honor, but I am not sure about the other parties.

3 EXAMINER SEE: Any of the other parties
4 have any objections to OCC Exhibit 1?

5 Okay. Given that Mr. Nourse has asked to
6 include AEP Exhibits 3 through 6 in the record, I
7 would like to determine if anyone has any questions
8 on those items for Mr. Allen.

9 Let's start with Kroger.

10 MS. WHITFIELD: No questions from Kroger,
11 your Honor.

12 EXAMINER SEE: Ms. Harris?

13 MS. HARRIS: No, your Honor.

14 EXAMINER SEE: Mr. Pritchard.

15 MR. PRITCHARD: No questions, your Honor.

16 EXAMINER SEE: Mr. Whitt?

17 MR. WHITT: Your Honor, is this limited
18 to the materials AEP has just identified?

19 EXAMINER SEE: Yes.

20 MR. WHITT: No questions.

21 EXAMINER SEE: Ms. Leppla? Counsel for
22 Ohio Environmental Council.

23 MS. FLEISHER: She's not here, your
24 Honor.

25 EXAMINER SEE: Ms. Petrucci?

1 Mr. Olikar?

2 MR. OLIKER: No. Thank you, your Honor.

3 EXAMINER SEE: Mr. Boehm?

4 MR. BOEHM: No questions, your Honor.

5 EXAMINER SEE: Mr. Parram?

6 Ms. Bojko?

7 MS. BOJKO: No questions, your Honor.

8 EXAMINER SEE: Ms. Mooney?

9 Okay. Mr. Borchers?

10 MR. BORCHERS: No questions, your Honor.

11 EXAMINER SEE: Ms. Fleisher?

12 MS. FLEISHER: No questions.

13 EXAMINER SEE: Did I see Mr. Dove here?

14 Ms. Hewell?

15 MS. HEWELL: No questions, your Honor.

16 EXAMINER SEE: Mr. Vorys?

17 Mr. Michael?

18 MR. MICHAEL: No questions, your Honor.

19 EXAMINER SEE: Are there any objections
20 to the admission of AEP Exhibits 1, 2, 3 -- 1 through
21 6?

22 Mr. Margard, any questions?

23 MR. MARGARD: Thank you, your Honor.

24 Neither questions nor objections.

25 EXAMINER SEE: Thank you.

1 If there are no objections, AEP Exhibits
2 1 through 6 are admitted into the record, as is
3 OCC Exhibit 1. And Joint Exhibit 1.

4 (EXHIBITS ADMITTED INTO EVIDENCE.)

5 MS. HARRIS: Your Honors, can I ask a
6 clarifying question? What was Company Exhibit 2?

7 MS. BLEND: Corrected Exhibit DBW-4.

8 MS. HARRIS: Thank you.

9 EXAMINER SEE: I am sorry. Mr. Nourse,
10 did you indicate you had redirect for the witness?

11 MR. NOURSE: I do have a couple of
12 questions if now is the appropriate time. Is
13 Mr. Michael done with cross?

14 EXAMINER SEE: Mr. Michael said he
15 wouldn't have any cross subject to OCC Exhibit 1 --

16 MR. MICHAEL: Mr. Michael is a man of his
17 word, your Honor, so I have no further cross. I have
18 no objection given the admission of OCC Exhibit 1.

19 MR. NOURSE: Thank you.

20 - - -

21 REDIRECT EXAMINATION

22 By Mr. Nourse:

23 Q. So, Mr. Allen, just a couple of quick
24 areas. You had some questions from OCC counsel about
25 the optional demand tariff that was incorporated into

1 the stipulation about the rate that was proposed and
2 how -- do you recall those questions?

3 A. I do.

4 Q. Okay. And can you -- can you state your
5 understanding of, first of all, of the -- what's
6 being proposed with the optional demand tariff
7 residential?

8 A. Sure. That was described in the prefiled
9 testimony of Andrea Moore and at page 14 it describes
10 that the company is proposing a residential demand
11 meter schedule that will be available as an
12 additional option for customers who wish to
13 participate. The schedule provides a demand charge
14 in lieu of the energy charge that currently exists.
15 And that rate is provided in Schedule AEM -- in
16 Exhibit AEM-1.

17 Q. Okay. I am going to get to that in just
18 a second, but just to be redundantly clear, if the
19 schedule is approved, no residential customer -- let
20 me rephrase so I don't have a double-negative here.

21 If the proposal is approved, all
22 residential customers will have a choice whether or
23 not they would subscribe to the optional demand
24 tariff?

25 A. That's correct. It's an optional tariff.

1 Q. Okay. And you mentioned the AEM --
2 Exhibit AEM-1.

3 MR. NOURSE: And I would like to actually
4 mark that as an exhibit. I guess it's Company
5 Exhibit 7. Let me also -- let's hand out at the same
6 time, Company Exhibit 8 which is a discovery
7 response.

8 (EXHIBITS MARKED FOR IDENTIFICATION.)

9 Q. By the way, while they are waiting for
10 that, Mr. Allen, is it your understanding that the
11 company would actually -- file the actual proposed
12 tariff sheet as a compliance tariff upon the
13 Commission's acceptance of the proposal?

14 A. Yes, that's correct.

15 Q. Thank you.

16 Now, you have in front of you AEM-1 and
17 the Data Request Response to 12 Set -- this is marked
18 Staff-DR-12-RDR05?

19 A. Yes. I see that.

20 Q. Okay. And I believe Mr. Michael asked
21 you about the proposed rate that goes along with
22 that. So can you tell from between AEM-1, and I
23 believe some corrections were made in the data
24 response to that rate, can you walk us through the
25 rate for the proposed schedule?

1 MR. MICHAEL: Your Honor, if I might.
2 Steve, did you have copies of those exhibits?

3 MR. NOURSE: I'm sorry. I didn't give
4 him those earlier.

5 MR. MICHAEL: Is that a tactical move?

6 MR. NOURSE: I gave you everything else
7 so we forgot.

8 Okay. And Mr. Michael, Exhibit AEM-1 was
9 Company Exhibit 7, and the data response was Company
10 Exhibit 8.

11 Thank you.

12 Q. (By Mr. Nourse) So, Mr. Allen, do you
13 recall my question?

14 A. I do.

15 Q. Okay.

16 A. The calculation of the demand rate in
17 Exhibit AEM-1 took the total revenue requirement,
18 less customer revenues, and then divided that value
19 by the AEP Ohio SNCP to come up with a rate of \$3.71
20 per kW.

21 And then in the Data Request,
22 Staff-DR-12-RDR-05, the company corrects that
23 calculation to reflect the actual revenue requirement
24 from the case. And in making that correction, the
25 demand rate changes from \$3.71 per kW to \$3.17 per

1 kW.

2 Q. Okay. Thank you.

3 All right. And then the second topic,
4 Mr. Michael asked you about the automaker credit and
5 he asked you some questions about eligibility and how
6 the credit would work and also about the baseline.
7 Do you recall that?

8 A. Yes, I do.

9 Q. Okay. And I want to ask you similarly to
10 explain based on the -- probably based on the
11 original testimony of Mr. Gill that was filed with
12 the amended application. At page 8 it explains the
13 automaker credit mechanics. Do you recall that or do
14 you see it?

15 A. I do.

16 Q. Okay. And can you explain those
17 additional details about how the automaker credit
18 would work beyond the \$10 in the 2009 baseline?

19 A. So the -- as described in the testimony,
20 the automaker credit will be a \$10 per megawatt-hour
21 credit on all kilowatt-hours consumption above the
22 customers baseline consumption. That baseline
23 consumption would be established based on the
24 company's 2009 annual usage.

25 And then there's a limitation on the

1 total of credits that can be provided under that
2 rider and it's limited to \$500,000 annually. The
3 recovery of those credits that are issued under the
4 Automaker Credit Rider will be recovered through the
5 economic development cost rider.

6 Q. Okay. Thank you, Mr. Allen.

7 And similar to the question I had about
8 the optional demand tariff, is it your understanding
9 that the -- that the tariff associated with the
10 Automaker Credit Rider would be submitted as a
11 compliance tariff if the Commission adopts this
12 proposal?

13 A. Yes, that's my understanding.

14 MR. NOURSE: Okay. Thank you.

15 That's all the redirect I had, your
16 Honor. Thank you.

17 EXAMINER SEE: Any recross for this?

18 Ms. Bojko?

19 MS. BOJKO: No, thank you.

20 EXAMINER SEE: Ms. Whitfield?

21 MS. WHITFIELD: No, thank you, your
22 Honor.

23 EXAMINER SEE: Mr. Pritchard?

24 MR. PRITCHARD: No questions, your Honor.

25 MS. HARRIS: No questions, your Honor.

1 EXAMINER SEE: Mr. Boehm?

2 MR. BOEHM: No questions, your Honor.

3 EXAMINER SEE: Mr. Oliker?

4 MR. OLIKER: No questions, your Honor.

5 EXAMINER SEE: Mr. Whitt?

6 MR. WHITT: No questions.

7 EXAMINER SEE: Ms. Fleisher?

8 MS. FLEISHER: No questions.

9 EXAMINER SEE: Mr. Borchers?

10 MR. BORCHERS: No questions, your Honor.

11 EXAMINER SEE: Mr. Margard?

12 MR. MARGARD: No questions. Thank you.

13 EXAMINER SEE: Mr. Michael?

14 MR. MICHAEL: None.

15 EXAMINER SEE: Thank you, Mr. Allen.

16 Exhibits AEP -- are there any objections

17 to the admission of AEP Exhibits 7 and 8?

18 Hearing none, AEP Exhibits 7 and 8 are

19 admitted into the record

20 (EXHIBITS ADMITTED INTO EVIDENCE.)

21 MR. NOURSE: Thank you, your Honor.

22 EXAMINER PARROT: I believe staff has our

23 next witness.

24 MR. MARGARD: We do, your Honor. Thank

25 you. Staff calls Krystina Schaefer.

1 Your Honor, I have marked and provided to
2 the Bench and court reporter copies of the prefiled
3 testimony of Krystina Schaefer filed in the docketing
4 division on September 13, 2017, and marked for
5 purposes of identification as Staff Exhibit No. 1.

6 EXAMINER PARROT: It shall be so marked.

7 (EXHIBIT MARKED FOR IDENTIFICATION.)

8 (Witness sworn.)

9 EXAMINER PARROT: Please have a seat.

10 THE WITNESS: Thank you.

11 - - -

12 KRYSTINA SCHAEFER

13 being first duly sworn, as prescribed by law, was
14 examined and testified as follows:

15 DIRECT EXAMINATION

16 By Mr. Margard:

17 Q. Begin, if you would please, by stating
18 name and your business address.

19 A. My name is Krystina Schaefer. I'm
20 employed by the PUCO at 180 East Broad Street,
21 Columbus, Ohio 43215.

22 Q. Ms. Schaefer, do you have before you
23 what's been marked Staff Exhibit No. 1?

24 A. Yes, I do.

25 Q. And this is your prefiled testimony,

1 correct?

2 A. Yes.

3 Q. And this was prepared by you or at your
4 direction?

5 A. Yes.

6 Q. Have you reviewed that prior to taking
7 the stand today?

8 A. I have.

9 Q. And do you have any corrections,
10 amendments, changes of any kind to this document?

11 A. No, I do not.

12 Q. And if I were to ask you the questions
13 contained in this document, would your answers be the
14 same?

15 A. Yes, they would.

16 Q. And, in your opinion, are those responses
17 accurate and reasonable?

18 A. Yes.

19 MR. MARGARD: Your Honor, I move for the
20 admission of Staff Exhibit No. 1, subject to
21 cross-examination, and I tender the witness.

22 EXAMINER PARROT: Thank you, Mr. Margard.

23 I am going to start to the left and work
24 my way around.

25 Mr. Borchers, any questions?

1 MR. BORCHERS: No questions.

2 EXAMINER PARROT: Ms. Fleisher?

3 MS. FLEISHER: No, your Honor.

4 EXAMINER PARROT: Mr. Whitt?

5 MR. WHITT: No, your Honor.

6 EXAMINER PARROT: Mr. Oliker?

7 MR. OLIKER: No questions, your Honor.

8 EXAMINER PARROT: Mr. Boehm?

9 MR. BOEHM: No questions, your Honor.

10 EXAMINER PARROT: Ms. Harris?

11 MS. HARRIS: No, your Honor.

12 EXAMINER PARROT: Mr. Pritchard?

13 MR. PRITCHARD: No questions, your Honor.

14 EXAMINER PARROT: I see Mr. Stinson. Are
15 you stepping in for OCC?

16 MR. STINSON: I'm stepping in for OCC,
17 and I believe we go last.

18 EXAMINER PARROT: Yes. I will skip you
19 for now.

20 Ms. Whitfield?

21 MS. WHITFIELD: No questions, your Honor.

22 EXAMINER PARROT: Ms. Bojko?

23 MS. BOJKO: No questions.

24 EXAMINER PARROT: Did I miss anyone to
25 the back? Ms. Hewell.

1 MS. HEWELL: No questions, your Honor.

2 EXAMINER PARROT: No questions?

3 MS. HEWELL: No questions.

4 EXAMINER PARROT: Okay. Mr. Nourse.

5 MR. NOURSE: I don't have any questions.

6 EXAMINER PARROT: I will turn things over
7 to you, Mr. Stinson.

8 MR. STINSON: Thank you, your Honor.

9 - - -

10 CROSS-EXAMINATION

11 By Mr. Stinson:

12 Q. Ms. Schaefer, my name is Dane Stinson. I
13 am representing the Office of the Ohio Consumers'
14 Counsel. I just have a few questions for you today.

15 First of all, what information did you
16 review in preparing your testimony?

17 A. In preparing my testimony, I reviewed the
18 original application and supporting company testimony
19 as well as testimony from intervenors in the case and
20 all of the docketed materials.

21 Q. Anything else?

22 A. No.

23 Q. Looking just generally at the first page
24 of your testimony and your education, it states you
25 have a BA from the Ohio State University. When did

1 you obtain that?

2 A. 2008.

3 Q. And when did you obtain your Master of
4 City and Regional Planning?

5 A. 2010.

6 Q. And your MBA at Capital?

7 A. Two years ago, I believe.

8 Q. And you began your employment with the
9 PUCO in 2010?

10 A. I started 2010 full time. I was an
11 intern prior to that.

12 Q. Did you have any positions prior to
13 joining the PUCO?

14 A. Various positions at the Ohio State
15 University while I was attending school, but no full
16 time.

17 Q. Okay. Did any aspect of your formal
18 education deal specifically with electric grid
19 modernization?

20 A. I think generally public-policy-related
21 courses that I took were related to the public policy
22 aspects, but not specific technology, no.

23 Q. And that would be true also with respect
24 to electric vehicles, electric charging stations, and
25 micro grid?

1 A. Yes.

2 Q. And you were promoted to Chief of the
3 Grid Modernization and Security Division in 2017,
4 correct?

5 A. Yes, just recently.

6 Q. What are your duties there?

7 A. We oversee -- our team oversees grid
8 modernization filings and we work as project managers
9 for the SmartGrid filings before the Commission.

10 We also work to populate the content for
11 the various phases of the PowerForward initiative.
12 So there are three phases that are essentially
13 information-gathering technical workshops. So we
14 work to solicit speakers, recommend content and
15 questions to be answered, and also general
16 administrative tasks associated with running the
17 events.

18 Q. And what stage is the PowerForward
19 initiative at at this point?

20 A. It was launched in April of 2017 with
21 Phase I. There have been two of the
22 information-gathering technical workshops that I
23 mentioned that have occurred. One is scheduled for
24 the first quarter of next year, likely in March
25 sometime, which will be the third phase. Following

1 that, the Commission plans to issue a vision
2 document.

3 Q. Any projected date for that vision
4 document?

5 A. Not at this time, no.

6 Q. What do you mean by a vision document?

7 A. I think that's somewhat to be determined
8 by the Commissioners. I believe it will be drafted
9 by the Commissioners themselves.

10 Q. But as far as implementing any rules or
11 regulations to implement the PowerForward initiative,
12 that's not in the cards at this point?

13 A. Could you repeat that question?

14 Q. I am just asking at this point, as far as
15 issuing the regulations or rules for the PowerForward
16 initiative, there's nothing on deck to do that at
17 this point; is that correct?

18 A. There's been no formal directives
19 associated with PowerForward initiative.

20 Q. Have you ever testified before the --
21 this Commission before?

22 A. I have filed written testimony in several
23 cases. I've been cross-examined once in Case 14-1297
24 which was the FirstEnergy's ESP case.

25 Q. Now, on page 2, line item 10 of your

1 testimony, you state you will address how the Smart
2 City Rider will benefit ratepayers and the public
3 interest, correct?

4 A. Yes.

5 Q. And that's one of the three prongs of the
6 Commission's standard for approving partial
7 stipulations; is that also correct?

8 A. That the stipulation, as a whole, benefit
9 ratepayers and the public interest, yes.

10 Q. And isn't it correct that the provisions
11 in the stipulation must comply with two components,
12 one, it must benefit ratepayers, and a separate
13 component is that the provision must also be in the
14 public interest?

15 A. Could you repeat the question?

16 Q. That prong of the test regarding
17 stipulations benefiting ratepayers and being in the
18 public interest, those are two distinct concepts,
19 correct?

20 A. Yes, I believe so.

21 Q. And your testimony does not distinguish
22 provisions of the I'll call it the SCR, Smart City
23 Rider, if that's okay with you?

24 A. Uh-huh.

25 Q. And your testimony is not distinct

1 between the benefits to ratepayers and those that are
2 in the public interest, correct?

3 A. I believe there is overlap between
4 benefits to ratepayers and the public interest.

5 Q. So you're saying that if a provision is
6 in the public interest, it also benefits ratepayers?

7 A. I think there's generally some societal
8 benefits that could be an outcome through the Smart
9 City Rider that -- and there's also benefits directly
10 to ratepayers, so there could be benefits to none-AEP
11 Ohio customers as well.

12 Q. Well, I am asking about the provision in
13 the stipulation. Do you consider that the
14 stipulation, that if it's in the public interest, it
15 also benefits ratepayers; is that what you're saying?

16 A. For purposes of this stipulation, staff
17 looked at direct benefits to AEP Ohio distribution
18 customers in terms of the cost effectiveness of the
19 stipulation as a whole, but I think there are also
20 general public interest elements as well.

21 Q. And you didn't distinguish between those
22 in your testimony, correct?

23 A. I did not, no.

24 Q. And isn't it true that the term
25 "ratepayers" in the test is plural?

1 A. There's multiple many ratepayers, yes.

2 Q. And the test -- the test states that
3 ratepayers -- "ratepayers," the term in the test, is
4 in the plural, correct?

5 A. Yes, I believe so, though the test itself
6 is being addressed by Staff Witness Turkenton.

7 Q. Well, you're testifying as to how the
8 Smart City Rider benefits ratepayers and is in the
9 public interest; is that correct?

10 A. Yes, that component of the stipulation is
11 what my testimony is addressing.

12 Q. That's what we're sticking with as far as
13 the Smart City Rider. So because the test is stated
14 in the plural as far as ratepayers goes, that means
15 that the SCR must benefit the general body of
16 ratepayers; is that correct?

17 A. Can you repeat the question?

18 Q. Well, for background we just went through
19 the line of questioning that you agreed that
20 "ratepayers" is plural in the test. And my question
21 is that because the term "ratepayers" is in the
22 plural, the SCR must benefit the general body of
23 ratepayers; is that correct?

24 A. I think that's correct, yes.

25 Q. And isn't it true that something could be

1 in the public interest but not benefit ratepayers?

2 A. I believe so, yeah.

3 Q. Could I give you an example? Let's
4 assume that a subdivision is without electric power.
5 Would you agree with me it would be in the public
6 interest that all residents have electric in that
7 subdivision?

8 A. I think if it's within an electric
9 distribution utility company's service territory,
10 there is an obligation to serve by the utility
11 itself.

12 Q. I'm talking as a general policy matter.
13 Isn't the public interest in general for all
14 citizens, all residents to have electric service in
15 2017?

16 A. It's an essential service, general public
17 service, yes.

18 Q. Let's assume that AEP provided
19 distribution service to that subdivision, okay?

20 A. Uh-huh.

21 Q. And it would not be in AEP's general body
22 of ratepayers' interest if they pay for the service
23 and the residents of the subdivision did not pay for
24 the service, correct?

25 A. The service provided to those customers

1 or?

2 Q. The distribution service.

3 A. Can you repeat the question?

4 Q. I stated that AEP is providing
5 distribution service to the subdivision that doesn't
6 have electric power at this time. I'm asking if it's
7 in the public interest if AEP -- for AEP's general
8 body of ratepayers if they paid for the service and
9 the residents of the subdivision did not.

10 A. Are you talking about --

11 MR. NOURSE: Your Honor, could I -- I
12 would object. I'm not sure I understand the
13 hypothetical or the relevance of it. I think her
14 earlier testimony was that the benefit and public
15 interest piece applies to -- the piece of the test
16 applies to the stipulation as a whole. Now, we are
17 going from the Smart City Rider individually to some
18 example of reliability. I don't understand the
19 relevance of the hypothetical.

20 MR. STINSON: Your Honor, her testimony
21 states that she will show how the Smart City Rider
22 benefits ratepayers and is in the public interest and
23 that's the line of my questioning based upon her
24 direct testimony.

25 EXAMINER PARROT: Ms. Schaefer, you may

1 answer the question if you understand it. If not,
2 please ask --

3 A. May I ask a clarifying question? Are you
4 talking about the investments associated with
5 extending the infrastructure of the EDU system to
6 serve those customers or the generation-related
7 service that would be offered to those customers?

8 Q. Just I said the distribution service
9 extended to the subdivision without the power.

10 A. And is it in the public interest to
11 extend that service?

12 Q. Let me back up, okay?

13 You've already indicated, I believe, that
14 it's in the public interest for all residents, all
15 citizens in 2017, to have electricity. It is an
16 essential service I believe you said, correct?

17 A. Uh-huh.

18 Q. My question now is would it be in the
19 AEP's general body of ratepayers' interest if they
20 paid for that distribution of service, and residents
21 of the subdivision did not?

22 A. I think AEP has an obligation to extend
23 infrastructure if that load is within their service
24 territory. I think generally for those customers to
25 have access to adequate, safe, reliable electricity

1 is in the public interest, yes.

2 Q. Could you read my prior question? I am
3 not asking about whether it's in the public interest.
4 I am asking whether it's in the ratepayers' interest
5 if they pay for the extended distribution service
6 while residents of the subdivision did not?

7 MR. MARGARD: Your Honor, we are also not
8 asking about the Smart City Rider. We're asking
9 about line extensions at this point.

10 MR. WHITT: RESA would join in the
11 objection. It's just incomplete hypotheticals
12 unrelated to the actual proposal the witness has
13 testified to.

14 MR. STINSON: Your Honor, it goes
15 directly to the proposition of whether a public --
16 whether it can be a public interest and not a
17 ratepayer benefit. We've already gone through the
18 proposition there can be a -- a provision can provide
19 a public interest but at the same time it may not
20 provide a ratepayer benefit.

21 MR. MARGARD: And I think the witness
22 acknowledged that. I am not sure what this example
23 does for this record.

24 MR. STINSON: I am just making it clear,
25 your Honor.

1 EXAMINER PARROT: I'll allow a little bit
2 of latitude here, Mr. Stinson. Let's try to firm it
3 up a bit.

4 Do you need us to reread anything,
5 Ms. Schaefer?

6 THE WITNESS: What's the current
7 question?

8 Q. Well, it's the same question, okay? I'll
9 go through it again.

10 We've already established that the
11 provision of electric -- electricity in 2017, as an
12 essential service, is a public benefit, correct?

13 A. I believe "public interest" was the term,
14 but yes.

15 Q. Right. Now, we're talking about the
16 concept of ratepayer benefit and what I'm asking is
17 do the -- does the general body of ratepayers benefit
18 if they pay for that distribution service to that
19 subdivision while the members of the subdivision did
20 not?

21 MR. MARGARD: That's a lot of
22 assumptions.

23 A. The costs associated with line extension
24 I believe are within the company's existing tariffs.
25 I'm not familiar with them explicitly. I think if

1 the load that was being served by that extension paid
2 no distribution-related cost, you could argue that it
3 would -- it would not benefit ratepayers as a whole.

4 Q. Thank you.

5 On page 2, line 13 to 15, you mention the
6 Smart City Rider will be established to collect
7 funds. And those funds are going to be collected
8 from ratepayers, correct?

9 A. Yes.

10 Q. And all of AEP's distribution customers
11 will be charged the SCR, correct?

12 A. The rider is nonbypassable, so all
13 distribution ratepayers will pay the SCR.

14 Q. And a customer will be charged the SCR
15 even if she never charges an electric vehicle,
16 correct?

17 A. Could you repeat the question?

18 Q. I said a customer will be charged the SCR
19 even if she never charges an electric vehicle.

20 A. The Smart City Rider is nonbypassable, so
21 all distribution customers will pay. However, the
22 benefits associated with the demonstration projects
23 within the rider will be provided to all distribution
24 customers.

25 MR. STINSON: Move to strike, your Honor,

1 as nonresponsive to the question.

2 MR. MARGARD: It was very responsive. He
3 asked if they would pay; she said they would.

4 MR. STINSON: No. She went beyond that,
5 your Honor, if you reread the question.

6 EXAMINER PARROT: I'll allow the witness
7 to complete her answer, so the motion is denied.

8 Q. So your answer is yes, the customers will
9 pay even if she never charges an electric vehicle?

10 A. I think a big part of the demonstration
11 projects with the Smart City Rider are to provide
12 visibility to the impacts of distributed energy
13 resources broadly on the distribution system.

14 So within the context of your question,
15 an individual EV owner -- or an individual customer
16 that does not own an electric vehicle would not --
17 would pay still, but there's benefits associated with
18 the demonstration projects as a whole.

19 MR. STINSON: I move to strike the
20 "benefits associated with the demonstration as a
21 whole," your Honor, as not responsive. My questions
22 are very directed.

23 MR. MARGARD: And they've already been
24 answered.

25 MR. STINSON: And answered and more.

1 EXAMINER PARROT: I am going to afford
2 OCC's witnesses the same courtesy to complete their
3 thoughts, Mr. Stinson. Motion denied.

4 Q. And by the same token, if a customer
5 never receives electricity from micro grid, that
6 customer will also continue to pay the SCR rider,
7 correct?

8 A. As I mentioned, the SCR is nonbypassable,
9 so all distribution customers will pay. However,
10 since they're nonprofit public serving micro grid
11 projects, there would be benefits, including
12 potential safe havens during extended outages, for
13 customers beyond that micro grid demonstration area.

14 MR. STINSON: Could you reread the
15 answer, please?

16 (Record read.)

17 Q. Let's say if an AEP -- AEP customer uses
18 an EV charging station -- when I say "EV," you
19 understand I mean electric vehicle, don't you?

20 A. I'm familiar with the acronym, yes.

21 Q. All right. I just wanted to be sure.
22 And if an AEP customer uses an EV charging station,
23 that customer would be charged the same as a customer
24 from Cleveland using that station, correct?

25 A. My testimony doesn't address the rates

1 that individual EV charging station owners would
2 charge customers. I think there could be variations
3 on charges. For instance, if I was a Costco member
4 and I was charging -- had a charging station owned by
5 Costco versus a non-Costco member, I think generally
6 for the most part the general population would pay
7 the same, but there could be variations on that
8 depending on the selection of the EV charging station
9 owner's preferences.

10 Q. Now, have you reviewed the Columbus Smart
11 City project?

12 A. I'm familiar with the project and I've
13 reviewed most of the web content related to it.
14 Though, within my testimony, the benefits to
15 ratepayers and the public interest are associated to
16 the benefits directly attributed to distribution
17 ratepayers and not the Smart City -- or Smart
18 Columbus project.

19 Q. Are you aware that the project has a
20 footprint in Columbus?

21 A. Yes.

22 Q. And isn't it true that the stipulation
23 does not require EV charging stations to be located
24 within the footprint of the Columbus Smart City
25 project?

1 A. The EV charging station rebate program
2 associated with Smart -- the Smart City Rider is
3 available within all of AEP Ohio's service territory.

4 Q. And would the same be true for the
5 SmartGrid program, that the SmartGrid could be
6 located anywhere within the AEP service territory?

7 MR. MARGARD: Do you mean --

8 A. Do you mean micro grid?

9 Q. I'm sorry. I did mean micro grid.

10 A. Could you repeat the question?

11 Q. Is the same true with respect to micro
12 grids? Could they be located anywhere within the AEP
13 service territory?

14 A. There's certain parameters laid out for
15 what would be eligible for the micro grid project,
16 but the geographic location could be anywhere within
17 AEP Ohio's service territory.

18 Q. I want to talk a little bit about how the
19 SCR works and initially here with respect to the
20 electric vehicles. Now, it's my understanding that a
21 -- in this case a business would install a charging
22 station. And after that, the business would pay the
23 EV charging station vendor; is that correct?

24 A. Just one moment, please.

25 Since the stipulation has not been

1 approved by the Commission, I don't believe all the
2 design details of the rebate program have been
3 established, but per the stipulation, rebates for the
4 EV charging station would be paid out to the AEP Ohio
5 nonaffiliated retail customers as listed on page 15
6 of the stip. So I think it's reasonable that those
7 customers would then pay for the charging stations
8 themselves if they are receiving the rebate.

9 Q. And you just indicated, too, that the
10 business would get the rebate from AEP, correct?

11 A. The stipulation says so, yes.

12 Q. And then the ratepayers would pay for
13 their rebate through the SCR rider, correct?

14 A. The rebate program would be funded
15 through the SCR, yes.

16 Q. I want to talk a little about the
17 benefits involved. Would you agree with me that the
18 business would benefit because it gets the rebate?

19 A. I think the benefits within the scope of
20 my testimony for the EV charging station program are
21 around understanding the impacts of Level 2 and DC or
22 direct-current fast charging stations on the
23 distribution system. I think there's a monetary
24 benefit for any rebate program, yes, for an
25 individual customer that receives the rebate.

1 Q. The rebate would make the cost of that
2 station lower, correct?

3 A. The rebate would offset some of the costs
4 subject to the limitations listed on page 16 and 17
5 of the stipulation.

6 Q. And isn't it also correct that the
7 business could benefit because it could charge
8 customers a profit on the use of the station and also
9 on the electricity used?

10 A. I believe this came up previously, but I
11 think whether any EV charging station is offering a
12 resale of electricity or a combination of a product
13 and service is kind of still to be determined.

14 Q. But for this pilot project or
15 demonstration project, there's no restriction, by the
16 Commission, on the station host price, correct?

17 A. The station host -- the owner of the EV
18 charging station can charge whatever they want for
19 charging at that station. However, information
20 gathered from the demonstration project can be used
21 to populate the placeholder tariff that was
22 established to help determine charges to owners of EV
23 charging stations at a future date to appropriately
24 recognize the cost cause to the distribution system
25 for those different levels of charging stations.

1 Q. You went beyond my question again, but
2 what do you mean by the -- what tariff and what do
3 you mean by populating and how is the information
4 going to address that?

5 A. Just one moment. Let me find the
6 reference real quick. Could you repeat your question
7 one more time?

8 MR. STINSON: Could you reread it,
9 please. It was a while ago.

10 (Record read.)

11 MR. STINSON: Again, I want to move to
12 strike everything after "However." It has nothing to
13 do with the question I asked.

14 MR. NOURSE: Your Honor, I disagree. I
15 think the context of what Mr. Stinson was asking was
16 suggesting that because the site host can charge and
17 obtain revenue, that that takes away from the benefit
18 being charged ratepayers for the -- for the EV
19 infrastructure under the Smart City Rider and that's
20 exactly what the witness was addressing.

21 EXAMINER PARROT: I am going to allow the
22 answer to stand.

23 Q. (By Mr. Stinson) Let's talk some more
24 about the benefits of the EV charging stations. EV
25 vendors also will benefit because charging stations

1 are made more affordable by the rebate; is that
2 correct?

3 A. There will likely be potential, yes.

4 Q. Are you finished?

5 A. The answer was potentially, yes.

6 Q. Well, aren't EV vendor -- aren't
7 businesses more likely to buy and enter into a
8 contract to serve as a station if they are provided a
9 rebate?

10 A. Yes, and I think it's likely that the
11 rebate program will be fully subscribed to. But
12 hypothetically, if no one was interested in the
13 program, the vendors wouldn't benefit. But
14 generally, yes, I think they would benefit from a
15 rebate program associated with the product and
16 service that they sell.

17 Q. And AEP also would benefit, would it not,
18 because it gets a return of an honest investment in
19 the distribution facilities to serve the stations?

20 A. Can you define the distribution
21 facilities you're referencing?

22 Q. Well, it would be the distribution lines
23 that would be extended to serve the charging station
24 with anything on -- before the customer's meter.

25 A. As I mentioned before, I'm not sure the

1 line extension costs associated with AEP's Ohio
2 existing tariffs. I know through the rebate -- I
3 know there is some eligibility within the micro grid
4 projects for distribution system investments, but on
5 the EV charging station program I believe that would
6 just be subject to whatever the charges would be
7 currently without the Smart City Rider.

8 Q. Right. Wouldn't the EV station host pay
9 the tariffed rate for distribution service from AEP?

10 A. Yes.

11 Q. And would AEP also benefit because the
12 stipulation allows the EV charging station vendor and
13 AEP to co-brand on the station?

14 A. I don't know if there would be a monetary
15 benefit associated with that, but name recognition, I
16 guess.

17 Q. Now, as a part of -- in the stipulation,
18 as a matter of fact, it's still an open question
19 whether AEP will be permitted to own charging
20 stations in the future; is that correct? I would
21 direct you to the stipulation, page 15.

22 A. Thank you.

23 You're correct, it says "Nothing in this
24 agreement prevents the Company from seeking approval
25 for a utility ownership model or recovery of any

1 additional charging station investment as a result of
2 PowerForward or other proceeding before the
3 Commission."

4 Q. And is that an issue pending in the
5 PowerForward initiative to your knowledge?

6 A. Phase III of PowerForward intends to
7 examine the ratemaking and regulatory issues or
8 considerations associated with grid modernization
9 broadly. I think a part of the discussion is the
10 roles and responsibilities of different stakeholders
11 with grid modernization technologies which would
12 include, in this example, who should own EV charging
13 stations and whether they should be allowed to be
14 rate based. So the question is still out, but it's
15 within the scope of the project so.

16 Q. Now, continuing, AEP and the EV charging
17 station vendors would also benefit because of the
18 data and information collected from the charging
19 stations, correct?

20 A. I think a number of stakeholders would
21 benefit from that data, and the data will be made
22 available publicly and docketed, so, yes, they would
23 also be one of the parties that benefit along with
24 other stakeholders.

25 Q. EV station vendors would know where to

1 site -- would have information about the siting of
2 the charging stations, correct?

3 A. Just to clarify, do you mean would they
4 know where these locations are located
5 geographically?

6 Q. No. There is going to be information
7 provided by the -- just I'll strike that. I'll come
8 back to that later, okay?

9 Now, I want to talk a little bit about
10 the EV costs. Just for background, the EV
11 demonstration project is capped at \$10 million,
12 correct?

13 A. The rebates for charging stations,
14 including the administrative fee, is capped at
15 \$10 million.

16 Q. Right. In that \$10 million is \$500,000
17 for the administrative fee.

18 A. Up to, yes.

19 Q. Okay. And the 200,000 research and
20 development fee, is that a part of the 10 million or
21 in addition to the 10 million?

22 A. If you look at Attachment C, it's in
23 addition to the 10 million, along with the data
24 collection and reporting expense.

25 Q. And that's \$400,000 for that, correct,

1 that's in addition to the 10 million?

2 A. Yeah.

3 Q. Do the research and development and data
4 collection and reporting apply also to the micro grid
5 project or just the EV project?

6 A. It's specifically outlined within the EV
7 portion of the stipulation.

8 Q. Now, who will administer the rebate
9 project? Will it be Ohio Power? Will it be AEP
10 Service Corporation? Do you know?

11 A. Who will administer the rebate program?

12 Q. Right.

13 A. AEP Ohio, I believe.

14 Q. Are you aware of the distinction between
15 AEP Service Corporation and AEP Ohio?

16 A. AEP Ohio is the distribution company.

17 Q. And what's the function of AEP Service
18 Corporation?

19 A. It's the parent company that owns all of
20 the operating companies within the AEP corporate
21 umbrella.

22 Q. Well, would you agree that AEP Service
23 Corporation provides management, professional,
24 advisory, administrative, and generating services to
25 the AEP operating companies?

1 A. Could you repeat that?

2 Q. Would you agree that AEP Service
3 Corporation provides management, professional,
4 advisory, administrative, and engineering services to
5 AEP's operating companies?

6 A. I would imagine, but the corporate
7 structure is not within the scope of my testimony.

8 Q. Again, my testimony -- my questions go to
9 the benefits of the program, so let's continue with
10 that.

11 Would you agree, subject to check, that
12 AEP Service Corporation serves AEP Ohio, AEP Texas,
13 Appalachian Power, and all 11 different operating
14 companies?

15 MR. MARGARD: Your Honor, I'm not sure
16 how this relates to the benefits of the rider.

17 MR. NOURSE: And I'm not sure what
18 Mr. Stinson is reading, but what he said was
19 partially incorrect, so maybe he can disclose that.

20 MR. STINSON: I'm reading from AEP
21 Service Corporation's website.

22 MR. NOURSE: Well, you said there were 11
23 operating companies; and no, that's not true.

24 Q. Well, there's -- there's several
25 operating companies in various states; is that

1 correct, Ms. Schaefer? Would you agree with that?

2 A. Yes. I'm not familiar with every
3 operating company within AEP Service Corp. though.

4 Q. But you would agree there's several in
5 different states, correct?

6 A. I know of several, yes.

7 Q. Thank you.

8 Now, do you know who will conduct the
9 research and development for the EV project? Will it
10 be AEP or AEP Ohio, AEP Service Corporation, another
11 affiliate?

12 A. I think the rebate program itself will be
13 accepted following Commission approval of the
14 stipulation, so I think the design details and
15 implementation details are still to be finalized and
16 determined.

17 Q. So you don't know what entity will be
18 conducting research and development; is that your
19 answer?

20 A. I don't think it's been finalized at this
21 time.

22 Q. Whoever conducts that research and
23 development, will that research be shared with other
24 operating companies within the AEP system or can it
25 be shared with other operating companies within the

1 AEP system?

2 A. On page 19 of the stipulation, a final
3 report will be filed with the Commission, so any
4 entity who can access the docketing information
5 system will have access to the report.

6 Q. And if AEP Ohio or if AEP Ohio conducts
7 the research and development, it also will have
8 access to develop its own charging station based upon
9 that research if the PUCO permits it to operate
10 charging stations?

11 A. As I said, the research will be publicly
12 available, so anyone will have access to it.

13 Q. The stipulation also provides, does it
14 not, that the signatory parties will have access to
15 the information on an interim basis when the project
16 is reviewed I think midterm; is that correct?

17 A. I believe annually. On page 19 of the
18 stip is says "The collected data will be shared
19 annually with Signatory Parties in order to make
20 midstream adjustments to the program and use in
21 future programs."

22 Q. And that would include the electric
23 vehicle charging station vendors, correct?

24 A. It would include all the signatory
25 parties.

1 Q. Now, what state policies -- on page 3 of
2 your testimony, around line 5, you state that the
3 proposal will promote state policy. What state
4 policies are you talking about?

5 A. There's a number of state policies that I
6 believe it can support in the data information that's
7 gathered, specifically 4728.02(A), (C), (D) and (F). I
8 can provide details and examples, if you would like.

9 Q. You -- you only mentioned 4728.02(A) in
10 your testimony; is that correct?

11 A. I think (A) is the primary state policy
12 that's being supported, though there is an
13 opportunity, especially with the micro grid
14 demonstration project, to better understand the
15 distributed energy resources on the distribution
16 system and to optimize those resources, and also to
17 potentially update interconnection procedures and
18 require things like smart inverters going forward.
19 There's a number of applications that the data can be
20 used, both in terms of policy making and just general
21 rule review.

22 Q. Now, would you agree there are already
23 charging stations in Ohio?

24 A. There are.

25 Q. Yes?

1 A. Yes.

2 Q. And will the stations to be provided
3 through the SmartGrid -- I'm sorry -- the EV
4 demonstration project use the same technology as
5 those stations already in use?

6 A. Not necessarily. There's specific
7 parameters laid out for the stations that would be
8 eligible for the rebate program in the stipulation.
9 So some of the older charging stations that exist in
10 the state or within AEP Ohio's service territory may
11 not qualify.

12 Q. So you would limit it to the newer
13 available technology in use?

14 A. Is the question I would limit -- I don't
15 understand the question.

16 Q. Well, you mentioned there was parameters
17 set forth as to what charging station would be used,
18 and I'm saying do those parameters include the newer
19 charging stations technology?

20 A. I'm not familiar with the timeline for
21 when specific components of the technologies became
22 available. For instance, network charging
23 infrastructure, demand response capability, things
24 like that, I'm not sure when those became available
25 within the marketplace. I would imagine they're

1 newer as compared to older, but I'm just not sure.

2 Q. And that is a technology in use today
3 that you would want to be used for the EV
4 demonstration project, correct?

5 A. I think all of those listed within "o",
6 on page 18 of the stipulation, yes.

7 Q. Now, a charging station is not a part of
8 the EDU's distribution infrastructure, is it?

9 A. I think that's to be determined. It's a
10 legal interpretation, as far as I understand, that's
11 still outstanding.

12 Q. Does the distribution infrastructure stop
13 before the meter of the charging station?

14 A. Generally speaking, yeah.

15 Q. And the charging station host owns the
16 charging station?

17 A. Pursuant to the stipulation, the charging
18 station host would own the charging station, yes.

19 Q. For purposes of this demonstration
20 project.

21 A. Yes.

22 Q. And regarding a micro grid, a micro grid
23 is also not a part of the EDU's distribution
24 infrastructure at this time; is that correct?

25 A. In Ohio, it has not been. However, kind

1 of a broad range of distributed energy resources have
2 been used in various states to avoid additional
3 capital investments or delay those investments.

4 Q. And in Ohio, the micro grid belongs to
5 the host as well, correct, for this demonstration
6 project?

7 A. The generating unit associated with it
8 would. I think maybe there's certain small items
9 which I'm unsure of. But generally, yes.

10 Q. On page 3, lines 9 to 12.

11 A. Of my testimony or the stip?

12 Q. Uh-huh. You state, in addition the
13 research and development being conducted as a part of
14 this project will produce data and information that
15 can be better -- that could better inform decision
16 makers on related policy matters. Who are the
17 decision makers?

18 A. The Commission ultimately, but I think it
19 can also inform stakeholders participating in cases
20 before the Commission, including staff.

21 Q. And signatory parties?

22 A. I would think all stakeholders really if
23 the data is made available publicly.

24 Q. On page 3, again lines 14 to 18, you talk
25 about some of the information required to be

1 produced. You mentioned usage and load profile data.
2 Would that information be produced for both EV and
3 micro grid projects?

4 A. It's explicitly mentioned in relationship
5 to the EV charging station program. In terms of the
6 micro grid project, the data collection, and I'm
7 referencing page 13 of the stipulation, the "Data
8 collection on the demonstration will be undertaken by
9 the Company to measure the merits...after consulting
10 with Staff about appropriate scope of useful
11 data...." I would think that would be within the
12 scope, speaking from staff, or appropriately within
13 the scope, speaking from staff now.

14 Q. You also mention impacts on system
15 reliability. Have any studies been done about the
16 impact on system reliability of micro grid being
17 contemplated or EV charging stations being
18 contemplated?

19 A. In Ohio or just in general?

20 Q. Yeah, by the Commission for purposes of
21 this proceeding.

22 A. Can you repeat the question?

23 MR. STINSON: Could you reread it,
24 please?

25 (Record read.)

1 A. To my knowledge, the company has not
2 undertaken formal assessments on impacts of
3 reliability from EV charging stations and micro grid
4 within AEP Ohio. Staff witness Nicodemus is
5 addressing reliability more generally in the context
6 of the stipulation.

7 Q. Now, on the same page, page 3, beginning
8 at line 20, it states "This information will allow
9 Staff and other parties to better understand and
10 assess siting considerations and pricing programs to
11 optimize resources and ensure system reliability...."
12 Now, isn't the information gathered, the same
13 information that private companies would use to
14 determine where to site stations and how to maximize
15 profits?

16 A. With regard to EV charging specifically?

17 Q. Right.

18 A. I'm not familiar -- I'm not close with
19 that industry. I don't know what information they
20 use to determine where to locate. The in -- I mean
21 the intent with the siting considerations, OEPA is
22 managing the VW settlement funds and through that
23 they are issuing funding to different regional
24 planning organizations, including MORPC, to develop a
25 siting process that helps develop intra- and

1 interstate travel for EV owners and EV -- electric
2 vehicles generally.

3 So since this information will be made
4 available publicly, I imagine MORPC would have an
5 interest in either incorporating some of that into
6 the siting document or, you know, updating based on
7 that data and information once it's available.

8 Q. And what's the purpose of providing
9 pricing information to the signatory parties?

10 A. From staff's perspective and, again, this
11 is to be determined based on legal interpretation, if
12 it's deemed that the sale from EV charging stations
13 is a resale of electricity and within the scope of
14 the Commission's jurisdiction, I would imagine we
15 would want information so that we could optimize the
16 resources and use them to minimize the costs to the
17 distribution system.

18 Q. What would the pricing information
19 benefit be to the electric vehicle charging station
20 vendors?

21 A. What -- could you repeat the question?

22 Q. What benefit would the charge -- the
23 pricing information have to electric vehicle charging
24 station vendors?

25 MR. MARGARD: If she knows.

1 A. From my understanding, a lot of the apps
2 actually post the EV charging station that's
3 available already, so I think the specific
4 information before the price to charge is already
5 somewhat publicly available. I think the granularity
6 associated with, you know, the load profiles, who's
7 charging and when they're charging is data that's not
8 necessarily publicly available, so that may be of
9 interest to them.

10 Q. Well, let's move to PowerForward.
11 PowerForward is proposed to be approved in this
12 proceeding as a placeholder rider, correct?

13 A. Yes.

14 Q. And a zero placeholder rider, correct?

15 A. Yes. With the rate design and filing
16 mechanics to be addressed by the Commission at a
17 future date.

18 Q. And that's to be addressed in the context
19 of an EL-RDR case?

20 A. I would imagine that the specific
21 parameters, if they were coming from the Commission,
22 may be in a potentially different docket than an
23 actual application to activate the rider as a whole.

24 Q. Well, drawing your attention to the
25 stipulation, page 11.

1 A. I'm there.

2 Q. Pardon me?

3 A. I'm on page 11. Was there a question?

4 Q. Yes. That the PowerForward Rider would
5 be approved subject to approval of an EL-RDR case.

6 MR. NOURSE: Your Honor, I just object.
7 I don't think that's accurate. If he can quote the
8 exact language he's referring to.

9 Q. It says "The company may make an EL-RDR
10 filing," is that correct, to activate the
11 PowerForward Rider"?

12 A. Yes, on page 11 of the stip.

13 Q. And there are other applications the
14 company could make to activate the rider; is that
15 what you're saying?

16 A. I'm saying the Commission has yet to
17 determine sort of what and in what format and through
18 what communication channel their vision policy
19 document will be issued. I imagine a possibility is
20 that they could establish a COI to publish that
21 document. Within the context of the stipulation,
22 you're correct it says, "The company may make an
23 EL-RDR filing to activate the PowerForward Rider."
24 There may be more general directives that come from
25 the Commission beyond just this rider for AEP Ohio

1 specifically, that apply to all distribution
2 companies, that would potentially be in a broader
3 docket than AEP Ohio's RDR case.

4 Q. Let's talk a bit about the types of
5 charging stations on -- on -- beginning on page 15 of
6 the stipulation. And just to recap there, 30 percent
7 would be for -- would be public at a government or
8 nongovernment property; 50 percent at workplace, do
9 not have to be open to the public; 20 percent
10 multi-unit dwellings, don't have to be open to the
11 public; and 10 percent low-income geographic areas,
12 correct?

13 A. Yes.

14 Q. Now, under the stipulation, all
15 low-income charging stations could be for private use
16 at a workplace, correct?

17 A. The low-income geographic area charging
18 stations, as it lists on page 16 of the stip, can be
19 deployed under any Level 2 categories, so workplace
20 would be included in that.

21 Q. And they're to be installed in census
22 tracts identified as low income, correct?

23 A. Per footnote 12 on 16, you're correct.
24 "...census tract that meets the requirements for a
25 low-income geographic area." Though I point out

1 that's subject to review and reevaluation at the
2 midstream point of the project.

3 Q. And what's subject to review, the
4 definition of a low-income area?

5 A. There's a number of things, so there's
6 those target allocations that you mentioned before on
7 page 15.

8 Q. I'm just talking about the low-income at
9 this point.

10 A. So the categorical allocation of that,
11 including to low-income geographic areas, would be
12 reevaluated --

13 Q. Yeah, I am going to get to that.

14 A. -- and the area itself, yes, would be
15 reevaluated at that time, the definition of the area.

16 Q. Okay. Thank you.

17 And do you know where the census tracts
18 are at this point where the charging stations would
19 be installed?

20 A. Do I know the low-income census tracts
21 within AEP Ohio's service territory?

22 Q. Yeah, where these charging stations would
23 be installed.

24 A. Not off the top of my head, no.

25 Q. Would you agree with me that businesses

1 or hospitals could be located in those low-income
2 geographically areas?

3 A. Yeah.

4 Q. And a hospital could install a charging
5 station for its employees?

6 A. Yeah, as long as it meets the parameters
7 set forth, yeah.

8 Q. And those employees could include the
9 doctors and nurses who work at the hospital?

10 A. Yeah.

11 Q. And similarly, a business could be
12 located within a low-income geographic area, correct?

13 A. A business could be located, yes, in a
14 low-income geographical area.

15 Q. And that business could install, for its
16 employees, an EV charging station for the benefit of
17 its officers, correct?

18 A. Yes, it could; though, the benefits
19 associated with the data and information gathered
20 will be available to all distribution customers and
21 all ratepayers.

22 MR. STINSON: I would move to strike
23 based on your Honor's prior rulings.

24 Q. I would like to talk about the 75 DCF
25 stations. And that focuses on inter-city travel,

1 correct, on page 17 of the stipulation.

2 A. Page 17 says, "Public access will be
3 required for DCF station siting and will focus on
4 inter-city EV travel," yes.

5 Q. Do you know how that focus is going to
6 take place?

7 A. Just one second. I am trying to find a
8 reference here. In my mind and kind of in staff's
9 discussions as part of the settlement discussion, so
10 on page 14, it says "To the extent practical, AEP
11 Ohio shall coordinate...construction and location
12 with the EV project being administered by the Ohio
13 EPA."

14 As I mentioned, MORPC was awarded funding
15 to develop a siting document to promote inter-city
16 travel and basically effective travel corridors
17 within Ohio. So I think with DC fast chargers
18 obviously being a faster way to charge and the most
19 comparable to a gas station experience, the focus and
20 support of that would be the coordination outlined in
21 the stipulation on the prior pages.

22 Q. So let's say that a charge -- if you see
23 a DC charging station is installed for the purpose of
24 inter-city travel, am I correct that that would mean
25 that a person with an electric vehicle could use a

1 station, say, traveling from Cleveland to Cincinnati
2 and stop in Columbus for a charge?

3 A. Hypothetically, yeah.

4 Q. The same from Dayton to say Pittsburgh?

5 A. Yes.

6 Q. Now, we'll go to some footnotes.

7 Footnote 13 on page 17. It states, "For this
8 purpose, government-owned property includes property
9 for which the government has a property interest such
10 as an easement or lease"; is that correct?

11 A. That's what it says, yes.

12 Q. Are you aware that the State of Ohio
13 leases office spaces in private downtown buildings
14 here in Columbus?

15 A. I'm not familiar with those specifics,
16 no.

17 Q. You're not aware of any situation where a
18 building houses both State of Ohio offices and
19 private offices?

20 A. Well, this building.

21 Q. Well, then we'll talk about this building
22 then. A charging -- a DCF station could be -- not
23 D -- yes, I am sorry, a DCF station could be
24 installed at this building for the use of both
25 government and private employees, correct?

1 A. I think the specifics of the rebate
2 program have yet to be determined until the
3 Commission issues a ruling on this stipulation. I
4 don't believe, and this is just my personal opinion
5 or -- I don't think we own actual garage space in
6 this building. I am not allowed to park downstairs.

7 Q. But the State -- the State leases space
8 in this building, correct?

9 A. I think we have a -- we have a lease for
10 a certain number of parking spaces. I don't know the
11 specifics of that lease.

12 Q. I am not talking about parking spaces. I
13 am just talking about the building.

14 A. We lease space in this building, yes.

15 Q. So a parking station could be installed
16 here at -- for a 100-percent rebate because of the
17 government building, correct?

18 A. Again, I don't know the specifics of the
19 lease agreement for the PUCO within this building
20 itself, so I would have to review that probably and
21 understand what the final rebate program design looks
22 like before I could make a decision on that or issue
23 an opinion on that.

24 Q. Let's talk hypothetically then that there
25 is a building that does have State of Ohio

1 governmental offices in it and does have private
2 employment offices in it, with state employees and
3 private employees, and a DCF charging station is
4 in -- is installed, and that rebate would be
5 100 percent of that charging station, correct?

6 A. I think hypothetically, yes. I am just
7 saying specific to this building we have limitations
8 on what we can do even in terms of construction on
9 these floors, so I don't know the specifics of this
10 lease agreement.

11 Q. I'm not talking about this building
12 anymore, okay?

13 A. Yeah, hypothetically, yes.

14 Q. Hypothetically, yes, you agree?

15 A. Yes.

16 Q. And both governmental employees and
17 private employees could use that charging station,
18 correct?

19 A. I think -- I believe on the same page 17
20 of the stip, public access would be required for DCF
21 station siting, so anyone.

22 Q. Anyone; government employees, private
23 employees could use that charging station. As long
24 as the government holds a leasehold interest in the
25 building.

1 MR. NOURSE: I'm sorry, your Honor. I
2 object. I've lost track of whether he is asking
3 about whether public -- a member of the public could
4 park in a -- in a private garage like the one in this
5 building or whether there's a connection between the
6 public lessee and the location of a DC fast charger
7 in some other stations or parking places that are
8 accessible to other people. I just don't understand
9 the hypothetical.

10 Q. Let me restate again.

11 We've already established, have we not,
12 that there could be an office building that has --
13 that is leased by both governmental entities and
14 private entities, correct?

15 A. Yes.

16 Q. And because the governmental entity has a
17 lease interest in that building, a DCF charging
18 station could be installed at that location, correct?

19 A. I believe there is a requirement -- I
20 think with Level 2 there would be a little more
21 flexibility, but there's a requirement for the DC
22 fast chargers to have public access, so it would
23 depend on the specifics of that building or location.

24 Q. I understand that. And when that DCF
25 charging station is installed, a 100-percent rebate

1 is available for that station, correct?

2 A. Up to -- subject to the caps that are
3 listed on page 16 of the stipulation, and assuming it
4 meets the parameters set forth within the
5 stipulation.

6 Q. But it is -- it is potentially available,
7 a 100-percent rebate, correct?

8 A. If it meets all of the requirements of
9 the rebate program.

10 Q. Thank you.

11 A. It may be up to.

12 Q. And government employees, private
13 employees, and the public could use that charging
14 station, correct?

15 A. Again, this would depend on the specifics
16 of the building itself, but, yes, it's available to
17 the public so that would include the government
18 employees and private employees and anyone else.

19 Q. Now, you talked about the footnotes
20 before, footnote 11, and I just kind of want to get
21 straight here.

22 A. On page 15 of the stip?

23 Q. Uh-huh.

24 A. I'm there.

25 Q. And there's going to be a midpoint review

1 and where the company will reassess target
2 categories. What do you mean by the target
3 categories?

4 A. On the same page, 15, letter d, lists the
5 target allocations based on percentage.

6 Q. So the allocations as to government or
7 public availability at government or nongovernment
8 property, workplace, multi-unit dwellings, those
9 could be subject to reallocation, correct?

10 A. Those specific categories, along with as
11 it says the funding between Level 2 and DC fast
12 charging that's available.

13 Q. Right. Thank you.

14 A. Subject to the cap of the rider itself.

15 Q. All right. Thank you. That clarifies
16 that.

17 And could you describe what the PEV
18 Tariff, what the acronym stands for and what it is?

19 A. If you go to page 26 of the stipulation,
20 PEV, though it's not listed, I believe means
21 public -- or the electric vehicle tariff, Plug-in
22 Electric Vehicle Tariff. And it says "The company
23 will create a placeholder PEV Tariff which through a
24 separate filing may be populated pursuant to the
25 findings of PowerForward or the Smart City Rider

1 information. By agreeing to this provision, no
2 Signatory Party gives up any right to challenge any
3 aspect of such a future filing." So that filing
4 could be somewhat -- it's to be determined what that
5 filing would look like.

6 Q. So the paragraph would just be the basis
7 for populating the rider, the PowerForward Rider?

8 A. No.

9 Q. What's the distinction?

10 A. So PowerForward may set forth a number of
11 policies on rate design implications for grid
12 modernization. So this is just a hypothetical, but
13 they could come out and say there should be different
14 charges for owners of plug-in electric vehicles
15 because they pose a different set of costs onto the
16 distribution system because of the unique load
17 characteristics, for instance, like DC fast charging,
18 and so hypothetically they could say this is a tariff
19 that needs to be updated to appropriately align the
20 principles of cost causation.

21 Q. But there is going to be a PowerForward
22 Rider, correct?

23 A. The PowerForward Rider is a placeholder
24 rider, but it's not -- it's separate from the PEV
25 Tariff; that would be a charge to customers.

1 Whereas, the PowerForward Rider would collect costs
2 associated with the PowerForward project.

3 Q. Thank you.

4 Just a few more questions just real quick
5 on the micro -- micro grid. And just for background,
6 the micro grid project calls for one or more micro
7 grids, correct?

8 A. Look at that section real quickly.

9 On page 12 of the stip, "The parties
10 agree to the establishment of one or more
11 demonstration of micro grid projects," yes.

12 Q. That's capped at 10.5 million?

13 A. Yes.

14 Q. It says on page 12, a public-serving
15 entity may apply to host a micro grid project, but
16 AEP may also develop a micro grid with a
17 nonpublic-serving entity. My question, is it
18 discretionary that the public serving entity will
19 host, or could AEP develop a nonpublic-serving micro
20 grid project without developing the public one?

21 A. Is the question -- I'm sorry, just for
22 clarification, is the question can AEP establish this
23 additional micro grid without pursuing the nonprofit
24 public-serving micro grid project?

25 Q. Right. Correct.

1 A. I think the word "additional" would -- I
2 would think means that the other ones would have to
3 happen. Staff also has an opportunity to reject the
4 projects if they're not in the public's interest.
5 And I think if the company were to pursue only
6 for-profit, nonpublic-serving projects, staff would
7 have issues with that.

8 Q. Now, the stipulation also provides that
9 AEP will preserve its right to own generation
10 resources in the future; is that correct? As a part
11 of the micro grid?

12 A. Are you referencing a specific line?

13 Q. Page 12. It says, without prejudice to
14 future projects or the outcome of PowerForward
15 proceeding, AEP agrees not to own generation
16 resources or the batteries for the demonstration
17 projects.

18 A. Yes.

19 Q. Now, AEP -- according to the stipulation
20 at page 13, AEP can own batteries in front of the
21 customer meter to enable grid functions. Do you see
22 that?

23 A. Yes.

24 Q. What do you mean by "grid functions,
25 defer circuit investments or address distribution

1 reliability issues"?

2 A. I believe if the battery could -- if a
3 battery investment was more cost effective than say
4 an investment at the circuit level to address voltage
5 or power quality issues, I believe the company is
6 eligible to recover those investments through the
7 existing DIR, because those FERC accounts exist
8 already within that rider.

9 Q. And if AEP is permitted to own batteries
10 at a micro grid project in the future, could this
11 battery in front of the meter be used to serve the
12 micro grid?

13 A. Can you repeat that question?

14 MR. STINSON: Could you reread it,
15 please.

16 (Record read.)

17 A. I think that's within the scope of the
18 micro grid project is what No. 3 is referencing.

19 Q. But my question is that at this point AEP
20 is permitted to have a battery in front of the meter.
21 My question is if AEP is, in the future, permitted to
22 own generation and batteries for a micro grid
23 project, could this battery in the front of the meter
24 be used to serve the micro grid?

25 A. Within the context of this stip, the

1 company is not eligible to own generation.

2 Q. But my question is --

3 A. In a future case?

4 Q. Yes.

5 MR. MARGARD: In that case, he is asking
6 her to speculate.

7 A. It would depend on the specifics of that
8 case.

9 Q. But that question is still open whether
10 AEP can own generation or batteries for a micro grid
11 in the future, correct?

12 A. The ESP statute provides an opportunity
13 for the company to own and operate generation
14 facilities subject to a need determination. I think
15 it's -- I agree it's somewhat speculative. It would
16 depend on a number of factors in that case.

17 Q. Well, my question is just quite specific
18 that AEP has reserved that right. Page 12 it says,
19 without prejudice to future projects or the outcome
20 of the PowerForward proceeding, AEP agrees not to own
21 the generation resources. It reserves its right to
22 own those resources in the future, correct?

23 MR. MARGARD: That's Counsel's
24 interpretation of the language.

25 MR. NOURSE: Yeah, I agree, your Honor.

1 Mr. Stinson keeps paraphrasing the stipulation in
2 ways that he is not quoting the full language, or
3 changing the meaning.

4 MR. STINSON: Your Honor, I believe I
5 quoted the full language, "Without prejudice to
6 future projects or the outcome of the PowerForward
7 proceeding...."

8 EXAMINER PARROT: With the preface to it
9 though. So please rephrase, Mr. Stinson.

10 Q. Well, the language, "Without prejudice to
11 future projects or the outcome of the PowerForward
12 proceeding, AEP Ohio agrees not to own generation
13 resources and batteries for the demonstration
14 projects described in Section III.G of this
15 Stipulation." That language means that AEP, by
16 agreeing not to own batteries in this proceeding, may
17 own them in a subsequent proceeding.

18 MR. OLIKER: Objection.

19 A. And I am testifying to this stipulation.

20 Q. I am just asking what that language
21 means. Do you know what that language means?

22 A. Per the stipulation, the company is
23 agreeing "not to own the generation resources and
24 batteries for the demonstration projects described in
25 Section III.G of this stipulation."

1 MR. STINSON: Thank you. I don't have
2 anything -- nothing further, your Honor.

3 EXAMINER PARROT: Thank you.
4 Any redirect?

5 MR. MARGARD: If we can take a couple of
6 moments.

7 EXAMINER PARROT: You may.

8 (Discussion off the record.)

9 EXAMINER PARROT: All right. Let's go
10 back on the record.

11 Any redirect, Mr. Margard?

12 MR. MARGARD: Just very briefly, your
13 Honor. Thank you.

14 - - -

15 REDIRECT EXAMINATION

16 By Mr. Margard:

17 Q. Ms. Schaefer, you were asked a number of
18 questions about EV charging stations and specifically
19 with respect to the host of those stations and the
20 prices that they could charge for the electricity
21 provided to the users of those stations. Do you
22 recall those questions?

23 A. Yes, I do.

24 Q. And you indicated a number of times in
25 response, did you not, that whether or not that was

1 within the Commission's jurisdiction is subject to
2 some level of determination yet, correct?

3 A. Yes.

4 Q. Is -- is there anything in the
5 stipulation that addresses the Commission's authority
6 with respect to those prices?

7 A. Yes. On page 18 of the stip, "The site
8 host and/or charging station provider will have
9 flexibility to set pricing to EV drivers, for the
10 purpose of this pilot, subject to applicable
11 Commission authority and does not set precedent or
12 bind a signatory party in future cases."

13 Q. That's consistent with the testimony you
14 gave in response to Mr. Stinson's questions, is it
15 not?

16 A. Yes.

17 MR. MARGARD: That's all I have. Thank
18 you.

19 EXAMINER PARROT: Mr. Borchers, any
20 questions?

21 MR. BORCHERS: No questions.

22 EXAMINER PARROT: Ms. Fleisher?

23 MS. FLEISHER: No, your Honor.

24 EXAMINER PARROT: Mr. Whitt?

25 MR. WHITT: No questions.

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EXAMINER PARROT: Mr. Oliker?

MR. OLIKER: No questions, your Honor.

EXAMINER PARROT: Mr. Boehm?

MR. BOEHM: No questions, your Honor.

EXAMINER PARROT: Mr. Pritchard?

MR. PRITCHARD: No questions, your Honor.

EXAMINER PARROT: Ms. Hewell?

MS. HEWELL: No questions, your Honor.

EXAMINER PARROT: Ms. Bojko?

MS. BOJKO: No, thank you, your Honor.

EXAMINER PARROT: Mr. Nourse?

MR. NOURSE: No, no, thank you.

EXAMINER PARROT: Mr. Stinson?

MR. STINSON: None, your Honor.

THE WITNESS: Thank you.

EXAMINER PARROT: Thank you.

Mr. Margard, I believe you've moved for
the admission of Staff Exhibit 1.

Are there any objections?

Hearing none, Staff Exhibit No. 1 is
admitted.

(EXHIBIT ADMITTED INTO EVIDENCE.)

EXAMINER PARROT: Let's go off the
record.

(Discussion off the record.)

1 EXAMINER SEE: Let's go back on the
2 record.

3 We are going to need a brief recess for
4 technical issues.

5 (Discussion off the record.)

6 EXAMINER SEE: Let's go on the record.
7 Mr. Margard.

8 MR. MARGARD: Thank you, your Honor. The
9 staff, for its next witness, would call Mr. Jacob
10 Nicodemus to the stand.

11 EXAMINER SEE: Mr. Nicodemus, if you
12 would raise your right hand.

13 (Witness sworn.)

14 EXAMINER SEE: Thank you. Have a seat.

15 MR. MARGARD: Your Honor, I provided to
16 the court reporter and to the Bench copies of the
17 prefiled testimony of Jacob J. Nicodemus, filed in
18 this case on September 14, 2017, and marked for
19 purposes of identification as Staff Exhibit No. 2.

20 (EXHIBIT MARKED FOR IDENTIFICATION.)

21 - - -

22 JACOB J. NICODEMUS
23 being first duly sworn, as prescribed by law, was
24 examined and testified as follows:

25 DIRECT EXAMINATION

1 By Mr. Margard:

2 Q. Mr. Nicodemus, would you please state
3 your name and business address.

4 A. Jacob J. Nicodemus, 180 East Broad
5 Street, Columbus, Ohio 43215.

6 Q. And by whom are you employed and in what
7 capacity, please?

8 A. The Public Utilities Commission of Ohio.
9 I'm a Utility Specialist 2.

10 Q. Mr. Nicodemus, do you have before you
11 what has been marked as Staff Exhibit No. 2?

12 A. I do.

13 Q. This is your prefiled testimony; is that
14 correct?

15 A. That's right.

16 Q. Is this testimony prepared by you or at
17 your direction?

18 A. Yes.

19 Q. Have you had an opportunity to review
20 that testimony prior to taking the stand today?

21 A. Yes.

22 Q. Having reviewed your testimony, do you
23 have any changes, corrections, modifications, or
24 amendments of any kind to this document?

25 A. No, I don't.

1 Q. If I were to ask you the questions
2 contained in this exhibit, would your responses be
3 the same?

4 A. Yes.

5 Q. And in your opinion are those responses
6 accurate and reasonable?

7 A. Yes.

8 MR. MARGARD: Your Honor, I respectfully
9 move for the admission of Staff Exhibit No. 2,
10 subject to cross-examination, and I tender
11 Mr. Nicodemus for that purpose.

12 EXAMINER SEE: Okay. Any
13 cross-examination for this witness, Ms. Bojko?

14 MS. BOJKO: No, thank you, your Honor.

15 EXAMINER SEE: Mr. Pritchard.

16 MR. PRITCHARD: No questions, your Honor.

17 EXAMINER SEE: Ms. Harris.

18 MS. HARRIS: No questions, your Honor.

19 EXAMINER SEE: Mr. Boehm.

20 MR. BOEHM: No questions, your Honor.

21 EXAMINER SEE: Mr. Olikier.

22 MR. OLIKER: No questions, your Honor.

23 EXAMINER SEE: Ms. Glover.

24 MS. GLOVER: No questions, your Honor.

25 EXAMINER SEE: Ms. Fleisher.

1 MS. FLEISHER: No questions, your Honor.
 2 EXAMINER SEE: Mr. Borchers.
 3 MR. BORCHERS: No questions, your Honor.
 4 EXAMINER SEE: Ms. Hewell.
 5 MS. HEWELL: No questions, your Honor.
 6 EXAMINER SEE: Ms. Hewell, I'm sorry.
 7 Mr. Nourse.
 8 MR. NOURSE: No, thank you, your Honor.
 9 EXAMINER SEE: And Mr. Michael.
 10 MR. MICHAEL: Yes, your Honor.

11 - - -

12 CROSS-EXAMINATION

13 By Mr. Michael:
 14 Q. Hello, Mr. Nicodemus.
 15 A. Hello.
 16 Q. The primary purpose of the DIR is to
 17 improve the overall reliability of AEP Ohio's
 18 distribution system, correct?
 19 A. No, I would disagree with that.
 20 Q. Okay. What would you say the primary
 21 purpose of the DIR is?
 22 MR. MARGARD: Your Honor, I am going to
 23 object just because Mr. Nicodemus isn't testifying
 24 about the DIR. It's not what his testimony is
 25 responsive to.

1 MR. MICHAEL: He is testifying about
2 reliability then.

3 MR. MARGARD: In that case, Counsel may
4 ask questions regarding the company's reliability.

5 MR. MICHAEL: And the statute that
6 involves the DIR.

7 MR. MARGARD: And he may ask questions
8 regarding the statute as it relates to reliability.

9 EXAMINER SEE: The objection is
10 sustained.

11 Q. (By Mr. Michael) Mr. Nicodemus, do you
12 know approximately how much a typical residential
13 customer, using 1,000 kilowatts of power on a monthly
14 basis, pays for the DIR?

15 MR. MARGARD: Objection, your Honor. It
16 doesn't relate to reliability.

17 MR. MICHAEL: Well, it does, your Honor,
18 because under the statute and the regulations there
19 are certain obligations -- pardon me -- there are
20 certain things that must be shown in terms of
21 customer alignment of interests. And as I will show
22 in my cross-examination, if given the opportunity, if
23 Mr. Margard would give me the opportunity to proceed
24 with it, will show that there is not the alignment
25 required by statute and regulations.

1 MR. MARGARD: I am not sure what the rate
2 of the DIR has to do with his expectations, and
3 certainly Counsel hasn't established that.

4 MR. MICHAEL: Well, if you give me an
5 opportunity to get to the Service Reliability
6 Perception Survey, I will, but I've got to lay some
7 foundational questions first.

8 EXAMINER SEE: And the objection is
9 sustained.

10 Q. (By Mr. Michael) Mr. Nicodemus, are you
11 involved in the reviews of AEP's applications
12 involving DIR work plans in cases where the company
13 is seeking to update rates for those -- that rider?

14 A. The rates, no.

15 Q. How do you evaluate the benefits that
16 customers should obtain from the DIR relative to the
17 costs for that rider?

18 MR. MARGARD: And I am going to object
19 again, your Honor. We're -- Mr. Nicodemus has
20 indicated that the DIR is not specifically tied, in
21 his opinion or understanding, to reliability. If
22 Counsel wants to ask questions with respect to
23 reliability, that's fine. If he continues to ask
24 questions about the DIR, it's beyond the scope of
25 Mr. Nicodemus's testimony.

1 EXAMINER SEE: The objection is
2 sustained.

3 Q. Mr. Nicodemus, if you would please turn
4 to page 8 of your testimony. Let me know when you're
5 there.

6 A. I'm there.

7 Q. And on page 8 of your testimony you state
8 that you believe AEP has met the requirements of ORC
9 4928.143(B) (2) (h), correct?

10 A. Correct.

11 Q. And what are the requirements of that
12 statute?

13 A. Per that statute if a -- if an ESP has
14 requested an infrastructure replacement plan that's
15 described in this section, the Commission shall
16 examine the reliability of the utility's distribution
17 system to ensure that the customers' distribution
18 expectations, reliability expectations, are aligned
19 with the utility's reliability expectations.

20 Q. Okay. And you did that analysis?

21 A. Yes.

22 Q. Okay. When you did that analysis, did
23 you consider the cost of the DIR?

24 A. The cost of the DIR is not the
25 reliability expectations so, no.

1 Q. So when you do the reliability analysis,
2 you don't consider costs at all, correct?

3 MR. MARGARD: That's not what the witness
4 testified, your Honor.

5 MR. MICHAEL: Well, he can tell me that
6 then.

7 A. My testimony --

8 Q. Pending question.

9 A. My testimony is related to only the
10 reliability per this provision in the statute, not
11 cost.

12 Q. The customer perception survey you
13 mentioned on page 8 was conducted in 2015, correct?

14 A. That's right.

15 Q. Okay. And do you have a copy of that
16 perception survey with you, Mr. Nicodemus?

17 A. I do.

18 Q. If you would please turn to page 3 of
19 that survey. Let me know when you've done that.

20 A. I believe I'm there. I'm a little unsure
21 of the numbering.

22 Q. Okay. Let me back up for a second, if I
23 might, Mr. Nicodemus. The reliability survey we're
24 talking about is the one conducted by Thoroughbred
25 Research Group and it's titled "AEP Ohio 2015 Service

1 Reliability Perception Survey Summary of Results
2 February 2016," correct?

3 A. Yes.

4 Q. Okay. And I had directed your attention
5 to page 3 of 34, page number in the bottom right-hand
6 corner.

7 A. Yes.

8 Q. Okay. So we're on the same page
9 literally and figuratively now.

10 A. I think so.

11 Q. Okay. When asked about the different
12 attributes of electric service, wasn't the cost of
13 electricity the most important consideration for
14 consumers based on the information reflected on
15 page 3?

16 A. No. I would disagree with that.

17 Q. Okay. Let's look at the bar graph. On
18 the left-hand side it says the cost of electricity,
19 34 percent, correct?

20 A. That's where I was confused about the
21 numbering because that's not my page 3. That's my
22 page 2, I believe that you are looking at.

23 MR. MICHAEL: May I approach the witness
24 quickly, your Honor, to make sure we are on the same
25 page?

1 EXAMINER SEE: Yes.

2 MR. MICHAEL: Thank you.

3 Q. Okay.

4 EXAMINER SEE: By chance, Mr. Michael, do
5 you have an extra copy of this survey?

6 MR. NOURSE: Or an extra, extra copy?

7 MR. MICHAEL: No, I don't have an extra,
8 extra copy.

9 MR. NOURSE: This was provided in
10 discovery?

11 MR. MICHAEL: It's attached to
12 Mr. Williams' testimony.

13 Q. Okay. Mr. Nicodemus, on the bottom of
14 that page there's a bar graph, correct?

15 A. Yes.

16 Q. And on the far left of that bar graph
17 there is something to the effect of cost of service,
18 correct?

19 A. Yes.

20 Q. And what is the percentage associated
21 with that?

22 A. 34 percent.

23 Q. Okay. And if you move one bar to the
24 right, and if you could just read each one of those
25 categories and the percentage associated with those

1 categories, please, for the record.

2 A. Keeping power outages to a minimum, 20
3 percent. Quickly restoring power when outages occur,
4 32 percent. Having options in paying your monthly
5 bill, 4 percent. Timely customer service, 8 percent.

6 Q. And what do those percentages represent?

7 A. I don't know. I did not conduct an
8 analysis of this page, of this chart.

9 Q. Okay. Doesn't it say at the top of that
10 page "Service Priority"?

11 A. It does.

12 Q. Okay. And could you please read that for
13 the record.

14 A. "When asked which of five options is most
15 important to them about their home electric service,
16 residential customers gravitated to two issues, each
17 mentioned by about one-third of residential
18 customers: The cost of electricity, 34 percent;
19 quickly restoring power when outages occurred,
20 32 percent."

21 Q. Okay. Thank you.

22 Now, you mention on page 8 of your
23 testimony, Mr. Nicodemus, that the company meets its
24 CAIDI and SAIFI standards, you would conclude that
25 the company would have exceeded its customer

1 expectations, correct?

2 A. No. That's only one part of that test;
3 only one part of my analysis.

4 Q. Okay. What's the other part?

5 A. Staff examines the survey responses with
6 response to outage frequency and duration and
7 compares that to the customers -- the -- excuse me,
8 the company's reliability performance.

9 Q. Okay. I want to direct your attention
10 then to page 8, lines 14 through 16, Mr. Nicodemus,
11 and I want to quote that to you and then ask you a
12 question.

13 EXAMINER SEE: Hold on, Mr. Michael.
14 Could you hold that question for a moment and we are
15 going to take a brief break.

16 MR. MICHAEL: Absolutely.

17 (Discussion off the record.)

18 EXAMINER SEE: Let's go back on the
19 record.

20 Mr. Michael.

21 MR. MICHAEL: Thank you, your Honor.

22 EXAMINER SEE: You have to start over
23 with that question again, please.

24 MR. MICHAEL: Certainly.

25 Q. (By Mr. Michael) Mr. Nicodemus, I want to

1 draw your attention to page 8, line 14 through 16.

2 Please let me know when you are there.

3 A. I'm there.

4 Q. You state there that, "That is, by
5 meeting the approved CAIDI and SAIFI standards, the
6 Company will have exceeded its customers'
7 expectations." Did I read that correctly?

8 A. You did.

9 Q. Okay. So you concluded that if the
10 company meets its CAIDI and SAIFI standards, it has
11 exceeded customer expectations based on that
12 testimony, correct?

13 A. Provided those standards exceed the
14 customers' expectations which I state just above
15 that.

16 Q. Okay. And are there reasons why you
17 don't consider cost in addition to SAIFI and CAIDI
18 standards?

19 A. Could you repeat that, please?

20 Q. Certainly. Are there reasons why you
21 don't consider cost in addition to SAIFI and CAIDI
22 standards in determining if customer and company
23 expectations for reliability are aligned?

24 A. This portion of the statute addresses
25 only reliability expectations, not cost expectations.

1 Q. Does it rule out considering cost
2 expectations?

3 A. It doesn't reference cost expectations at
4 all.

5 Q. So it doesn't rule it out, correct?

6 A. It specifically mentions reliability
7 expectations.

8 Q. Okay.

9 MR. MICHAEL: Your Honor, I am going to
10 move to strike and ask that you instruct the witness
11 to answer the question that I asked, please.

12 MR. MARGARD: And, your Honor, I think
13 the witness has indicated what his understanding of
14 the statute is.

15 EXAMINER SEE: And the witness has
16 answered the question.

17 MR. MICHAEL: Thank you, your Honor.

18 Q. (By Mr. Michael) Mr. Nicodemus, there is
19 also a rule associated with the reliability standards
20 and the customer expectations, correct?

21 A. Reliability standards, yes.

22 Q. Okay. And that rule is 4901:1-10-10
23 (B) (4) (b), correct?

24 A. (B) (4) (b) addresses the customer
25 perception survey.

1 Q. Okay. And do you have a copy of that
2 regulation, Mr. Nicodemus --

3 A. I do.

4 Q. -- in front of you? Okay. And I want to
5 draw your attention to that aforementioned (B)(4)(b)
6 and specifically draw your attention to the last
7 sentence of that regulation which begins with "The
8 objective."

9 A. Yes.

10 Q. Okay. Do you see that? Could you please
11 read that sentence into the record.

12 A. "The objective of the survey is to
13 measure customer perceptions, including, but not
14 limited to the expectations of electric service
15 reliability in terms of service reliability indices
16 defined in paragraph (B)(1) of this rule."

17 Q. Okay. And according to the rule,
18 consideration of cost expectation is not excluded
19 from the analysis, correct?

20 A. Could you repeat that, please?

21 MR. MICHAEL: Could you read the question
22 back, please.

23 (Record read.)

24 MR. NOURSE: Your Honor, I just object.
25 He just read the portion of the rule Mr. Michael

1 wanted him to, and it doesn't say anything about
2 cost. I don't think it's fair to characterize the
3 rule as not excluding cost.

4 MR. MICHAEL: I didn't characterize it as
5 anything. I asked a question. The witness can
6 respond to the question.

7 EXAMINER SEE: The objection is
8 sustained.

9 Q. Mr. Nicodemus, do you know the term of
10 the ESP extension in this case?

11 A. Per the stipulation, the term of the ESP
12 is through May 1, 2024.

13 Q. Okay. Can customer expectations for
14 reliability change over time?

15 A. Potentially.

16 Q. And does the 2015 customer perception
17 survey that was used to assess customer expectations
18 account for any changes in customer expectations
19 between 2015 and 2024?

20 MR. MARGARD: And I'll object on
21 relevance grounds.

22 MR. MICHAEL: I mean, the ESP goes to
23 2024 and they are proposing the DIR for that duration
24 and they have to do -- analyze the customer
25 expectations and make sure they're aligned; and if

1 they change over time, it's unreasonable to rely on a
2 2015 survey.

3 MR. MARGARD: I believe the statute
4 requires those expectations be assessed over the
5 future term of the ESP.

6 EXAMINER SEE: Try it again, Mr. Michael.

7 Q. (By Mr. Michael) The analysis about
8 customer expectations for this ESP, Mr. Nicodemus,
9 was based on a 2015 survey, correct?

10 A. Yes.

11 Q. And that 2015 survey cannot foresee any
12 changes in customer expectations on reliability
13 between 2015 and 2024, correct?

14 MR. MARGARD: Same objection, your Honor.
15 The foreseeability of the survey conducted in 2015 is
16 not relevant.

17 MR. MICHAEL: I mean, they have to align
18 customer expectations and there is no way they can do
19 that through 2024 based on a 2015 survey. That is
20 what I am trying to establish.

21 EXAMINER SEE: The objection is
22 sustained.

23 Q. Mr. Nicodemus, would the failure of a
24 utility to meet their SAIFI and CAIDI reliability
25 standards indicate to you customer and utility

1 expectations were not aligned in the context of
2 4928.143?

3 A. Potentially.

4 Q. Okay.

5 MR. MICHAEL: I have no further
6 questions, your Honor.

7 EXAMINER SEE: Any redirect, Mr. Margard?

8 MR. MARGARD: No redirect, thank you,
9 your Honor. Your Honor, I renew my motion.

10 EXAMINER SEE: Are there any objections
11 to the admission of Staff Exhibit 2?

12 Hearing none, Staff Exhibit 2 is admitted
13 into the record.

14 (EXHIBIT ADMITTED INTO EVIDENCE.)

15 EXAMINER SEE: Thank you. Let's go off
16 the record for a minute.

17 (Discussion off the record.)

18 EXAMINER PARROT: Let's go back on the
19 record.

20 Staff's next witness, please.

21 MR. MARGARD: Thank you, your Honor.
22 Staff would like to call Tamara Turkenton to the
23 stand, please.

24 (Witness sworn.)

25 EXAMINER PARROT: Please have a seat.

1 MR. MARGARD: Your Honors, I have
2 provided to the court reporter and to the Bench
3 copies of the prefiled testimony of Tamara S.
4 Turkenton, filed in this case on September 13, 2017,
5 and marked for purposes of identification as Staff
6 Exhibit 3.

7 EXAMINER PARROT: So marked.

8 (EXHIBIT MARKED FOR IDENTIFICATION.)

9 - - -

10 TAMARA S. TURKENTON
11 being first duly sworn, as prescribed by law, was
12 examined and testified as follows:

13 DIRECT EXAMINATION

14 By Mr. Margard:

15 Q. Please state your name and business
16 address.

17 A. Tamara Turkenton, 180 East Broad Street,
18 Columbus, Ohio 43215.

19 Q. And by whom are you employed and in what
20 capacity, please?

21 A. The Public Utilities Commission of Ohio,
22 I am the Chief of Regulatory Services.

23 Q. Do you have before you what has been
24 marked as Staff Exhibit No. 3?

25 A. I do.

1 Q. And is that your prefiled testimony in
2 this matter?

3 A. It is.

4 Q. And was this prepared by you or at your
5 direction?

6 A. It was.

7 Q. Prior to you taking the stand today, did
8 you have an opportunity to review that testimony?

9 A. I did.

10 Q. And as a result of your review, do you
11 have any corrections, changes, amendments,
12 modifications of any kind to this document?

13 A. I do not.

14 Q. And if I were to ask you the questions
15 contained in Staff Exhibit 3, would your responses be
16 the same?

17 A. They would.

18 Q. And in your opinion are those responses
19 accurate and reasonable?

20 A. They are.

21 MR. MARGARD: Your Honor, I respectfully
22 move for admission of Staff Exhibit No. 3, subject to
23 cross-examination, and tender the witness for that
24 purpose.

25 EXAMINER PARROT: Thank you.

1 Any questions, Mr. Borchers?

2 MR. BORCHERS: No questions, your Honor.

3 EXAMINER PARROT: Ms. Fleisher?

4 MS. FLEISHER: No, your Honor.

5 EXAMINER PARROT: Ms. Glover?

6 MS. GLOVER: No questions.

7 EXAMINER PARROT: Mr. Oliker?

8 MR. OLIKER: No, thank you, your Honor.

9 EXAMINER PARROT: Mr. Boehm?

10 MR. BOEHM: No questions, your Honor.

11 EXAMINER PARROT: Ms. Hewell? Am I

12 saying that correctly?

13 MS. HEWELL: Yes. No questions.

14 EXAMINER PARROT: Ms. Harris?

15 MS. HARRIS: No, your Honor.

16 EXAMINER PARROT: Mr. Pritchard?

17 MR. PRITCHARD: No questions, your Honor.

18 EXAMINER PARROT: Anybody else?

19 Mr. Stinson.

20 MR. STINSON: Just a few hopefully, your

21 Honor.

22 THE WITNESS: I am just going to raise my

23 chair real quick. Or not, since you just have a few.

24 Go ahead.

25 - - -

CROSS-EXAMINATION

By Mr. Stinson:

Q. Are you ready?

A. Yes.

Q. Okay. I know you are not an attorney, Ms. Turkenton, but you do have a working knowledge of the ESP versus MRO test and the statutes that provide for it, correct?

A. Yes, I do.

Q. And the MRO is contained in 4928.142, correct?

A. That's correct.

Q. ESP in 4928.143?

A. That's correct.

Q. I would like to talk about the components of the test a little bit just for background purposes. Now, for the MRO under .142, that essentially sets the generation price through a competitive bid process, correct?

A. That's correct.

Q. And under the ESP .143(B)(1) also provides for pricing generation service, correct?

A. I think I want -- I do have the statute with me. I think I am just going to refer.

Q. That's fine. I had a copy for you as

1 well, but we have been over this enough. I didn't
2 know if you needed it.

3 A. I just want to read it. So, Mr. Stinson,
4 4928.143(B) (1) .

5 Q. Right.

6 A. Yes. That includes provisions relating
7 to the supply and pricing of electric generation
8 service.

9 Q. And AEP will procure electric supply and
10 pricing through this competitive bid process in this
11 proceeding, correct?

12 A. That's correct.

13 Q. And the same as in the MRO, correct?

14 A. That's correct.

15 Q. And in the ESP statute, .143(B) (2)
16 permits electric utilities to include in an ESP the
17 nine items listed in (a) through (i); is that
18 correct?

19 A. That's correct.

20 Q. And the MRO statute, 142, has no similar
21 provision, correct?

22 A. Could you repeat that question?

23 Q. And the MRO statute, .142, has no
24 provisions similar to .143(B) (2) (a) through (i)?

25 A. Are you saying no provisions that are

1 similar?

2 Q. No, right.

3 A. No similar provisions. Let me review
4 142, please, for just a second. I would disagree.

5 Q. And what provision does it contain
6 similar to 143(B) (2)?

7 A. In Section 142, there are in -- 4928.142
8 (B) (1), (2), (3), (4), there are four items.
9 Actually I apologize. It is 4928.142(D) (1), (2),
10 (3), and (4). Would you like me to read those,
11 Mr. Stinson?

12 Q. I didn't get the citation.

13 A. The citation, I apologize, in the MRO
14 statute, it's 4928.142(D) (4). There's one, two,
15 three, four, there's four provisions and some of
16 those provisions within 142(D) (1), (2), (3), (4) are
17 similar in nature to 4928.143(B) (2) (a) through (i)
18 that you referenced.

19 Q. Okay. Thank you. Any other
20 similarities?

21 A. I don't understand your question.

22 Q. Well, you listed that the provisions in
23 (D) (1) through (4) in .142 are similar to 143. Are
24 there any other similarities between the statutes
25 that can be included?

1 A. My testimony is there are certain
2 similarities between (D) (1) through (4) and that of
3 the ESP statute.

4 Q. Where is that in your testimony?

5 MR. MARGARD: Well, if it's not in the
6 prepared testimony, it is how she responded today at
7 hearing.

8 A. It's my testimony today.

9 Q. Okay. Thank you.

10 Now, in evaluating the MRO versus ESP,
11 you looked at both quantitative and qualitative costs
12 and benefits, correct?

13 A. That's correct.

14 Q. And let's look at quantitative costs of
15 the ESP. I'm a little bit confused in your testimony
16 about what you're recommending with respect to the
17 Smart City Rider. Are you considering that a cost of
18 the ESP or not?

19 A. For purposes of this testimony, yes, I
20 have. From a perspective of quantitative costs, I
21 have included in my conclusion, although I will say
22 that I believe the Commission has spoken on
23 distribution riders of this nature, and that those --
24 whether they are -- whether the company asks for
25 recovery under an ESP or an MRO construct, that

1 it's -- it's what we call a wash. It doesn't -- it's
2 irrelevant because they are on both sides of the
3 equation, but for purposes of my test in this -- in
4 this case, I did include the Smart City Rider, the
5 21.1 million over a four-year period as a
6 quantitative part of the test.

7 Q. And when you're calling the -- it a wash,
8 you're stating that the Smart City Rider could be
9 recovered through the MRO process at .142?

10 A. Yeah. The Commission spoke in the last
11 ESP case, in 13-2385, and indicated at that time that
12 the ESSR, which is the vegetation rider, and the DIR,
13 which is the distribution investment rider, along
14 with other approved distribution riders, whether they
15 are on the ESP side or the MRO side, it is a wash.
16 It's not factored into the quantitative part of the
17 price test.

18 Q. And you're saying those could be
19 recovered through the MRO process and not through a
20 separate rate proceeding?

21 A. They would be through a distribution rate
22 case proceeding and in the MRO construct.

23 Q. Okay. So my question is -- let me
24 rephrase it.

25 You're stating then that the distribution

1 rider, the Smart City Rider we are talking about,
2 could be recovered if AEP filed an MRO proceeding and
3 a rate base proceeding?

4 A. Based on my knowledge and understanding
5 of prior Commission orders, I believe the Smart City
6 Rider is a distribution related rider, and I believe
7 they have the ability, yes, to recover that in a
8 distribution case under an MRO construct.

9 Q. They can recover in a -- my point that I
10 want to get across is it would be recovered in a
11 distribution rate proceeding, right?

12 A. Correct.

13 Q. Not in an MRO proceeding, correct?

14 A. Yes.

15 Q. Did you consider the rider DIR for
16 purposes of your analysis in this proceeding?

17 A. No, I did not.

18 Q. Could it be included in this proceeding
19 as a ESP cost?

20 A. I don't think so, no.

21 Q. For the same rationale as the Smart City,
22 that it would be a wash?

23 A. Same rationale, but I think the
24 Commission clearly delineated in the last ESP order,
25 as I said in 13 I believe 2385 that the ESSR and the

1 DIR for purposes of the quantitative portion of the
2 test, it was the same, whether it was an MRO or an
3 ESP.

4 Q. Okay. So was the DIR, like the Smart
5 City Rider, it could not be recovered in an MRO
6 proceeding, but in a rate base proceeding
7 accompanying the MRO proceeding, correct?

8 A. Correct.

9 Q. Now, with respect to the PowerForward
10 Rider, what types of projects would the PowerForward
11 Rider collect?

12 A. That question was probably better
13 directed at Ms. Schaefer.

14 Q. And the PowerForward Rider is a --
15 currently a placeholder rider, a zero placeholder
16 rider; is that correct?

17 A. That's correct.

18 Q. And will it be populated during the ESP
19 by 2024?

20 A. That is unknown.

21 Q. You made no quantification for the costs
22 in that rider for purposes of the ESP versus MRO
23 test, correct?

24 A. No, I did not make any quantification and
25 if there were a quantification, it -- its analysis is

1 akin to the DIR, the ESSR, and any other
2 distribution-related riders. It would not factor
3 into the quantitative price test.

4 Q. You are stating the same methodology
5 would be considered a wash?

6 A. Yes.

7 Q. Under the ESP and then the MRO/rate base
8 construct?

9 A. Correct.

10 Q. But that rider could be populated by
11 2024, correct?

12 A. Potentially.

13 Q. You just don't know now about how much,
14 correct?

15 A. No, we do not.

16 Q. Are there any other zero placeholder
17 riders in the stipulation?

18 A. If you give me a minute, I can check my
19 list. Scanning my list, milliers I see two. The
20 first one would be the Plug-in Electric Vehicle
21 Tariff; it's a placeholder rider at zero. And the
22 second one is the RGR, Renewable Generation Rider, it
23 also has no value and it is a zero-based rider.

24 Q. And could those riders also be populated
25 during the term of this ESP through 2024?

1 A. Potentially.

2 Q. And your testimony is you just don't know
3 the amount at this point?

4 A. That's correct.

5 Q. Now, you've listed two items as
6 quantitative benefits in the ESP, the Residential
7 Distribution Credit Rider and the
8 Neighbor-to-Neighbor program, correct?

9 A. That's correct.

10 Q. Now, in your opinion then, the benefits
11 of these two programs are not available under the
12 MRO; is that correct?

13 A. That is correct.

14 Q. The benefits of the rider RDC is
15 available in a rate case, correct?

16 A. Not necessarily.

17 Q. Was the rider RDC approved in a rate
18 case?

19 A. The original RDC rider, yes, was approved
20 in a base distribution case.

21 Q. And do you recall that that case was
22 11-351?

23 A. Subject to check, I'll agree.

24 Q. Thank you.

25 And, again, nothing prevents AEP from

1 offering the Neighbor-to-Neighbor program as a part
2 of a rate case proceeding, correct?

3 A. No.

4 Q. They could even be included in a rate
5 case proceeding as a part of a stipulated concession,
6 correct?

7 A. Could be.

8 Q. I just want to try to align some of your
9 testimony with some of the provisions of the
10 stipulation. And if you go to page 6 at line 18.

11 MR. MARGARD: Which document?

12 MR. STINSON: Her testimony.

13 MR. MARGARD: You are comparing the two.

14 A. Page 6, line 18?

15 Q. Yep.

16 A. I will do my best. I have line 122; I'm
17 not sure why, but. Is it Question 16.A?

18 Q. 17. "What other benefits were
19 considered?"

20 A. Thank you.

21 I'm there.

22 Q. You say that you considered qualitative
23 benefits including provisions for economic
24 development. What provisions or riders relate to
25 economic development?

1 A. Let me look at my list here. From a
2 qualitative perspective in terms of the MRO versus
3 ESP test, economic development, I believe those are
4 outlined in the IRP-D rider and the Automaker.

5 Q. And the enhancement to the retail
6 competitive market, what provisions or riders are
7 encompassed in that statement?

8 A. I'm giving you, Mr. Stinson, illustrative
9 examples. I don't want to say these are all
10 encompassing, but in general the supplier billing
11 pilot, and the CIR, the Competitive Incentive Rider,
12 and the accompanying credit which is the SSO credit,
13 I believe that those are enhancements to the retail
14 competitive market.

15 Q. And the billing pilot, that would be the
16 Supplier Consolidated Billing Pilot, is that what you
17 are talking about?

18 A. That's correct.

19 Q. And renewable energy options, would that
20 be rider RGR?

21 A. That's correct.

22 Q. And you mentioned the Smart City, that
23 would be the Smart City Rider of the PowerForward,
24 would be the PowerForward placeholder rider, correct?

25 A. Correct.

1 Q. Thank you. Move on to the partial
2 stipulation test that you're responsible for. On
3 page 3, line 1 of your testimony, you list the names
4 of the signatory parties, correct?

5 A. I do.

6 Q. And you state on line 2 that they
7 included a diverse group of interests, correct?

8 A. Correct.

9 Q. But you don't list what interests these
10 parties represent, correct?

11 A. Not specifically, no.

12 Q. Well, to shorten this up, have you
13 reviewed Mr. Allen's testimony?

14 A. I have.

15 Q. And I don't know if you have it with you,
16 but I would direct you to page 3, beginning at
17 line 19, with the question, he lists the signatories
18 as well and the interests they represent. I just
19 want to know, to speed things up, if you agree with
20 those representations.

21 MR. MARGARD: Do you have his testimony?

22 THE WITNESS: I do. And I'm there.

23 A. With my quick cursory review of both my
24 stipulation and Mr. Allen's -- my testimony, I
25 apologize, and Mr. Allen's testimony, it appears that

1 the diverse group of interests are the same.

2 He has in a -- in a single paragraph, he
3 has listed those who were nonopposing parties; and
4 I -- I made it a separate question 8 that identified
5 the nonopposing parties; but, yes, they appear to be
6 identical.

7 Q. You generally agree with his
8 representations?

9 A. Generally, yes.

10 Q. Thank you.

11 Now, on page 4, line 2 of your testimony,
12 you indicate that concessions were made by the
13 parties. Can you identify what concessions were made
14 by what parties to reach a stipulation?

15 A. I think the stipulation speaks for
16 itself.

17 MR. STINSON: Well, your Honor, I am
18 going to ask you to instruct the witness to respond.
19 It's her testimony that concessions were made by the
20 parties. She made her representation. She can state
21 what concessions were made.

22 MR. MARGARD: Your Honor, to the extent
23 those concessions are not part of confidential
24 settlement negotiations.

25 MR. STINSON: Your Honor, I don't believe

1 they can use the confidentiality of the settlement
2 negotiations to forbid inquiry into something that's
3 in her written testimony.

4 MR. MARGARD: Certainly she can, your
5 Honor, and indeed many of these parties have publicly
6 filed testimony that state litigation positions. And
7 reverting back to the witness's earlier answer, it
8 would be quite apparent comparing that publicly-filed
9 testimony with the stipulation as to what concessions
10 were made by the parties.

11 MR. STINSON: Again, your Honor, she made
12 the statement. She can answer the question.

13 MR. NOURSE: Your Honor, I would just add
14 to the objection this doesn't say she would list each
15 and every concession. It just says concessions were
16 made.

17 EXAMINER PARROT: Ms. Turkenton, to the
18 extent you can answer the question more fully without
19 divulging any confidential discussions during the
20 negotiations of the stipulation, I am going to ask
21 you to answer the question.

22 A. What I meant here when I said concessions
23 were made by the parties was just to illustrate that
24 in any negotiation, this negotiation was over five to
25 seven months, there was serious bargaining among

1 capable parties and not everyone, the stipulation as
2 a package, as a whole, not every party, I'm certain,
3 from the negotiations as I remember them got exactly
4 what they wanted in terms of the stipulation. So it
5 was just to illustrate that concessions were made
6 and -- and each party, you know, looked at the
7 stipulation as a whole, not any individual part of
8 the stipulation.

9 Q. Are you saying you can't identify any
10 concessions made by any party?

11 A. It's not that I can't identify. I think
12 it would take a lengthy process. I'm happy to go
13 through the stipulation, but I can't get in the
14 operation -- it's just from my regulatory experience
15 in negotiating cases that there was give and take by
16 all the parties that signed or decided to not oppose
17 the stipulation. And, to me, I believe when there
18 was give and take, that those are what I would call
19 concessions, that they came off of their litigation
20 position.

21 Q. Would you agree that the changes to the
22 IRP-D rider was a concession by AEP Ohio to
23 commercial/industrial customers?

24 A. Again, I don't know that it was a
25 concession by AEP. The parties that all signed this

1 stipulation, all the signatory parties including all
2 the nonopposing parties, believed that that provision
3 in and of itself -- well, that the stipulation as a
4 whole was -- let me try this. The stipulation as a
5 whole was in the public interest like public
6 utilities -- in the public interest and that each
7 individual part of the stipulation -- I just wanted
8 to determine -- I wouldn't say it's a concession by
9 AEP.

10 Q. So are you withdrawing your testimony
11 there were concessions made? It was just kind of a
12 group hug about the stipulation?

13 MR. PRITCHARD: I'm going to object, your
14 Honor.

15 MR. NOURSE: Object.

16 MR. PRITCHARD: We've already been
17 through multiple rounds of objections about revealing
18 the confidential nature of the settlement discussions
19 and asking specific provisions how much concession
20 was made --

21 EXAMINER PARROT: The objection is
22 sustained. I believe it mischaracterized Ms.
23 Turkenton's testimony.

24 MR. STINSON: We can go into confidential
25 session to review what concessions were made. I

1 don't believe she should be able to stand behind the
2 confidentiality to make that statement in her
3 testimony.

4 EXAMINER PARROT: The objection has been
5 sustained. Ask another question.

6 Q. (By Mr. Stinson) The last question,
7 Ms. Turkenton, and that is on page 4, line 12.

8 A. I'm there.

9 Q. I misspoke. It's page 4, line 11, that Q
10 and A, just to go through the same process we went
11 through before, trying to align the reported benefits
12 with the provision in the stipulation.

13 A. In terms of economic development
14 incentives, as I indicated, I believe the provisions
15 associated with IRP-D and the automaker credit
16 accomplish economic development; and they also, you
17 know, from a program perspective they promote
18 peak-demand reduction so there's some reliability
19 aspects there. Enhancement to the retail competitive
20 market, I think I enumerated before, that I believe
21 the CIR and the associated SSO credit and the
22 supplier billing pilot are enhancements to the retail
23 competitive market and promote competition.

24 Renewable energy options, as I enumerated
25 before, that is in respect to the RGR rider which

1 promotes renewables and creates more diverse energy
2 options.

3 And, lastly, the promotion of innovative
4 measures relating to Smart City and PowerForward
5 initiatives, I believe both of those allow for
6 innovative items such as micro grids, EV platforms,
7 SmartGrid systems that I believe are innovative to
8 the marketplace.

9 Q. Now, you left out one, the residential
10 low-income ratepayers. What provision or rider
11 represents that benefit?

12 A. That is the Neighbor-to-Neighbor, the
13 1 million, and I also believe that the residential --
14 residential distribution credit, the 14.7 annually,
15 benefits residential and low-income ratepayers.

16 Q. And low-income would just be
17 Neighbor-to-Neighbor?

18 MR. MARGARD: Your Honor.

19 Q. Neighbor-to-Neighbor would be low-income
20 or low-income and residential?

21 A. I believe that Neighbor-to-Neighbor would
22 be low-income and could potentially be residential
23 also, and I also -- and the residential distribution
24 credit that's given to both low-income ratepayers and
25 residential ratepayers.

1 MR. STINSON: Nothing further, your
2 Honor.

3 EXAMINER PARROT: Thank you.

4 Mr. Nourse, I realized I inadvertently
5 overlooked you earlier.

6 MR. NOURSE: I was waiting to see if I
7 had a good follow-up question to what Dane asked.

8 EXAMINER PARROT: You didn't speak up.

9 MR. NOURSE: I have no questions. Thank
10 you.

11 EXAMINER PARROT: I just wanted to get
12 that on the record. Thank you.

13 Any redirect?

14 MR. MARGARD: I do not, your Honor.
15 Thank you. And I renew my motion.

16 EXAMINER PARROT: All right. Are there
17 any objections to the admission of Staff Exhibit 3?

18 Hearing none, Staff Exhibit 3 is
19 admitted.

20 (EXHIBIT ADMITTED INTO EVIDENCE.)

21 EXAMINER PARROT: Thank you,
22 Ms. Turkenton.

23 Mr. Michael, I believe we are going to
24 pick up tomorrow with OCC Witnesses Williams and
25 Duann?

1 MR. MICHAEL: Correct, your Honor.

2 MR. NOURSE: Not Mr. Haugh tomorrow,
3 right?

4 MR. MICHAEL: We're willing to produce
5 him, but Mr. --

6 MR. NOURSE: I am just asking. I have a
7 bunch of things that will carry over.

8 EXAMINER PARROT: Let's -- we will plan
9 on starting with those two, and we will see where we
10 go, how far we can get.

11 MR. NOURSE: We can definitely get there.
12 Okay.

13 MR. OLIKER: Your Honor, we would
14 definitely appreciate waiting on Mr. Haugh because of
15 tomorrow's scheduling difficulty.

16 EXAMINER SEE: Say that again.

17 MR. OLIKER: We would appreciate not
18 going forward with Mr. Haugh tomorrow due to the fact
19 I will be out of state.

20 EXAMINER PARROT: Let's go off the
21 record.

22 (Discussion off the record.)

23 EXAMINER PARROT: Let's go back on the
24 record. We will reconvene at 10:00 a.m. in this room
25 with OCC Witnesses Williams and Duann.

1 We are adjourned for today.

2 (Thereupon, at 4:59 p.m., the hearing was
3 adjourned.)

4 - - -

5 CERTIFICATE

6 I do hereby certify that the foregoing is
7 a true and correct transcript of the proceedings
8 taken by us in this matter on Wednesday, November 1,
9 2017, and carefully compared with our original
10 stenographic notes.

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13

Karen Sue Gibson, Registered
Merit Reporter.

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Carolyn M. Burke, Registered
Professional Reporter.

17 (KSG-6445)

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Case No(s). 16-1852-EL-SSO, 16-1853-EL-AAM

Summary: Transcript in the matter of the Ohio Power Company hearing held on 11/1/17 - Volume I electronically filed by Mr. Ken Spencer on behalf of Armstrong & Okey, Inc. and Gibson, Karen Sue Mrs.