

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 9:00 a.m. on Friday, November 3,
2017.

- - -

VOLUME III

- - -

ARMSTRONG & OKEY, INC.
222 East Town Street, Second Floor
Columbus, Ohio 43215-5201
(614) 224-9481 - (800) 223-9481

- - -

1 APPEARANCES:

2 American Electric Power Service Corporation
3 By Mr. Steven T. Nourse,
4 Mr. Matthew S. McKenzie
5 and Ms. Christen M. Blend
6 1 Riverside Plaza, 29th Floor
7 Columbus, Ohio 43215

8 Porter, Wright, Morris & Arthur, LLP
9 By Mr. Eric B. Gallon
10 41 South High Street, 30th Floor
11 Columbus, Ohio 43215

12 Ice Miller LLP
13 By Mr. Christopher L. Miller
14 and Mr. Jeremy M. Grayem
15 250 West Street
16 Columbus, Ohio 43215

17 On behalf of Ohio Power Company.

18 Bruce E. Weston, Ohio Consumers' Counsel
19 By Mr. William Michael
20 and Mr. Kevin F. Moore
21 Assistant Consumers' Counsel
22 10 West Broad Street, Suite 1800
23 Columbus, Ohio 43215-3485

24 Bricker & Eckler, LLP
25 By Mr. Dane Stinson
100 South Third Street
Columbus, Ohio 43215-4291

On behalf of the Residential Consumers of
Ohio Power Company.

Mike DeWine, Ohio Attorney General
By Mr. William L. Wright,
Section Chief
Mr. Werner L. Margard, III,
and Mr. Robert Eubanks
Assistant Attorneys General
Public Utilities Section
180 East Broad Street, 6th Floor
Columbus, Ohio 43215

On behalf of the Staff of the PUCO.

1 APPEARANCES: (Continued)

2 Environmental Law & Policy Center
3 By Ms. Madeline Fleisher
4 21 West Broad Street, 8th Floor
5 Columbus, Ohio 43215

6 Environmental Law & Policy Center
7 By Mr. Robert Kelter
8 35 East Wacker Drive, Suite 1600
9 Chicago, Illinois 60601

10 On behalf of the Environmental Law &
11 Policy Center.

12 IGS Energy
13 By Mr. Joseph Oliker
14 and Mr. Michael Nugent
15 6100 Emerald Parkway
16 Dublin, Ohio 43016

17 On behalf of IGS Energy.

18 Carpenter Lipps & Leland LLP
19 By Ms. Angela M. Paul Whitfield
20 280 North High Street, Suite 1300
21 Columbus, Ohio 43215

22 On behalf of The Kroger Company.

23 Ohio Environmental Council
24 By Ms. Miranda Leppla
25 1145 Chesapeake Avenue, Suite I
Columbus, Ohio 43212

On behalf of the Ohio Environmental
Council and Environmental Defense Fund.

Carpenter Lipps & Leland LLP
By Ms. Kimberly W. Bojko
and Mr. James D. Perko, Jr.
280 North High Street, Suite 1300
Columbus, Ohio 43215

On behalf of The Ohio Manufacturers'
Association Energy Group.

1 APPEARANCES: (Continued)

2 McNees, Wallace & Nurick LLC
3 By Mr. Matthew Pritchard
4 and Mr. Frank P. Darr
5 21 East State Street, 17th Floor
6 Columbus, Ohio 43215

7 On behalf of the Industrial Energy
8 Users - Ohio.

9 Bricker & Eckler, LLP
10 By Mr. Dylan Borchers
11 and Ms. Elyse H. Akhbari
12 100 South Third Street
13 Columbus, Ohio 43215-4291

14 On behalf of the Electric Vehicle
15 Charging Association.

16 Vorys, Sater, Seymour & Pease, LLP
17 By Mr. Michael J. Settineri
18 and Ms. Gretchen Petrucci
19 52 East Gay Street
20 Columbus, Ohio 43215

21 On behalf of PJM Power Providers Group,
22 Electric Power Supply Association,
23 Constellation NewEnergy, Inc., and
24 Dynegy, Inc.

25 Whitt Sturtevant LLP
By Mr. Mark A. Whitt,
Mr. Andrew J. Campbell,
and Ms. Rebekah J. Glover
88 East Broad Street, Suite 1590
Columbus, Ohio 43215

On behalf of Retail Energy Supply
Association and Commerce Energy, Inc.
d/b/a Just Energy.

Ohio Partners for Affordable Energy
By Ms. Colleen L. Mooney
P.O. Box 12451
Columbus, Ohio 43212-2451

On behalf of Ohio Partners for
Affordable Energy.

1 APPEARANCES: (Continued)

2 Dickinson Wright PLLC
3 By Ms. Christine M.T. Pirik,
4 Mr. Terrence O' Donnell,
5 and Mr. William V. Vorys
6 150 East Gay Street, Suite 2400
7 Columbus, Ohio 43215

8 On behalf of Mid-Atlantic Renewable
9 Energy Coalition.

10 Boehm, Kurtz & Lowry
11 By Mr. Kurt J. Boehm
12 36 East Seventh Street, Suite 1510
13 Cincinnati, Ohio 45202

14 On behalf of the Ohio Energy Group.

15 Ohio Hospital Association
16 By Mr. Richard Sites
17 155 East Broad Street
18 3rd Floor
19 Columbus, Ohio 43215

20 Bricker & Eckler, LLP
21 By Mr. Devin Parram
22 100 South Third Street
23 Columbus, Ohio 43215-4291

24 On behalf of the Ohio Hospital
25 Association.

Spilman, Thomas & Battle, PLLC
By Ms. Carrie Harris
310 First Street, Suite 1100
Roanoke, Virginia 24011

On behalf of Walmart Stores East, LP, and
Sam's East, Inc.

Bricker & Eckler, LLP
By Ms. E. Nicki Hewell
and Ms. Sommer L. Sheely
100 South Third Street
Columbus, Ohio 43215-4291

On behalf of Paulding Wind Farm II, LLC.

1	INDEX		
2	- - -		
3	WITNESSES		PAGE
4	Abdellah Cherkaoui, Ph.D.		
	Direct Examination by Mr. Borchers		184
5	Cross-Examination by Mr. Moore		187
	Redirect Examination by Mr. Borchers		223
6	Recross-Examination by Mr. Moore		227
7	David J. Effron		
	Direct Examination by Mr. Moore		228
8	Cross-Examination by Mr. Gallon		235
	Redirect Examination by Mr. Moore		248
9	Recross-Examination by Mr. Gallon		250
10	Barbara R. Alexander		
	Direct Examination by Mr. Michael		254
11	Cross-Examination by Mr. Kelter		257
	Cross-Examination by Mr. Oliker		264
12	Cross-Examination by Mr. McKenzie		266
13	- - -		
14	EVCA EXHIBITS	IDENTIFIED	ADMITTED
	1 - Direct Testimony of	183	228
15	Dr. Abdellah Cherkaoui		
16	- - -		
17	OCC EXHIBITS	IDENTIFIED	ADMITTED
18	4 - Direct Testimony of	229	253
19	David J. Effron		
20	4A - Supplemental Testimony of	229	253
	David J. Effron		
21	5 - Supplemental Testimony of	254	288
22	Barbara R. Alexander		
23	- - -		
24			
25			

Friday Morning Session,
November 3, 2017.

- - -

EXAMINER SEE: Let's go on the record.

Before we get started this morning, we would like to take brief appearances from the counsel for the parties present this morning. We'll start to my left at this end of the table and go around the room.

MR. DOVE: Robert Dove on behalf of Natural Resources Defense Council.

MS. GLOVER: Good morning, your Honors. On behalf of Retail Energy Supply Association and Just Energy, Mark Whitt and Rebekah Glover.

MS. HEWELL: Good morning, your Honors. On behalf of Paulding Wind Farm II, Nicki Hewell.

MR. DARR: On behalf of IEU-Ohio, Frank Darr.

MR. KELTER: On behalf of Environmental Law and Policy Center, Robert Kelter.

MR. MOORE: Good morning, your Honors. On behalf of the residential energy consumers of AEP Ohio, Bruce J. Weston, Ohio Consumers' Counsel, by William Michael and Kevin Moore.

MR. MARGARD: On behalf of the staff of

1 the Commission, Werner L. Margard and Robert A.
2 Eubanks, Assistant Attorneys General.

3 MR. BORCHERS: Good morning. On behalf
4 of the Electric Vehicle Charging Association, Dylan
5 Borchers and Elyse Akhbari.

6 MR. NOURSE: Good morning, your Honor.
7 On behalf of AEP Ohio, Ohio Power Company, Steven T.
8 Nourse, Matthew S. McKenzie, and Christen M. Blend,
9 with AEP Service Corporation; and from the law firm
10 of Ice Miller, Christopher L. Miller, Jeremy M.
11 Grayem; and from the law firm of Porter, Wright,
12 Morris & Arthur, Eric B. Gallon.

13 EXAMINER SEE: Okay. And Mr. Borchers.

14 MR. BORCHERS: Yes, your Honor.

15 EXAMINER SEE: I believe you have the
16 first witness this morning.

17 MR. BORCHERS: Yes, thank you. The
18 Electric Vehicle Charging Association calls
19 Dr. Abdellah Cherkaoui to the stand. And, your
20 Honors, I've provided Dr. Cherkaoui's prefiled
21 testimony marked as EVCA Exhibit 1 and I've also
22 provided a copy to the court reporter.

23 EXAMINER SEE: I'm sorry, EVCA Exhibit 1?

24 MR. BORCHERS: Yes, your Honor.

25 (EXHIBIT MARKED FOR IDENTIFICATION.)

1 EXAMINER SEE: Dr. Cherkaoui, if you
2 could raise your right hand, please.

3 (Witness sworn.)

4 EXAMINER SEE: Thank you. Have a seat.
5 Mr. Borchers.

6 MR. BORCHERS: Thank you.

7 - - -

8 DR. ABDELLAH CHERKAOUI
9 being first duly sworn, as prescribed by law, was
10 examined and testified as follows:

11 DIRECT EXAMINATION

12 By Mr. Borchers:

13 Q. Good morning. Will you please state your
14 name for the record and spell your last name.

15 A. Abdellah Cherkaoui. It's spelled
16 C-h-e-r-k-a-o-u-i.

17 Q. What is your business address and who is
18 your employer?

19 A. It's 155 De Haro Street, San Francisco,
20 California. My employer is Volta.

21 Q. What is your affiliation with the
22 Electric Vehicle Charging Association and I'll refer
23 to that as "EVCA."

24 A. I am a founding board member of the
25 Electric Vehicle Charging Association, EVCA. I'm

1 currently the Treasurer.

2 Q. Do you have what has been marked as EVCA
3 Exhibit 1 in front of you?

4 A. Yes.

5 Q. Is this your prefiled testimony that was
6 previously filed on September 13, 2017 in this
7 proceeding?

8 A. Yes.

9 Q. Did you prepare or cause to be prepared
10 this prefiled testimony?

11 A. I did.

12 Q. I'm sorry?

13 A. Yes.

14 Q. Have you reviewed this testimony prior to
15 taking the stand?

16 A. Yes.

17 Q. Having reviewed your testimony, do you
18 have any corrections, changes, or amendments to your
19 prefiled testimony?

20 A. I believe there is a typo on the
21 testimony. Page 8, line 19, to the question: "What
22 is the maximum amount of each DCFC rebate?" The
23 answer should be "DCFC rebates" and not "Level 2
24 rebates."

25 Q. And you're referring to page 8, line 9.

1 The first word "Level 2" should be changed to "DCFC"?

2 A. Correct.

3 MR. KELTER: Wait.

4 Q. I'm sorry, line 19.

5 A. Line 19.

6 MR. KELTER: I'm sorry.

7 EXAMINER SEE: If you could repeat that,
8 please, the correction to your testimony.

9 THE WITNESS: Yes. On page 8, line 19,
10 "Level 2" should be replaced by "DCFC."

11 Q. Do you have any additional corrections,
12 changes, or amendments to your prefiled testimony?

13 A. No.

14 Q. If I were to ask you the same questions
15 as are asked in your prefiled testimony, would your
16 answers be the same today?

17 A. Yes.

18 MR. BORCHERS: Your Honor, subject to
19 cross-examination, I move to enter EVCA Exhibit 1
20 into the record and now tender the witness for
21 cross-examination.

22 EXAMINER SEE: Mr. Dove, any
23 cross-examination for this witness?

24 MR. DOVE: No, your Honor.

25 EXAMINER SEE: Ms. Glover?

1 MS. GLOVER: No questions.

2 EXAMINER SEE: Ms. Hewell?

3 MS. HEWELL: No questions, your Honor.

4 EXAMINER SEE: Mr. Darr?

5 MR. DARR: No questions.

6 EXAMINER SEE: Mr. Kelter?

7 MR. KELTER: No questions.

8 EXAMINER SEE: Mr. Margard?

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

10 EXAMINER SEE: Mr. Nourse?

11 MR. NOURSE: No, no questions.

12 EXAMINER SEE: Mr. Moore?

13 MR. MOORE: Yes, thank you, your Honor.

14 - - -

15 CROSS-EXAMINATION

16 By Mr. Moore:

17 Q. Good morning, Mr. Cherkaoui.

18 A. Good morning.

19 Q. I would like to run a few -- through a
20 few definitions with you just to make things a little
21 bit easier. If I say "electric vehicle" and I say
22 "EV," would you understand what I'm -- what I mean?

23 A. Yes.

24 Q. And if I say "EVCS" instead of electric
25 vehicle charging station, will you know what I mean?

1 A. Yes.

2 Q. And if I say "the EV proposal" or "the
3 pilot," will you understand that to mean the
4 EV-related proposal in the settlement?

5 A. Yes.

6 Q. And as opposing counsel said, the
7 Electric Vehicle Charging Association is "EVCA,"
8 correct?

9 A. Correct.

10 Q. Okay. Mr. Cherkaoui, you work for Volta
11 Charging; is that correct?

12 A. Yes.

13 Q. And Volta is a member of EVCA?

14 A. Correct.

15 Q. And EVCA is a not-for-profit trade
16 association that represents the electric vehicle
17 charging industry; is that right?

18 A. That is right.

19 Q. How many members are there total in EVCA?

20 A. There are currently eight members.

21 Q. And do each -- are each of these members
22 a separate company?

23 A. Yes, they are.

24 Q. Do you know how many of the EVCA member
25 companies can provide EVSE or electric vehicle supply

1 equipment?

2 A. Five of them.

3 Q. And the other three, what are their
4 primary functions?

5 A. They operate and they do installations
6 and construction and maintenance. So they provide
7 different services associated with electric vehicle
8 charging and that is the strength of EVCA.

9 Q. Now, EVCA supports the settlement in its
10 entirety, correct?

11 A. Correct.

12 Q. And under the settlement there -- there
13 is the pilot program, right?

14 A. Yes.

15 Q. And under the program, AEP Ohio will
16 create and operate a rebate program for hardware,
17 network services, and installation of EVCS; is that
18 correct?

19 A. Yes.

20 Q. And the proposal is set to -- is set to
21 cost \$10 million, correct?

22 A. It will be capped at \$10 million.

23 Q. And specifically, the pilot includes 300
24 Level 2 charging stations and 75 DCFC charging
25 stations; is that correct?

1 A. Yes.

2 Q. So none of the \$10 million will be spent
3 on electric vehicles themselves, correct?

4 A. Not on electric vehicles, no.

5 Q. On page 11 of your testimony, lines 17
6 through 21, you reference a study done by The Yale
7 Center for Business and Environment which is cited in
8 footnote 1. Do you see that?

9 A. Yes.

10 MR. MOORE: I would like to reference
11 that document, your Honor, but I'm not planning on
12 admitting it into the record as an exhibit, so I'll
13 just pass out a few copies.

14 EXAMINER SEE: Okay.

15 MR. MOORE: May I approach the witness?

16 EXAMINER SEE: Yes.

17 Q. (By Mr. Moore) Okay. If you could turn
18 to page 4 of that document, Mr. Cherkaoui, titled
19 "Executive Summary." The second-to-last paragraph
20 states "Our analysis suggests that the best way for
21 policymakers to facilitate the growth of the market
22 is to grow electric vehicle purchases and allow the
23 private sector to provide charging infrastructure."
24 Is that correct?

25 A. Page 4.

1 Q. Yes.

2 A. Can you point me exactly to?

3 Q. Yes. The second-to-last paragraph.

4 A. Second-to-last.

5 Q. The second sentence.

6 MR. NOURSE: Your Honor, I object. No
7 foundation has been laid for this document. And
8 Mr. Moore's quoting some key passage to advance his
9 position, so I object. There is no foundation and it
10 certainly appears to be unsupported hearsay at this
11 point.

12 MR. MOORE: Your Honor, the witness
13 footnotes this exact document in his testimony.

14 MR. NOURSE: Can you run through that
15 foundation because I didn't hear that? I didn't hear
16 that established as part of the --

17 MR. MOORE: If the witness would like to
18 stipulate he is not familiar with this document even
19 though it's in his testimony.

20 EXAMINER SEE: Perhaps you'd like -- the
21 objection is sustained.

22 Q. (By Mr. Moore) Mr. Cherkaoui, this
23 document is cited as footnote 1 in your testimony; is
24 that correct?

25 A. That is correct.

1 Q. Are you familiar with this document?

2 A. Yes.

3 Q. Have you read it?

4 A. Yes.

5 Q. So on page 4 of your -- of the document,
6 second-to-last paragraph that states that "Our
7 analysis suggests that the best way for policymakers
8 to facilitate the growth of the market is to grow
9 electric vehicle purchases and allow the private
10 sector to provide charging infrastructure." Is that
11 correct?

12 A. That's correct.

13 Q. And the study goes on, on page 5,
14 second-to-last paragraph -- excuse me, the second
15 paragraph states, "The core message, then, is that
16 governments looking to expand EV infrastructure
17 should spend their policy dollars encouraging EV
18 purchases rather than constructing charging stations.
19 This type of policy intervention ensures that EVSE
20 will be installed in areas that will receive
21 relatively high traffic. It also ensures that EVSE
22 will be used and maintained at an optimal level." Is
23 that correct?

24 A. That's correct.

25 MR. BORCHERS: Objection, your Honor. I

1 withdraw.

2 Q. Now, on page 10 of your testimony, excuse
3 me. Now, if one was going to encourage charging
4 station construction, there are a couple of different
5 business models that you could choose from; is that
6 right?

7 A. There are several business models.

8 Q. And one would be a rebate-like program
9 that is similar to the one included in the
10 settlement, correct?

11 A. That is not a business model.

12 Q. That's a -- excuse me -- that would be
13 then an economic model, correct?

14 A. That is not correct. That is an
15 incentive.

16 Q. Okay. How would you describe the rebate
17 program then?

18 A. The rebate program is aimed at incenting
19 various site owners who provide, essentially install
20 electric vehicle charging service for their
21 employees, for their visitors for the tenants.

22 Q. What kind of business model would the
23 rebate program fall under?

24 A. So, again, the rebate program is aimed at
25 incentivizing these site owners to put them in, so

1 the site owners are providing a service to their
2 employees or their tenants. It would be similar to
3 having a vending machine, for example.

4 Q. Would -- excuse me -- were you done?

5 A. I'm done.

6 Q. Would utility ownership of electric
7 vehicle charging stations be a business model?

8 A. No. It's -- it's not.

9 Q. But it is one option that one could
10 choose in order to facilitate electric vehicle
11 charging stations.

12 A. The -- so EVCA supports utility's
13 involvement, but what we have learned, what we have
14 shown is that the best design for that program is
15 through a rebate which is more cost effective to the
16 ratepayer and which encourages competition and
17 innovation. So a ownership model essentially does a
18 disservice to the vehicle adoption because it does
19 not provide for competition and customer choice, by
20 "customer" I mean the site owners, and it does not
21 encourage innovation.

22 MR. MOORE: Your Honor, I move to strike
23 the entire answer as not responsive to my question.
24 I asked whether utility ownership is a business model
25 that you could choose from. I didn't ask him to

1 compare and contrast utility ownership versus a
2 rebate program.

3 MR. BORCHERS: And, your Honor, the
4 witness was providing some context about the utility
5 approach to electric vehicle charging station
6 owner -- ownership.

7 MR. MOORE: That's something that can be
8 brought out on redirect, your Honor. I was asking
9 whether a utility ownership model is a business model
10 one could choose; not whether it's one you should
11 choose.

12 EXAMINER SEE: I'm going to let the
13 answer stand and direct the witness to answer the
14 question that's posed to you.

15 Try again, Mr. Moore.

16 Q. (By Mr. Moore) As you stated on page 11,
17 lines 18 -- 18 through 21, "[n]o single technology or
18 business model is exactly right for all charging
19 scenarios"; is that correct?

20 A. That's correct.

21 Q. Because there are pros and cons to each
22 business model depending on the location and driver
23 base, right?

24 A. There is a difference in use base
25 depending on where the driver and user parks his car.

1 Q. Can you define what the term "driver
2 base" means to you?

3 A. "Driver base." Can you clarify, please?

4 Q. Yes. The term "driver base" is used on
5 page 11, line 21 of your testimony.

6 A. By "driver base" means essentially EV
7 drivers as a class, so the end users, the drivers,
8 will charge differently depending on where they park.

9 Q. So the characteristic of "driver base" is
10 where they park?

11 A. It's depending on how their -- they
12 choose and they use their transportation means, yes.

13 Q. So would that include whether they drive
14 to work every day?

15 A. That includes whether they drive to work,
16 where they shop, you know, how they -- so you can
17 essentially charge your EV at home, at work, at a
18 grocery store, in the streets, along the highway, and
19 all of those are different use base for EV charging,
20 therefore, have a different service component to
21 them.

22 Q. Would the driver base include the median
23 income of the driver base in the location that
24 you're --

25 A. Yes.

1 Q. So the location in this proceeding would
2 be the AEP Ohio service territory, correct?

3 A. This pilot is on AEP's service territory,
4 yes.

5 Q. So you agree, being knowledgeable about
6 the location and driver base would be important in
7 determining what technology to use and which business
8 model to use, correct?

9 A. This is a point of the pilot is to learn
10 about it.

11 Q. On page 10, 11 through -- lines 11
12 through 12, you state that "Investments should be
13 thoughtful and deliberate to help develop a robust
14 and sustainable EV market that employs grid benefits
15 for all ratepayers." Do you see that?

16 A. Yes.

17 Q. So is it your testimony that the current
18 EV market has not developed into a robust and
19 sustainable EV market?

20 A. 1 percent of new car sales. It's still
21 in the very beginning in the asset market.

22 Q. Is that 1 percent of new car sales in the
23 AEP service territory or nationwide?

24 A. Nationwide.

25 Q. Do you know what the percentage is in the

1 AEP Ohio service territory?

2 A. I am not familiar. I don't know.

3 Q. But there are electric vehicles in the
4 AEP Ohio service territory currently, correct?

5 A. There are.

6 Q. And there are electric vehicle charging
7 stations in the AEP service territory currently,
8 correct?

9 A. Correct.

10 Q. Do you know how many electric vehicle
11 charging stations there are in the AEP Ohio service
12 territory?

13 A. I don't know off the top of my head, but
14 it's -- there is public information. You can find it
15 on, for example, the U.S. website, the number.

16 Q. Now, again in reference to page 10,
17 line 11, would you agree that if investments aren't
18 thoughtful and deliberate then they should not be
19 made?

20 A. I don't understand the question.

21 Q. On line 11 you state, "Investments should
22 be thoughtful and deliberate...."

23 A. Yes.

24 Q. So would you agree that if the
25 investments aren't thoughtful and deliberate then

1 they shouldn't be made?

2 A. I assume so.

3 Q. Now, a little further down on page 10,
4 line 18 through 20, you state, "The Commission should
5 authorize strategic, cost-effective investments that
6 will help accelerate expansion of EV charging and EV
7 adoption." Would you also agree that if investments
8 aren't strategic and cost-effective, then the PUCO
9 should not approve them?

10 A. Correct.

11 Q. Okay. Now, is it true that EVCA has not
12 conducted any study or analysis to determine whether
13 the EV proposal is the most cost-effective way to
14 accelerate expansion of EVCSs and EV adoption?

15 A. It's true.

16 Q. And EVCA has not conducted any studies or
17 analysis to determine whether utility ownership of
18 EVCSs would be more effective in stimulating EVCS
19 development in Ohio?

20 A. It's true.

21 Q. And EVCA has not conducted any studies or
22 analysis to determine whether a rebate program or a
23 one-time investment by a utility customer would be
24 more effective in stimulating EVCS development in
25 Ohio?

1 A. Correct, in Ohio.

2 Q. And EVCA has not conducted any studies or
3 analysis regarding the long-term sustainability of
4 EVCSs or EVs in AEP Ohio's service territory?

5 A. Correct.

6 Q. And EVCA has not conducted any studies or
7 analysis to determine the transportation patterns of
8 EV users in AEP Ohio's service territory, correct?

9 A. That's correct, yes. That's the point of
10 the pilot.

11 Q. And EVCA has not consulted any studies or
12 analysis regarding the existing network of electric
13 vehicle charging stations in AEP Ohio's service
14 territory, correct?

15 A. Correct.

16 Q. And EVCA has not conducted any studies or
17 analysis regarding the current expansion rate of
18 EVCS's pending the adoption?

19 A. You mean Ohio?

20 Q. In the AEP Ohio service territory,
21 correct?

22 A. Correct.

23 Q. EVCA has also not conducted any studies
24 or analysis to determine how many EVCSs are necessary
25 to stimulate innovation, competition, and customer

1 choice in the market for EV charging equipment in the
2 AEP Ohio service territory, correct?

3 A. Correct.

4 Q. As far as direct costs to consumers, like
5 we said earlier, the EV proposal is set to cost \$10
6 million; is that correct?

7 A. Yes.

8 Q. 9-and-a-half million of that will go
9 towards the rebates, correct?

10 A. Uh-huh.

11 Q. And \$500,000 will be administrative fee?

12 A. Yes.

13 Q. Do you know how AEP Ohio intends to
14 allocate these costs among rate classes?

15 A. No, I am not aware now.

16 Q. But you do understand these costs will be
17 paid for by consumers, correct?

18 A. Correct.

19 Q. You haven't conducted a customer bill
20 impact analysis regarding the pilot, correct?

21 A. That's correct.

22 Q. And you don't know how much the average
23 residential consumers would be charged per month
24 under the EV proposal.

25 A. No, I do not know that.

1 Q. You haven't conducted any studies or
2 analyses to determine the desire that residential
3 consumers have for EVCSs in the AEP Ohio service
4 territory, correct?

5 A. That's correct.

6 Q. You haven't conducted any studies or
7 analysis to determine the amount that the average
8 residential consumer would be willing to pay for the
9 development in EVCSs and EVs found in the EV
10 proposal, correct?

11 A. Based on our knowledge, it's very
12 variable.

13 Q. Based on your knowledge it's very
14 variable; is that what you are saying?

15 A. Yes.

16 Q. EVCA has not conducted an economic impact
17 analysis for the state of Ohio regarding the EV
18 proposal; is that correct?

19 A. Correct.

20 Q. And EVCA has not conducted any studies or
21 analysis to determine how the EV proposal will impact
22 electricity prices in the AEP Ohio service territory,
23 correct?

24 A. Correct.

25 Q. And EVCA has not conducted any studies or

1 analysis to determine how the stipulation as a whole
2 impacts electricity prices in the AEP Ohio service
3 territory.

4 A. Correct.

5 Q. Okay. Let's now look at some of the
6 specifics of the proposal. Under the EV proposal, an
7 entity that wishes to be considered for a site host
8 will have to submit an application; is that correct?

9 A. That's correct.

10 Q. How many site hosts in total could there
11 be under the pilot?

12 A. I don't know.

13 Q. And after a site host submits an
14 application, a determination will be made to identify
15 the entities that will be selected?

16 MR. BORCHERS: Your Honor, I would ask
17 that OCC counsel provides a reference to where in the
18 stipulation he's referring to for the benefit of the
19 Bench and the witness.

20 EXAMINER SEE: Dr. Cherkaoui, if you need
21 a reference, you can request one.

22 Go ahead, Mr. Moore.

23 MR. MOORE: I think there is a question
24 pending. Could we have it reread?

25 EXAMINER SEE: Yes.

1 (Record read.)

2 A. Yes.

3 Q. And that determination is made by AEP
4 Ohio; is that correct?

5 A. AEP Ohio will decide the types of sites
6 that will help the pilot.

7 Q. Do you know how AEP Ohio will make that
8 determination?

9 A. I don't know.

10 Q. So certain entities that may have
11 submitted an application and express a desire to be a
12 site host may not be selected; is that correct?

13 A. That's correct.

14 Q. And if an entity is selected, then it
15 will receive money through the rebate program,
16 correct?

17 A. Correct.

18 Q. And if an entity is not selected, it will
19 not receive that money through the rebate program.

20 A. Correct.

21 Q. Now, for site hosts, the settlement
22 doesn't specify any pricing policies that they must
23 follow, correct?

24 A. That's correct.

25 Q. The settlement does not propose a cap for

1 what EV charging station owners can charge EV
2 customers for the use of the stations pursuant to the
3 settlement, correct?

4 A. The site host decides pricing depending
5 on their needs and wants for how they provide the
6 EVCS amenity and service.

7 Q. You don't know how much it will cost an
8 average driver to completely charge his or her
9 vehicle within an L2 EVCS, correct?

10 A. Very variable. It depends on the vehicle
11 type, it depends on how -- the size of the battery,
12 it depends on where and when they charge it.

13 Q. But you don't know what the average
14 driver -- what it would cost an average driver to
15 completely charge his or her vehicle.

16 A. It can be very variable. It can be free
17 if they charge their vehicle all the time at work and
18 the workplace employers provide this as an employee
19 amenity, for instance. It could be more expensive if
20 the driver actually relies on DCFC fast charging. It
21 will cost more along the highway for instance. So
22 there are quite a bit of -- there are a number of
23 variables that will decide the cost of charging for a
24 specific driver.

25 Q. I should have asked a better question.

1 You don't know how much it will cost --
2 you don't know how much the average cost is to -- for
3 a driver to completely charge his or her vehicle, do
4 you?

5 A. Again, it's very variable so, no, I
6 don't.

7 Q. EVCA has not conducted any studies or
8 analysis regarding the benefit of implementing demand
9 or time-bearing rate structure for EVCSs, correct?

10 A. That's correct.

11 Q. Now, the rebate program is for hardware,
12 network services, and installation of charging
13 infrastructure; is that right?

14 A. Yes.

15 Q. So the rebates may be used for these
16 expenses?

17 A. Yes.

18 Q. So under hardware costs, that would
19 include the electric vehicle supply equipment unit
20 itself?

21 A. Yes.

22 Q. And the cost of the unit can be affected
23 by a number of factors, correct?

24 A. That's correct.

25 Q. For example, the number of ports would

1 affect the cost?

2 A. Yes.

3 Q. The number -- the communication system
4 would affect the cost, correct?

5 A. Yes.

6 Q. And there are also a number of different
7 types of charging stations, correct?

8 A. That's correct.

9 Q. There's a Level 1 charging station,
10 right?

11 A. Level 1 is usually referred to as travel
12 cord. It's really the way you plug your vehicle in
13 the EVCS outlet.

14 Q. But the pilot doesn't propose to
15 construct any of those, correct?

16 A. No. Those are not part of the pilot.

17 Q. And there are Level 2 chargers which the
18 pilot does include, correct?

19 A. That's correct.

20 Q. And then there is DCFC chargers, correct?

21 A. Yes.

22 Q. And the DCFC unit is generally more
23 expensive than an L2 unit; is that correct?

24 A. That's correct.

25 Q. And there are also a couple of different

1 kinds of DC chargers, right?

2 A. That's correct.

3 Q. So there is an SAE Combo and a
4 C-H-A-d-e-M-o.

5 A. CHAdeMO.

6 Q. CHAdeMO?

7 A. Those two refer to the cable that is used
8 and that is supported by different vehicles
9 manufactured.

10 Q. Correct. So an SAE Combo charger can
11 only be used by a select amount of EVs, correct?

12 A. That's correct.

13 Q. And a CHAdeMo charger can only be used by
14 a select amount of EVs, correct?

15 A. That's correct.

16 Q. And the pilot doesn't specify which type
17 of DCFC chargers must be installed, correct?

18 A. That's correct.

19 Q. And then there are also chargers that are
20 made for Teslas only; is that correct?

21 A. Tesla provides their own type of
22 chargers, correct.

23 Q. The Tesla -- excuse me -- the settlement
24 doesn't provide for any Tesla chargers; is that
25 correct?

1 A. That's correct.

2 Q. Now, the installation portion would cover
3 labor and materials for connecting the electric
4 vehicle supply equipment to the electric service; is
5 that right?

6 A. That's correct.

7 Q. And the network services portion would
8 entail costs to be able to connect with the network
9 management system; is that correct?

10 A. That's correct.

11 Q. If an EVSE unit is networked, will the
12 owner pay a fee that covers the cost for cellular or
13 network communications?

14 A. Depending on the provider, the site host
15 may pay for those costs.

16 Q. Would those costs be included in the
17 rebate?

18 A. No.

19 Q. So the site host would have to pay for
20 that himself.

21 A. That's part of long-term services and
22 fees.

23 Q. Could the rebate also be used to cover
24 electricity charges the site host incurs?

25 A. No.

1 Q. Could the rebate be used to cover demand
2 charges the site host incurs?

3 A. No.

4 Q. Could the EV rebate be used to cover
5 preventive and corrective maintenance on the EVSE
6 unit?

7 A. I don't know.

8 Q. Could it be used -- could the rebate be
9 used to cover repairs to the EVSE unit?

10 A. That's the same question. I don't really
11 know.

12 Q. Okay. Now, the settlement also states
13 AEP Ohio will choose no fewer than three entities to
14 provide the EVCS hardware and equipment, correct?

15 A. Correct.

16 Q. Are there any specifics in the settlement
17 about how the entities will be chosen?

18 A. The stipulation sets a set of
19 requirements. AEP Ohio will define further what --
20 how they select the qualifying vendors for the
21 program.

22 Q. Would EVCA members be allowed to provide
23 the hardware and software for the pilot?

24 A. Yes.

25 Q. Will other entities that are not EVCA

1 members be allowed to provide hardware and software
2 for the pilot?

3 A. Yes.

4 Q. Have you conducted any studies or
5 analysis on the revenues that EVCA expects to see if
6 the settlement is approved as proposed?

7 A. No.

8 Q. But members of EVCA could benefit
9 economically if they are chosen to provide the goods
10 and services for the program, correct?

11 A. If they are chosen, yes.

12 Q. Will EVCA members be given any preference
13 over other entities?

14 A. No.

15 Q. As you stated earlier, the pilot plans to
16 install 300 L2 charging stations and 75 DCFC
17 stations, correct?

18 A. That's correct.

19 Q. EVCA has not conducted any studies or
20 analysis regarding the reasonableness of the amount
21 of L2 stations that are being proposed in the
22 stipulation, correct?

23 A. That's correct. Those numbers were found
24 by multiple parties for the program.

25 Q. EVCA has not conducted any studies or

1 analysis regarding the reasonableness of the amount
2 of DCFC stations that are being proposed in the
3 stipulation, correct?

4 A. Correct.

5 Q. Now, the settlement proposes to fund the
6 L2 rebate program up to \$3.7 million; is that right?

7 A. Yes.

8 Q. On page 7 you discuss what the proposed
9 L2 rebate allocation amounts are, correct?

10 A. Yes.

11 Q. EVCA has not conducted any studies or
12 analysis regarding what the L2 rebate allocation
13 amount should be, correct?

14 A. That's correct.

15 Q. These L2 rebates will be available to
16 site hosts at publicly-available locations,
17 workplaces, and multi-unit dwellings; is that right?

18 A. Yes.

19 Q. The first group says 30 percent will be
20 open to the public in government or nongovernment
21 locations; is that right?

22 A. Uh-huh. Yes. Sorry.

23 Q. That's 90 -- that's 90 charging stations,
24 correct?

25 A. Correct.

1 Q. And there are no other requirements for
2 the grouping except that it be open to the public,
3 correct?

4 A. That's correct.

5 Q. And these buildings could be located
6 anywhere in the AEP Ohio service territory?

7 A. Anywhere.

8 Q. Would you agree these -- the units at
9 these locations would generally be used during the
10 work hours?

11 A. Generally.

12 Q. The second group says approximately 150
13 charging stations must be at workplaces that are not
14 required to be open to the public, correct?

15 A. Correct.

16 Q. So it could be all private workplaces; is
17 that right?

18 A. That's correct.

19 Q. Or it could be all public workplaces,
20 correct?

21 A. Yeah. The point of the pilot is to learn
22 about the behavior and how and when those are used,
23 and so these are representative of the different
24 cases in order to make the pilot successful, which is
25 learning about how it will work here in the AEP

1 territory.

2 Q. And the 150 workplace units could be
3 located anywhere in the AEP Ohio service territory?

4 A. Yes.

5 Q. And you would also agree that the
6 workplace chargers would generally be intended to be
7 used for workers during the 9:00 to 5:00 business
8 hours; is that correct?

9 A. Generally, yes.

10 Q. The third group says approximately 60
11 charging stations at multi-unit buildings, but are
12 not required to be open to the public, correct?

13 A. Correct.

14 Q. A multi-unit dwelling would be a
15 residential building like an apartment or condominium
16 building; is that right?

17 A. That's right.

18 Q. But it also could be a commercial
19 building like an office building, correct?

20 A. Typically multi-unit dwellings mean
21 residential.

22 Q. So it can't be a commercial building?

23 A. Commercial buildings are, I believe,
24 public.

25 Q. So is your answer no?

1 A. My answer is no.

2 Q. So all -- for all the L2 rebates, only 90
3 of them must be open to the public; is that correct?
4 Those being in the first group, the 30 percent that
5 are open to the public in government or nongovernment
6 sites.

7 A. Can you point me where you see this? Can
8 you point me where?

9 Q. Well, you testified earlier the units at
10 the work -- by the workplace are not required to be
11 open to the public, correct?

12 A. They are not required.

13 Q. And the units at a multi-unit dwelling
14 are also not required to be open to the public,
15 correct?

16 A. That's correct. The site hosts
17 essentially have, you know, have the choice on how
18 they provide access to that recharging amenity.

19 Q. So all of the workplace units and all of
20 the multi-unit dwelling units could theoretically be
21 only private, correct?

22 A. Theoretically.

23 Q. On page 8, lines 1 through 7, you discuss
24 the proposed amounts for the maximum percentage of
25 coverage for L2 rebate allocation, right?

1 A. That's right.

2 Q. You haven't conducted any studies or
3 analysis regarding what the maximum percentage of
4 coverage of L2 rebate allocation should be, correct?

5 A. Those weren't the results of any
6 discussions.

7 Q. On page 8, lines 8 through 12, you
8 discuss the settlement's proposal for the maximum
9 amounts of each L2 rebate, correct?

10 A. Correct.

11 Q. You haven't conducted any studies or
12 analysis regarding what the maximum L2 rebate should
13 be, correct?

14 A. That's correct.

15 Q. Now, DCFC unit rebates will be funded up
16 to \$5.8 million, correct?

17 A. Yes.

18 Q. And the settlement does not specify how
19 the DCFC rebates will be allocated among site host
20 segments; is that right?

21 A. That's correct.

22 Q. Have you done any analysis or studies to
23 determine how the DCFC rebates should be allocated
24 among site host segments?

25 A. No.

1 Q. On page 8, lines 13 through 17, you
2 discuss the settlement's proposal for the maximum
3 percentage of DCFC rebates; is that right?

4 A. Yes.

5 Q. And EVCA has not conducted any studies or
6 analysis regarding what the maximum percentage of
7 coverage of DCFC rebates should be, correct?

8 A. That's correct.

9 Q. On page 8, lines 18 through 21, you
10 discuss the settlement's proposal for the maximum
11 amount of each DCFC rebate, correct?

12 A. Yes.

13 Q. And you haven't conducted any studies or
14 analysis regarding what the maximum amount of each
15 DCFC rebate should be, correct?

16 A. Correct.

17 Q. The settlement also includes requirements
18 that certain amount of electric vehicle charging
19 stations be placed in low-income areas, right?

20 A. Yes.

21 Q. That amount is a minimum of 10 percent of
22 L2 chargers and a minimum of 10 percent of DCFC
23 charges, correct?

24 A. Correct.

25 Q. But those are a minimum and so the

1 numbers could be higher, correct?

2 A. Yes.

3 Q. It would depend on what applications are
4 chosen; is that right?

5 A. It depends on the applications, yes.

6 Q. EVCA has not conducted any studies or
7 analysis to determine the demographic in the AEP
8 service territory, right?

9 A. That's correct.

10 Q. And EVCA has not conducted any studies or
11 analysis regarding long-term sustainability of EVCSs
12 in low-income areas in the AEP service territory was,
13 correct?

14 A. That's correct.

15 Q. You have not conducted any studies or
16 analysis to determine if people in low-income areas
17 in Columbus desire electric vehicle charging
18 stations, correct?

19 A. Correct.

20 Q. Do you know how the low-income geographic
21 area will be defined?

22 A. They're defined by census track, so
23 geographically.

24 Q. Do you know where the low-income
25 geographic areas in Columbus are?

1 A. No, I don't.

2 Q. Would you consider downtown Columbus a
3 low-income geographic area?

4 A. I don't know.

5 Q. Have you consulted any studies to
6 determine how many EV owners currently live in a
7 low-income geographic area in the AEP Ohio service
8 territory?

9 A. No.

10 Q. Is it your understanding that all of the
11 criteria that will be used to determine the success
12 of the rebate program have not yet been identified?

13 A. The point of the pilot is learning, so
14 this will be the criteria of the success.

15 Q. So that criteria has not been identified
16 then, correct?

17 A. They have not been identified, that's
18 correct.

19 Q. So there's no quantifiable performance
20 measure for the EV rebate program; is that correct?

21 A. That's correct.

22 Q. And you don't know what the projected
23 increase in the EV ownership in the AEP Ohio service
24 territory will be if this settlement is approved,
25 correct?

1 A. That's correct. That's the point of the
2 pilot is to learn.

3 Q. EVCA has not conducted any studies or
4 analysis to determine how many residential consumers
5 in the AEP Ohio service territory own an electric
6 vehicle, correct?

7 A. Correct.

8 Q. Do you know how many electric vehicles --
9 electric vehicle owners there are in the state of
10 Ohio?

11 A. I don't know that, but that information
12 is available.

13 Q. Now, under the settlement, a proposed
14 site host will transmit data back to AEP Ohio; is
15 that correct?

16 A. Correct.

17 Q. But to your knowledge -- but to your
18 knowledge, there is no provision in the settlement
19 for AEP Ohio to implement any program or pricing
20 structure that would make use of this data, correct?

21 A. That's correct.

22 Q. And EVCA does not have any knowledge
23 concerning AEP Ohio's ability to integrate data from
24 charging stations into its distribution and grid
25 planning decisions, correct?

1 A. We don't know, but AEP Ohio operates
2 pretty complex operations, so we trust they can do
3 that.

4 Q. Are you aware of whether there are
5 currently any reliability issues in the AEP Ohio
6 service territory?

7 A. I do not know.

8 Q. Are you familiar with the term CAIDI?

9 A. Say that again.

10 Q. CAIDI.

11 A. No.

12 Q. Are you familiar with the term SAIFI?

13 MR. BORCHERS: Objection, your Honor.
14 This is outside the scope of the witness's direct
15 testimony and isn't relevant to what he is testifying
16 to.

17 MR. MOORE: On page 14, line 2, he states
18 that a smart and connected charging station will
19 maintain reliability. I'm simply exploring his
20 knowledge of AEP Ohio's reliability.

21 MR. BORCHERS: And OCC's counsel can ask
22 the witness about the characteristics of an EV
23 charging network in terms of the reliability services
24 it can provide.

25 EXAMINER SEE: And I am going to allow

1 the witness to answer the question if he knows.

2 A. Yeah, I don't know.

3 Q. Do you know whether AEP Ohio has failed
4 to satisfy any reliability standards in the past
5 three years?

6 A. I do not know.

7 Q. Would you agree that peak usage types for
8 electricity in the AEP Ohio service territory would
9 generally be in the later afternoon to early evening?

10 A. I don't know.

11 Q. Would you agree that off-peak usage times
12 would be the late evening and early morning hours?

13 A. I wouldn't -- I don't know.

14 MR. MOORE: I might be done, your Honor.
15 If I could have just one minute to look at my notes.

16 EXAMINER SEE: Sure.

17 MR. MOORE: No more questions, your
18 Honor.

19 EXAMINER SEE: Mr. Borchers, redirect?

20 MR. BORCHERS: Yes, your Honor. May I
21 have a break to confer with my co-counsel and the
22 witness?

23 EXAMINER SEE: Yes, you may. Let's go
24 off the record.

25 (Discussion off the record.)

1
2 EXAMINER SEE: Let's go back on the
3 record.

4 Mr. Borchers.

5 MR. BORCHERS: Thank you, your Honor.

6 - - -

7 REDIRECT EXAMINATION

8 By Mr. Borchers:

9 Q. Dr. Cherkaoui, OCC's counsel asked you
10 questions about a study entitled "Financing Electric
11 Vehicle Markets in New York and Other States," by The
12 Yale Center for Business and Environment. I will
13 refer to this as "The Yale Study." Do you recall
14 these questions?

15 A. Yes.

16 Q. And do you have a copy of the study in
17 front of you?

18 A. I do.

19 Q. Would you turn to page 38, please.

20 A. Yes.

21 Q. And on page 38, the study says the
22 following "The broader electric vehicle market
23 creates incentives for several private actors to
24 invest in building EVSE. Investments from these
25 private actors can stimulate the market and reduce

1 the costs of installing EVSE to local site hosts.
2 State policies can encourage and support these actors
3 working together with cities and local communities to
4 attract investments in EVSE," correct?

5 A. Yes.

6 Q. Further on that page the study says the
7 following: "At the same time, investing in EVSE
8 allows utilities to pilot 'smart charging' programs
9 in which EV charging stations can be integrated into
10 demand response programs to help utilities manage
11 their loads during peak times," correct?

12 A. Correct.

13 Q. Can you turn to page 39 of that report,
14 please. And isn't it true this study references a
15 utility model of installing EV electric -- or EV
16 charging infrastructure and references a rebate
17 program as a good example of a utility involvement
18 that still allows for competition, correct?

19 A. That is correct.

20 Q. Dr. Cherkaoui, will you turn to page 10
21 of your testimony, please.

22 A. Yes.

23 Q. And specifically lines 11 and 12.

24 A. Yes.

25 Q. OCC's counsel asked about the following

1 statement in your testimony which is "Investments
2 should be thoughtful and deliberate to help develop a
3 robust and sustainable EV market that promotes grid
4 benefits for all ratepayers," correct?

5 A. Yes.

6 Q. How can this pilot help thoughtful and
7 deliberate investments?

8 A. The pilot essentially allows the utility
9 to learn about utilization and behavior. It also
10 allows to test several hypotheses and learn about
11 pricing profiles as well as learn about different
12 utilization rates and loads, depending on the sites,
13 and depending on the type of EV charging, and also
14 the time.

15 So there is -- the pilot, essentially by
16 using -- by providing rebates, allows the utility to,
17 in turn, learn from various models from various
18 vendors and at various cites. So that, all together,
19 essentially allows a utility to learn and develop and
20 make essentially cost -- cost-effective choices about
21 where and how the investment in EV charging will be
22 done in the future.

23 MR. BORCHERS: Thank you. I have no
24 further questions.

25 EXAMINER SEE: I believe Mr. Borchers has

1 already moved for the admission -- any recross for
2 this witness, Mr. Dove?

3 MR. DOVE: No, your Honor.

4 EXAMINER SEE: Ms. Glover?

5 MS. GLOVER: No questions.

6 EXAMINER SEE: Ms. Hewell?

7 MS. HEWELL: No questions.

8 EXAMINER SEE: Mr. Oliker?

9 MR. OLIKER: No, thank you, your Honor.

10 EXAMINER SEE: Mr. Darr?

11 MR. DARR: No questions.

12 EXAMINER SEE: Mr. Boehm?

13 MR. BOEHM: No questions, your Honor.

14 EXAMINER SEE: Mr. Kelter?

15 MR. KELTER: No questions.

16 EXAMINER SEE: Mr. Margard?

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

18 EXAMINER SEE: Mr. Nourse?

19 MR. NOURSE: No, thank you.

20 EXAMINER SEE: Mr. Moore?

21 MR. MOORE: Just a few questions. Thank
22 you, your Honor.

23 - - -

RECROSS-EXAMINATION

By Mr. Moore:

Q. Dr. Cherkaoui, you stated that the pilot program will allow the utility to learn about the -- about developing EVCSS and EVs in the market in order for costs in the future to be cost effective; is that correct?

A. That's correct.

Q. But the pilot program is set to cost \$10 million now, correct?

A. That's correct.

Q. So costs -- so the pilot program will allow the utility to make thoughtful and deliberate costs in the future, right?

A. The point of the pilot is to learn about pretty much all the questions you asked before on EVCA conducting any studies. That is the point of the pilot is to essentially learn and find out and help AEP Ohio determine the answers to all the previous questions you had.

Q. In regards to The Yale Study, do you know if this study considered restructured states or fully integrated states?

A. I don't know.

MR. MOORE: No further questions. Thank

1 you, your Honor.

2 EXAMINER SEE: Are there any objections
3 to the admission of EVCA Exhibit 1?

4 Hearing none, EVCA Exhibit 1 is admitted
5 into the record.

6 (EXHIBIT ADMITTED INTO EVIDENCE.)

7 EXAMINER SEE: Before we move to the next
8 witness, let's take a 10-minute recess. Thank you.

9 (Recess taken.)

10 EXAMINER PARROT: Let's go back on the
11 record.

12 OCC may call its next witness.

13 MR. MOORE: Thank you, your Honor. At
14 this time, OCC calls David J. Effron.

15 EXAMINER PARROT: Please raise your right
16 hand.

17 (Witness sworn.)

18 EXAMINER PARROT: Please have a seat.

19 - - -

20 DAVID J. EFFRON

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

23 DIRECT EXAMINATION

24 By Mr. Moore:

25 Q. Would you please state your full name and

1 business address for the record.

2 A. Yes. My name is David Effron,
3 E-f-f-r-o-n. My business address is 12 Pond Path,
4 North Hampton, New Hampshire.

5 Q. By whom are you employed and what's your
6 position?

7 A. I'm self-employed doing business as
8 Berkshire Consulting Services.

9 MR. MOORE: Your Honor, at this time we
10 would like to have marked as OCC Exhibit 5 -- 4, OCC
11 Exhibit 4, the direct testimony of David J. Effron
12 filed in this docket on May 2, 2017, and as OCC
13 Exhibit 5A the supplemental testimony of David J. --
14 4, 4A, excuse me, OCC Exhibit 4A the supplemental
15 testimony of David J. Effron filed in this docket on
16 October 11, 2017.

17 EXAMINER PARROT: So marked.

18 (EXHIBITS MARKED FOR IDENTIFICATION.)

19 Q. Do you have before you, Mr. Effron,
20 copies of what have been marked as OCC Exhibits 4 and
21 4A?

22 A. Yes, I do.

23 Q. And is OCC Exhibit 4 your direct
24 testimony that was filed in this proceeding on May 2,
25 2017?

1 A. Yes, it is.

2 Q. And is OCC Exhibit 4A the supplemental --
3 your supplemental testimony that was filed in this
4 proceeding on October 11, 2017?

5 A. Yes, it is.

6 Q. And were OCC Exhibits 4 and 4A prepared
7 by you or at your direction?

8 A. Yes.

9 Q. Do you have any changes that you would
10 like to make to OCC Exhibits 4 or 4A?

11 A. I have a correction on Exhibit 4a on page
12 7 at line 14. The dollar amount there should be
13 "\$112 million," dollar sign 1-1-2 million, and that
14 was just a clerical error. The numbers that follow
15 after that are all okay.

16 And I also have one clarification I would
17 like to make. At the top of page 10, I state there
18 at lines 2 and 3 that "no party had explicitly
19 asserted in its comments in Case No. 16-0071-EL-RDR
20 that there had been any imprudence in this particular
21 area." What that states it is literally correct.
22 There hadn't been any explicit comments to that
23 effect. But OCC had said that it raised questions of
24 prudence. And that was less than they said, for
25 example, with some of the investments which they said

1 were not prudent, but the testimony here shouldn't be
2 interpreted to mean that the company's reply there,
3 to which I'm referring, was completely stated in a
4 vacuum.

5 Q. Okay. And if I would ask you today the
6 same questions that appear in OCC Exhibits 4 and 4A,
7 would your answers be the same?

8 A. Yes.

9 MR. MOORE: Your Honor, I move for the
10 admission of OCC Exhibits 4 and 4A, pending
11 cross-examination.

12 EXAMINER PARROT: Thank you, Mr. Moore.
13 Any questions, Mr. Dove?

14 MR. DOVE: No, your Honor.

15 EXAMINER PARROT: Ms. Glover?

16 MS. GLOVER: No questions.

17 EXAMINER PARROT: Ms. Hewell?

18 MS. HEWELL: No questions.

19 EXAMINER PARROT: Mr. Darr?

20 MR. DARR: No, ma'am.

21 EXAMINER PARROT: Mr. Boehm?

22 MR. BOEHM: No questions, your Honor

23 EXAMINER PARROT: Mr. Kelter?

24 MR. KELTER: No.

25 EXAMINER PARROT: Mr. Oliker?

1 MR. OLIKER: No questions, your Honor.

2 EXAMINER PARROT: Mr. Margard?

3 MR. MARGARD: No questions, your Honor.

4 EXAMINER PARROT: Mr. Nourse?

5 Mr. Gallon, sorry.

6 MR. GALLON: Thank you, your Honor. If I
7 may, I would like to start with a few directed
8 motions to strike. Your Honor, the context of the
9 topic of Mr. Effron's testimony relates to his view
10 that AEP did not properly take advantage of a certain
11 tax deduction. In question and answer 14 on page 7
12 he's asked about other electric utilities in Ohio and
13 he responds guarding his belief as to whether
14 FirstEnergy, DP&L, and Duke took advantage of these
15 reductions. His support for this answer, Attachments
16 DJE-1 and DJE-2, are -- or purport to be copies of
17 discovery responses from FirstEnergy operating
18 companies and DP&L. For the DP&L case it doesn't
19 identify a case number. And he says that he bases
20 his opinion regarding Duke Energy on Duke
21 Energy's FERC Form 1 filings. I would move to strike
22 the question and answer and the exhibits I just
23 discussed on grounds of hearsay, relevance,
24 foundation, lack of personal knowledge.

25 MR. MOORE: Your Honor, as to hearsay,

1 the FERC Form 1 filings are public documents. It can
2 be found anyone in the public. They are easily
3 verifiable. You know, AEP had access to these
4 documents before the hearing, if they so chose. The
5 document -- or the -- the documents in his exhibits
6 and the testimony is -- is definitely relevant to the
7 rest of his testimony. It specifically supports his
8 arguments in the testimony and rebuts part of the
9 settlement and stipulation. Hearsay isn't
10 necessarily applicable in this proceeding; and,
11 moreover, the PUCO is not bound by the Rules of
12 Evidence. Thank you.

13 EXAMINER PARROT: Anything to add?

14 MR. GALLON: Your Honor, we would concede
15 the FERC Form 1 filing is publicly available, but
16 it's not a government record. As to the discovery
17 responses, it appears OCC concedes that those are
18 classic hearsay but is asking the Commission to let
19 them in anyways. We would request otherwise.

20 MR. MOORE: Your Honor, OCC would argue
21 the interrogatories are information that a witness --
22 an expert witness would typically rely upon. This is
23 information that someone in the witness's position
24 would rely upon in his normal course of business;
25 therefore, it's not hearsay.

1 EXAMINER PARROT: The motion to strike is
2 denied. We are going to allow the Commission to
3 determine the proper weight of this evidence.

4 MR. GALLON: Thank you, your Honor.
5 Additional motion to strike on page 10 of
6 Mr. Effron's supplemental testimony, Question 19, the
7 witness is asked whether there is another possible
8 underlying reason why the utility has not yet taken
9 advantage of the capital repairs deduction. We would
10 move to strike this in that it explicitly asks the
11 witness to speculate.

12 MR. MOORE: Your Honor, I argue that the
13 witness is using his regulatory expertise and
14 knowledge and personal observation to give his
15 opinion on what the reasons are for the utility not
16 taking advantage of the capital repairs deductions.
17 It's his own personal opinion. That's what testimony
18 is for.

19 EXAMINER PARROT: And, likewise, I am
20 going to deny this one as well. Motion to strike is
21 denied.

22 MR. GALLON: Thank you, your Honor.

23 - - -

24

25

CROSS-EXAMINATION

By Mr. Gallon:

Q. Mr. Effron, how are you this morning?

A. I'm okay, thanks.

Q. I understood any day on which you're on the stand is not an ideal day.

A. I've experienced worse.

Q. Mr. Effron, the purpose of your supplemental testimony in this case is to address the inclusion of the DIR in the settlement as it relates to the criteria used by the PUCO to evaluate settlements, correct?

A. Yes. I would say that's generally correct.

Q. And the DIR, just so we're on the same page, was approved to allow for the recovery of capital costs for distribution infrastructure -- sorry, distribution infrastructure investments, correct?

A. Yes, increases in distribution plants since the company's last base rate cases.

Q. Your supplemental testimony does not get to the purpose that the DIR serves, correct?

A. That's correct.

Q. In your supplemental testimony you offer

1 your opinion that continuing the DIR will not benefit
2 customers in the public interest, correct?

3 A. That's what it states here, correct.

4 Q. And the primary basis for your opinion
5 during the time the DIR has been in effect AEP Ohio
6 failed to mitigate the DIR revenue requirement by
7 taking advantage of something called the capital
8 repairs deduction, correct?

9 A. Correct.

10 Q. Let's talk about the capital repairs
11 deduction. You explained in your supplemental
12 testimony that the IRS adopted final regulations in
13 2013 providing guidance regarding the deduction and
14 capitalization of expenditures relating to tangible
15 property, correct?

16 A. Yes.

17 Q. And those regulations went into effect in
18 early 2014, correct?

19 A. It was effective for tax returns filed in
20 2014, yes. If I can just clarify that, it -- it went
21 into effect for -- not actually for tax returns filed
22 in 2014 but in 2014 tax year.

23 Q. Thank you for the clarification. You say
24 that the effect of these final regulations was to
25 formalize the expansion of the treatment of certain

1 expenditures that are capitalized on taxpayers' books
2 of account as current deductions for income tax
3 purposes, correct?

4 A. Yes.

5 Q. So there was an earlier set of rules that
6 related to deductions for repairs in generation
7 plant, correct?

8 A. Yes.

9 Q. And those rules allowing deductions for
10 investments in generation plant went into effect in
11 about 2008 or 2009?

12 A. As I -- as I explained here, there were
13 posed regulations that went into effect -- that were
14 issued in 2008 and there was further guidance on
15 those in 2009, yes.

16 Q. The final regulation regarding deductions
17 for transmission and distribution repairs was
18 finalized in 2013, correct?

19 A. Yes, that's my understanding, yes.

20 Q. So was the transmission and distribution
21 capital repairs deduction formally available in 2009?

22 A. In?

23 Q. 2009, sir.

24 A. I guess it would depend how you -- how
25 you define formally. A lot of companies implemented

1 the tax accounting change in that year, and the tax
2 deductions were allowed. So in that regard they --
3 they were in effect. But, again, the final formal
4 regulations didn't go -- weren't issued until 2013.

5 Q. So there were no formal regulations in
6 2008 or 2009 allowing electric distribution utilities
7 to take advantage of the capital repairs deduction
8 for investments in transmission and distribution
9 property, correct?

10 A. The final regulations were not in effect
11 then. Again, there were proposed regulations and
12 there was -- there was guidance in the form of
13 revenue procedures I explained here, but the final
14 regulations weren't issued until 2013.

15 Q. Mr. Effron, let's turn back to your
16 supplemental testimony on pages 5 and 6 of your
17 supplemental testimony. You explain the tax
18 accounting change that was finalized in 2013 has two
19 components, correct?

20 A. Correct.

21 Q. And you say the first component increases
22 the deduction for the repair allowance starting in
23 the year that the change is implemented.

24 A. Yes.

25 Q. So moving forward electric distribution

1 utilities would be able to deduct more than they were
2 previously allowed to deduct.

3 A. That's correct.

4 Q. And then you say it has a second
5 component that allows a catch-up deduction, correct?

6 A. That's the term I use here, yes.

7 Q. I think it's technically what, a section
8 481(a)?

9 A. That's what they call Section 48 --
10 Section 481(a) adjustment related to a change in
11 accounting for taxes.

12 Q. And the purpose of this catch-up
13 deduction, or more specifically what it allows, is
14 for the cumulative effect of expenditures that had
15 been capitalized in prior years but could be
16 currently deductible under the new accounting method,
17 correct?

18 A. Yes.

19 Q. So companies that take advantage of this
20 tax accounting change can go back and recover
21 deductions for investment in prior years.

22 A. Yes.

23 Q. Now, AEP has stated that it is going to
24 make the relevant accounting method change to
25 implement this capital repairs deduction starting

1 with its 2017 tax return, correct?

2 A. Starting with the tax return for the 2017
3 tax year, yes.

4 Q. And AEP has also said that it plans on
5 taking advantage of this catch-up adjustment
6 provision to take a deduction that will account for
7 expenditures in 2014, 2015, and 2016, correct?

8 A. They quantified what the effect was for
9 2014, 2015, and 2016. I believe they do end up with
10 a Section 481(a), it would probably go back before --
11 ultimately it would probably go back before 2014.

12 Q. How far back do you believe the
13 section --

14 A. It can go back as far as you want as far
15 as I know with the understanding the farther you go
16 back it begins to lose value as you -- as you go back
17 over -- over many, many years because if you go back,
18 for example, I don't know, to 1980, all of the
19 property pretty much would be depreciated anyway by
20 then so there wouldn't be much advantage to going
21 back that far but there certainly would be advantage
22 going back to years earlier than 2014.

23 Q. So at the risk of repeating myself, just
24 to clarify, they are implementing this accounting
25 method change to implement the capital repairs

1 deduction for 2017. They are going to take a
2 catch-up adjustment to account for its expenditures
3 before 2017. But you're recommending that the
4 Commission eliminate the DIR entirely because AEP
5 Ohio did not take the steps to implement this tax
6 adjustment before now?

7 A. I don't want -- I haven't made the
8 recommendation the DIR should be eliminated entirely.
9 That would depend on any number of factors. What I
10 said, this should be taken into account in
11 determining whether the DIR should continue.

12 Q. Thank you. So you're clarifying. You
13 are not making the recommendation that the DIR should
14 be eliminated.

15 A. I haven't made that final recommendation.
16 I've addressed this one area that should be taken
17 into account in that determination.

18 Q. If we can focus on the catch-up
19 adjustment for a moment. In your testimony you don't
20 definitively say whether adding the year 2014 to the
21 catch-up adjustment would increase the total
22 adjustments by a material amount, correct?

23 A. I didn't say it would be by a material
24 amount. I said it would be by something, perhaps a
25 material amount. It would increase it by some -- by

1 some amount. It could be material.

2 Q. And you expect that AEP will include
3 those years in its adjustability.

4 A. I would certainly hope so, yes.

5 Q. But you also didn't describe in your
6 testimony how adding the years prior to 2014 would
7 affect the DIR or revenue requirement, correct?

8 A. I didn't have the information available
9 to make the quantification of that.

10 Q. Now, you acknowledge in your supplemental
11 testimony that AEP Ohio provided an explanation in
12 its reply comments in Case No. 16-0021 as to why it
13 did not implement the capital repairs deductions
14 prior, correct?

15 A. Yes.

16 Q. 16-0021, that's the DIR rider case,
17 correct?

18 A. Correct, yes. That's the DIR rider audit
19 case.

20 Q. And the purpose of the rider case is to
21 annually review for accounting accuracy, prudence,
22 and compliance with the DIR plan, correct?

23 A. I believe that's correct, yes.

24 Q. So the reply comments you cite in your
25 supplemental testimony, those were AEP Ohio's reply

1 comments regarding the compliance audit done for the
2 2015 DIR, correct?

3 A. Yes.

4 Q. And in those reply comments AEP Ohio
5 explained its accounting systems did not at that time
6 support the level of detail needed to perform the
7 computations required by IRS revenue procedures for
8 an ongoing implementation of this change in tax
9 accounting method, correct?

10 A. Yeah. Just to be clear, what the
11 response stated, the accounting system at the time
12 that the revenue procedure in 2011 was issued
13 didn't -- didn't support the level of detail, so I
14 infer from that they are referring to 2011.

15 Q. Thank you for that clarification,
16 Mr. Effron. So some electric distribution utilities
17 at that time may have had accounting systems set up
18 that would allow them to take immediate advantage of
19 this capital repairs deduction, correct?

20 A. Many did so I infer, yes, they did have
21 the accounting systems.

22 Q. And other utilities would not necessarily
23 have had their accounting systems set up to allow
24 them to take advantage of the capital repairs
25 deduction at that time, correct?

1 A. As of 2011, that's possible, sure.

2 Q. Are you familiar with other electric
3 distribution utilities whose accounting systems
4 weren't set up to allow them to take advantage of
5 this deduction?

6 A. I don't recall seeing any utilities
7 offered -- anything like that, any cases I have been
8 involved in. As I sit here, I don't recall any
9 utilities saying that they didn't have the accounting
10 systems at that time.

11 Q. For utilities who didn't have their
12 accounting systems set up to implement this tax
13 accounting method change, do you know what would have
14 been required typically to allow them to start taking
15 advantage of it?

16 A. I'm not a software engineer myself, so I
17 really can't offer an opinion on what -- how the
18 software would have to be modified to take -- take
19 advantage of the deductions.

20 Q. Do you agree then at the very least their
21 software would have been -- had to have been
22 modified, correct?

23 A. I don't know that for sure. Some of them
24 might have had the software available that would have
25 permitted that. Again, I'm not -- I don't hold

1 myself as a software expert. I know for a fact many
2 utilities were taking advantage of this in 2011, so I
3 assume that their systems were adequate to take
4 advantage of the deductions.

5 Q. But you acknowledge that for those whose
6 software accounting systems weren't set up to take
7 advantage of this change in accounting methods, any
8 change to the software would have required an
9 investment of time and money, correct?

10 A. Some, yes.

11 Q. And likely would have required some
12 changing to the accounting policies and methods
13 undertaken, the formal policies of the utilities
14 regarding their accounting methods, correct?

15 A. I'm not sure that's an accurate
16 description. It wouldn't affect the policies. I
17 think this would be something more a matter of
18 implementation. I assume -- I've never worked for a
19 utility, but I assume most of them have a policy of
20 take advantage of income tax deductions that are
21 available.

22 Q. Since your testimony is focused on the
23 software and accounting systems, let's turn our
24 attention back to that. You say that AEP Ohio did
25 complete an update of its plant accounting software

1 in 2015, correct?

2 A. That's what -- that's what AEP Ohio
3 stated, yes.

4 Q. And AEP Ohio further stated that in 2015
5 and 2016, it upgraded its feeder systems to capture
6 the information necessary to make the required
7 computations under the IRS revenue procedures,
8 correct?

9 A. That's correct, yes.

10 Q. And with those upgrades, it was now in a
11 position to implement the capital repairs deductions
12 we've been discussing, correct?

13 A. That's what the company stated, yes.

14 Q. Do you have any testimony disproving
15 AEP's explanation for its failure to implement these
16 deductions before this period, 2015 through 2017?

17 A. No. I accepted what they said at face
18 value.

19 Q. So to clarify and to summarize, AEP Ohio
20 will take the capital repairs deduction in 2017 and
21 moving forward, correct?

22 A. Again, based on what they've stated, that
23 they will begin taking the tax deduction effective
24 with the 2017 tax year.

25 Q. And that will mitigate the DIR revenue

1 requirement going forward if the Commission continues
2 the DIR, correct?

3 A. Going forward it would, yes.

4 Q. And AEP Ohio's implementation of this
5 capital repairs deduction can be subject to review in
6 the annual audits that are done for the DIR, correct?

7 A. Yes.

8 Q. So any questions regarding the prudence
9 or diligence of AEP Ohio with regard to its taking
10 advantage of the capital repairs deduction can be
11 handled in that case, correct?

12 A. At a going-forward basis for audits after
13 the years we're talking about.

14 Q. If OCC has the opportunity to file
15 testimony in those cases, do you expect that you'll
16 be raising these issues in those rider cases moving
17 forward?

18 A. I have no idea.

19 MR. GALLON: Thank you, Mr. Effron. I
20 have no further questions at this time.

21 EXAMINER PARROT: Thank you, Mr. Gallon.

22 Mr. Borchers, I'm sorry. I missed you
23 earlier. Did you have any questions?

24 MR. BORCHERS: No, your Honor. Thank
25 you.

1 EXAMINER PARROT: Thank you. Any
2 redirect, Mr. Moore?

3 MR. MOORE: Could I have one moment?

4 EXAMINER PARROT: You may.

5 MR. MOORE: Thank you.

6 (Discussion off the record.)

7 EXAMINER PARROT: Let's go back on the
8 record.

9 Any redirect?

10 MR. MOORE: Yes, your Honor, just one or
11 two questions.

12 - - -

13 REDIRECT EXAMINATION

14 By Mr. Moore:

15 Q. Mr. Effron, opposing counsel asked in his
16 cross-examination about the expense and resources
17 that the company would have had to expend in order to
18 implement the software that you are speaking about in
19 your testimony, correct?

20 A. Correct.

21 Q. Do you know what the amount or how much
22 money the company would have had to spend in order to
23 implement the software?

24 A. Well, I know based on what the company's
25 responses were to some information requests in the

1 16-0021-EL-RDR case.

2 Q. And how much is that amount?

3 A. The cost of modifying the electric plant
4 accounting software was approximately \$397,000. In
5 addition, there was a cost to upgrade the feeder
6 systems of \$36,000 and there were some costs related
7 to studies to capture the information to implement
8 the change in tax accounting and that was estimated
9 at 100 to 130 thousand dollars.

10 MR. MOORE: Thank you. No further
11 questions, your Honor.

12 EXAMINER PARROT: Thank you, Mr. Moore.
13 Any questions, Mr. Dove?

14 MR. DOVE: No, your Honor.

15 EXAMINER PARROT: Ms. Glover?

16 MS. GLOVER: No questions.

17 EXAMINER PARROT: Ms. Hewell?

18 MS. HEWELL: No questions.

19 EXAMINER PARROT: Mr. Darr?

20 MR. DARR: No questions.

21 EXAMINER PARROT: Mr. Boehm?

22 MR. BOEHM: No questions.

23 EXAMINER PARROT: Mr. Kelter?

24 MR. KELTER: No.

25 EXAMINER PARROT: Mr. Oliker?

1 MR. OLIKER: No questions, your Honor.

2 EXAMINER PARROT: Mr. Margard?

3 MR. MARGARD: No, thank you.

4 EXAMINER PARROT: Mr. Borchers?

5 MR. BORCHERS: No, your Honor.

6 EXAMINER PARROT: Mr. Gallon?

7 MR. GALLON: Just a few follow-up
8 questions. Your Honor, just a few follow-up
9 questions.

10 - - -

11 RECROSS-EXAMINATION

12 By Mr. Gallon:

13 Q. You testified on redirect, Mr. Effron,
14 that according to discovery in the DIR audit case
15 from 2016, the total cost of modifying the accounting
16 software, feeder systems, and undertaking studies to
17 capture information relating to this tax accounting
18 method were approximately 6 -- \$500,000?

19 A. 5 to 6 hundred thousand dollars.

20 Q. And do you know whether these costs
21 reflect the entirety of the costs of modifying the
22 accounting software, modifying the feeder systems,
23 and the studies you described for AEP or the costs
24 allocated specifically to AEP Ohio?

25 A. The response refers to the company, so

1 I'm assuming that's the Ohio Power costs.

2 Q. So the total costs for the AEP system
3 were likely significantly higher than the costs
4 allocated specifically to AEP Ohio, correct?

5 MR. MOORE: Objection, your Honor, asking
6 him to speculate.

7 EXAMINER PARROT: Overruled. You may
8 answer if you know.

9 A. I don't know if this is an allocated cost
10 from AEP. I have reason to believe that it wasn't,
11 but I don't know for a fact that it -- that it was an
12 allocated cost from AEP as opposed to a direct cost
13 for Ohio Power.

14 Q. So you agree that based on the
15 information in front of us we cannot say whether this
16 5 to 6 hundred thousand dollars represented only AEP
17 Ohio's allocation or the total costs for the AEP
18 system.

19 A. I don't even know that it's an
20 allocation. I can't -- I can't infer from this that
21 it was a total AEP cost that was allocated to Ohio
22 Power. All I can infer from this is this is what
23 Ohio Power's cost was. It would have been direct
24 cost. I have reason to believe it wasn't an
25 allocated expense from AEP.

1 Q. Mr. Effron, do you know whether OCC would
2 have supported AEP Ohio's recovery of this 5 to 6
3 hundred thousand dollars in expense required to
4 implement this tax accounting method change if AEP
5 Ohio had done this work before IRS's regulations were
6 modified in 2013 to formally allow these capital
7 repair deductions?

8 MR. MOORE: Objection, your Honor. It's
9 outside the scope of my redirect.

10 EXAMINER PARROT: Response?

11 MR. GALLON: Your Honor, he asked the
12 witness about the costs in the redirect. This is a
13 related question regarding recovery of those costs.

14 MR. MOORE: OCC's opinion is not within
15 the scope of what I was asking about nor can
16 Mr. Effron give OCC's opinion. He would have to
17 speculate as to what we would say.

18 EXAMINER PARROT: Anything else?

19 MR. GALLON: No, your Honor. Thank you.

20 EXAMINER PARROT: Mr. Effron, I am going
21 to direct you to answer the question if you're able
22 to.

23 A. If this expense fell within the test year
24 of a rate case, I have no reason to believe that
25 there would be any basis for disallowing it.

1 Q. Mr. Effron, your answer seems to suggest
2 that these costs would have been recovered in a base
3 rate case rather than a rider case; am I
4 understanding your answer correctly?

5 A. As I understand it, costs like this are
6 not recoverable through the DIR. The DIR is limited
7 to the return on plant plus depreciation plus
8 property taxes. That's kind of part of the problem
9 that I addressed in my testimony.

10 MR. GALLON: Mr. Effron, I have no
11 further questions. Thank you.

12 EXAMINER PARROT: Thank you. I believe
13 that Mr. Moore has already moved for the admission of
14 OCC Exhibits 4 and 4A. Are there any objections?

15 Hearing none --

16 MR. GALLON: Your Honor, sorry, Eric
17 Gallon for AEP Ohio. We would preserve our motion to
18 strike, but otherwise we do not object.

19 EXAMINER PARROT: Noted.

20 With that OCC Exhibits 4 and 4A are
21 admitted.

22 (EXHIBITS ADMITTED INTO EVIDENCE.)

23 MR. MOORE: Your Honor, OCC would proffer
24 the stricken portions of Mr. Effron's testimony.

25 EXAMINER PARROT: I did not strike any

1 portion of Mr. Effron's testimony.

2 MR. MOORE: Oh. Sorry.

3 EXAMINER PARROT: Let's go off the record
4 just for a moment.

5 (Discussion off the record.)

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

8 Mr. Michael.

9 MR. MICHAEL: OCC calls Barbara
10 Alexander.

11 EXAMINER SEE: Ms. Alexander, if you
12 would raise your right hand.

13 (Witness sworn.)

14 EXAMINER SEE: Thank you. Have a seat.
15 Mr. Michael.

16 MR. MICHAEL: Your Honor, we would like
17 to have marked as OCC Exhibit 5, the supplemental
18 testimony of Barbara R. Alexander.

19 EXAMINER SEE: So marked.

20 (EXHIBIT MARKED FOR IDENTIFICATION.)

21 - - -

22 BARBARA R. ALEXANDER

23 being first duly sworn, as prescribed by law, was
24 examined and testified as follows:

25 DIRECT EXAMINATION

1 By Mr. Michael:

2 Q. Would you state your name, please.

3 A. Barbara R Alexander.

4 Q. And did you prepare testimony for this
5 case, Ms. Alexander?

6 A. Yes, I did.

7 Q. And do you have before you what has
8 previously been marked as OCC Exhibit 5?

9 A. Yes.

10 Q. And can you identify that, please?

11 A. Yes. It is my supplemental testimony in
12 opposition to the Joint Stipulation and
13 Recommendation, dated October 11, 2017.

14 Q. And was the testimony prepared by you or
15 at your direction?

16 A. Yes.

17 Q. And do you have any corrections to that
18 testimony?

19 A. I do have three very minor corrections.
20 On page 5, line 18, the bullet point, the word
21 "include" should be "included" so a "d" is missing,
22 "they do not fall within the items that can be
23 included in an ESP...."

24 Page 20, line 7, there is a negative that
25 needs to be corrected. I'll read the complete

1 sentence starting on line 6. "With regard to the
2 potential for a micro grid project that involves
3 non-public-serving or for-profit customers," crossing
4 out the "non" and including or substituting the word
5 "for" in line 7.

6 Page 22, line 15. Delete the word "a" in
7 that line. "This is troubling." Thus eliminating "a
8 troubling." That was -- are my corrections.

9 Q. Thank you, Ms. Alexander.

10 With those corrections, Ms. Alexander,
11 were I to ask you the questions reflected in your
12 supplemental testimony, would your answers be the
13 same?

14 A. Yes.

15 MR. MICHAEL: Your Honor, I move for the
16 admission of OCC Exhibit 5, subject to cross.

17 EXAMINER SEE: Any cross-examination for
18 this witness, Mr. Dove?

19 MR. DOVE: No, your Honor.

20 EXAMINER SEE: Ms. Glover?

21 MS. GLOVER: No questions.

22 EXAMINER SEE: Ms. Hewell?

23 MS. HEWELL: No questions, your Honor.

24 EXAMINER SEE: Mr. Darr?

25 MR. DARR: No, thank you.

1 EXAMINER SEE: Mr. Boehm?

2 MR. BOEHM: No questions, your Honor.

3 EXAMINER SEE: Mr. Kelter?

4 MR. KELTER: Yes, I do have some
5 questions.

6 - - -

7 CROSS-EXAMINATION

8 By Mr. Kelter:

9 Q. Good morning, Ms. Alexander.

10 A. Good morning.

11 Q. Can you turn to page 18 of the
12 settlement.

13 A. Oh, page 18 of the settlement?

14 Q. Yeah.

15 A. Why don't you hand me a copy of that,
16 please. That was not attached to my testimony.

17 Q. Let me see -- I can probably ask the
18 question without you looking at this, but I sort of
19 assumed you had the settlement with you since it's
20 the subject of your testimony.

21 MR. MCKENZIE: Mr. Kelter, it's Joint
22 Exhibit 1, and we are going to get a copy right now.

23 Q. Let me ask the question. Do you agree
24 that site hosts set their own prices for charging?

25 A. Yes.

1 Q. And do you think that the PUCO should set
2 the price for charging?

3 A. I think that they could impose a certain
4 rate design on the usage of the electricity through
5 these systems as a condition of any ratepayer
6 subsidy, if that is your question.

7 Q. Turning to page 33 of your testimony.
8 Let me know when you're there.

9 A. Yes.

10 Q. You state, "The settlement's failure to
11 impose any requirement for the recipients of this
12 customer funding to price the usage of their charging
13 stations based on the time of day is a key component
14 of my conclusion that the Settlement does not conform
15 to the public interest, a key requirement for the
16 consideration of a Settlement," correct?

17 A. That is a quote of my testimony, yes.

18 Q. Do you favor mandatory time-of-use rates
19 for EV charging stations?

20 A. No. What I favor is the design of a
21 "demonstration" project that would conform to
22 reasonable conditions to show the potential benefits
23 to consumers of a distribution company in a
24 restructuring state. And I have identified all of
25 the defective lack of such criteria in this

1 stipulation and this is one of them.

2 As a demonstration project, one would
3 think that you would need to look at the impact of
4 the usage of this system from the point of view of
5 the distribution utility, and avoid, if possible,
6 contributing to peak load usage.

7 Q. And you think that the Commission will
8 not look at the information that they gain from this
9 pilot in regard to your last statement?

10 A. The Commission can easily obtain
11 information and so can AEP frankly on --

12 MR. KELTER: Your Honor --

13 A. -- how current charging stations are
14 used. And the issue in front of us here is a
15 demonstration project for ratepayer funding for these
16 charger stations. And so we would want to get
17 information that is not otherwise available to see
18 how charging stations are used.

19 MR. KELTER: Your Honor, I would like
20 that answer stricken as nonresponsive. I asked the
21 witness if she thought the Commission would look at
22 this information and she gave an answer that was
23 nonresponsive to my question.

24 EXAMINER SEE: Did you want to respond,
25 Mr. Michael?

1 MR. MICHAEL: Other than to say it was
2 responsive, your Honor. That's all I have to say.

3 MR. KELTER: I --

4 EXAMINER SEE: Motion to strike is
5 denied.

6 Q. (By Mr. Kelter) Turning to page 29. At
7 line 11, you start quoting Dr. Cherkaoui, and
8 specifically at line 13 you quote a publication as
9 stating "identified that increased EV load growth,
10 combined with effective load management programs
11 through networked charging solutions, could lead to a
12 downward pressure on unit energy costs that can
13 benefit all utility customers, regardless of EV
14 ownership."

15 Do you disagree with the substance of
16 that statement that -- that, in fact, combined with
17 effective load management through network charging
18 solutions that it could, in fact, lead to a downward
19 pressure on unit energy costs that benefit all
20 customers?

21 A. That is a theory that has no relationship
22 to the -- to the proposal that is before us, since we
23 are not, in this project, requiring any effective
24 load management programs. And we have no idea about
25 the effect of a couple hundred new charging stations

1 on EV load growth in the AEP service territory. So
2 this theory is an appropriate theory to put forward,
3 but the demonstration project we have before us will
4 not contribute one whit to the documentation as to
5 whether that theory is correct or not.

6 Q. I am going to ask the question again. Do
7 you agree that if there is effective load management,
8 that it could lead to a downward pressure on unit
9 energy costs that benefit all customers?

10 MR. MICHAEL: Objection, asked and
11 answered, and given her response, relevance.

12 MR. KELTER: She actually didn't answer
13 the question. She said in this pilot she doesn't
14 think that the pilot is designed to do that. I'm
15 asking her if she -- what she thinks. Forget about
16 the pilot.

17 MR. MICHAEL: Then it's clearly
18 irrelevant if we were to forget about the pilot.
19 That's what's before us. So relevance.

20 MR. KELTER: Obviously I didn't mean
21 forget about the pilot completely. She's an expert
22 witness. I can ask her that question. I mean --

23 EXAMINER SEE: I am going to allow the
24 witness to answer the question.

25 A. I think I understand now the point you're

1 asking me to opine upon. And the answer to that is
2 theoretically yes. However, what you need to know in
3 order to answer the question about whether that
4 "theoretically yes" answer has any meaning, is you
5 have to understand how many EVs are in the service
6 territory, what the projected load growth for EVs
7 are, none of which we have here, and you have to have
8 the design and the proffer of a "effective load
9 management program."

10 Then you have to relate all of those
11 factors to what the unit electricity costs are in the
12 service territory that you are looking at. Do you
13 need peak load reduction, in other words, how much of
14 a value do you have in reducing peak load from this
15 type of program? You have to have a lot of EVs to
16 have a real impact on electricity prices in Ohio; in
17 the PJM market and in the capacity market.

18 So all of the theoretical possibilities
19 you've talked about or asked me to opine about are
20 very difficult for me to make relevant to this
21 proceeding because none of the underlying facts are
22 available to us.

23 MR. MCKENZIE: Your Honor, I would move
24 to strike everything after the word "yes." Otherwise
25 we are going to have a long examination of this

1 witness, I fear.

2 MR. MICHAEL: Your Honor, I mean, she
3 responded to the question that Mr. Kelter asked and
4 your Honors have been very clear that your Honors
5 would allow expert witnesses to explain their answers
6 and that's exactly what Ms. Alexander did.

7 Now, if this is a long cross-examination
8 because Mr. Kelter asks questions that require
9 answers and expounding on them, and Mr. McKenzie will
10 do the same thing, that's their fault; not
11 Ms. Alexander's.

12 EXAMINER SEE: And I am going to allow
13 the witness's answer to stand.

14 MR. MICHAEL: Thank you, your Honor.

15 Q. (By Mr. Kelter) Ms. Alexander, you just
16 said you have to have a lot of EVs to have an effect.
17 How do you define "a lot"?

18 A. I don't. Certainly there are states with
19 very large EV populations. California, Georgia, and
20 Washington is my understanding of the states that
21 have the largest number of EVs on the road at the
22 current time, and I don't know those numbers, but we
23 all know that the EV population is a very small, less
24 than 1 percent, percentage nationally. And it varies
25 obviously.

1 And so each jurisdiction would have to
2 look at the costs and benefits of a load management
3 program for the EVs that exist. And I don't know
4 what "a lot" is because it depends on the
5 jurisdiction and the impact the load would have on
6 capacity prices in that jurisdiction.

7 Q. What load -- what growth in EVs do you
8 project for Ohio over the next 10 years?

9 A. I have no idea.

10 MR. KELTER: That's all the questions I
11 have.

12 EXAMINER SEE: Mr. -- Mr. Olikier? I
13 don't know if your mic works but.

14 MR. OLIKER: My voice carries. It's
15 okay.

16 - - -

17 CROSS-EXAMINATION

18 By Mr. Olikier:

19 Q. Good morning, Ms. Alexander. My name is
20 Joseph Olikier and I represent IGS Energy.

21 A. Yes, sir.

22 Q. Just two or three questions, I think.

23 A. Could you explain who IGS Energy is for
24 me, please?

25 Q. That's okay. But I do have some

1 questions for you.

2 A. Okay.

3 Q. You made statements regarding the
4 Commission's authority. Am I correct that you are
5 not licensed to practice law in Ohio?

6 A. I am not licensed to practice law in
7 Ohio.

8 Q. Am I correct you don't have an active law
9 license in any jurisdiction?

10 A. That is correct. I am not here as an
11 attorney.

12 Q. So you're not making any legal
13 recommendations, am I correct?

14 A. No. The OCC will make those legal
15 recommendations.

16 MR. OLIKER: Thank you. Those are all
17 the questions I have.

18 THE WITNESS: Thank you.

19 EXAMINER SEE: Mr. Margard?

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

21 EXAMINER SEE: Mr. Borchers?

22 MR. BORCHERS: No, thank you, your Honor.

23 EXAMINER SEE: Mr. McKenzie.

24 MR. McKENZIE: Thank you, your Honor.

25 - - -

CROSS-EXAMINATION

By Mr. McKenzie:

Q. Good morning, Ms. Alexander. My name is Matthew McKenzie. I represent AEP Ohio.

A. Good morning.

Q. Before reaching the conclusions in your testimony, did you review AEP Ohio's amended application in this proceeding?

A. Identify the document you mean by "amended application in this proceeding."

Q. Are you aware that AEP Ohio filed an application that initiated this proceeding and then filed an amended application?

A. You'll have to refresh my memory. I submitted direct testimony in this proceeding which is not being proffered as an exhibit. And I responded to that filing that was on the record at the time that I wrote my testimony. So what the name of the document is, I'm sorry, I don't remember that.

Q. Sure. So I just wanted to be -- you reviewed AEP Ohio's initial proposal that was the topic of your direct testimony.

A. Yes, I did.

Q. Okay. Thank you.

And did you -- I assume you reviewed the

1 stipulation at issue.

2 A. Absolutely.

3 Q. Okay. Could we please turn to page 8,
4 starting on line 14 of your testimony.

5 A. Yes.

6 Q. You say, "Question: Is there any
7 difference in purpose or operation with the Smart
8 City Rider in this settlement compared to AEP Ohio's
9 original proposal for a Distribution Technology
10 Rider, which you opposed earlier?"

11 "Answer: The only difference is that AEP
12 Ohio no longer seeks authorization for the originally
13 proposed smart street lighting and Next Generation
14 Utility Communications System programs. The
15 Settlement retains the proposals to require customers
16 to subsidize the micro grid and EV charging station
17 rebate programs. The Rider will be in effect for
18 four years. Only the name of the rider has been
19 changed - to the Smart City Rider from the
20 Distribution Technology Rider" -- I am going to the
21 next page -- "which sought to collect expenditures
22 for AEP Ohio's Distribution Technology Investment
23 Plan ('DTIP')".

24 That was your testimony, correct?

25 A. Yes. Yes.

1 Q. Do you recall that as part of its
2 original application or proposal in this case, that
3 AEP Ohio proposed to invest \$30 million in
4 distribution substation security technology in the
5 Distribution Technology Rider?

6 A. Yes, I do remember that.

7 Q. And AEP Ohio is not doing that in the
8 stipulation, correct?

9 A. That is correct.

10 Q. And the original proposal for EV chargers
11 was 250 Level 2 chargers, 25 DC fast chargers, and
12 1,000 residential chargers, correct?

13 A. Yes. I identified that distinction later
14 in this testimony. Absolutely.

15 Q. Okay. And now it's 300 Level 2, and 75
16 DC fast chargers, correct?

17 A. Yes.

18 Q. And the original proposal by AEP Ohio was
19 that it would own the chargers, correct?

20 A. Yes, it was.

21 Q. And now it's a rebate program, correct?

22 A. Right.

23 Q. And the original proposal was for AEP
24 Ohio to invest \$52 million in 10 micro grids,
25 correct?

1 A. Yes.

2 Q. And now it's \$10.5 million, correct?

3 A. Yes.

4 Q. Okay. On page 9 of your testimony,
5 footnote 3, are you with me?

6 A. Yes.

7 Q. You say, "The name apparently was changed
8 because the DTIP could not be supported as a sincere
9 infrastructure modernization plan under R.C.
10 4928.143(B) (2) (h); and because the PUCO expressly
11 reserved consideration of grid modernization plans to
12 a separate proceeding, now identified as
13 PowerForward."

14 Do you have any personal knowledge of why
15 the settling parties changed the name of the rider?

16 A. No.

17 Q. Now, you recommend that the Commission
18 reject the Smart City Rider and the PowerForward
19 Rider. Is it fair to say that, in general, you do
20 not believe that riders should be used at all to
21 collect utility costs outside a base case?

22 A. As a very-high-level general matter, the
23 answer to that is yes.

24 Q. Okay. So you would oppose any rider that
25 would recover any smart technology investments, for

1 example, AMI meters, distribution automation, UDO?

2 A. The Ohio Commission has policies and
3 longstanding orders around decisions with regard to
4 various riders here, so any -- any opinion I may have
5 about the highest-level view of riders is not
6 relevant because we do have riders, you do have
7 riders in Ohio, and frankly most other places as
8 well. And so my major concern with this rider is --
9 has to do with the purpose of these expenditures
10 around the lack of public interest and benefits as I
11 have documented them.

12 Q. You referenced riders that the Commission
13 has approved. Are you familiar with the company's
14 gridSMART rider?

15 A. I am not familiar with all details, but
16 I'm aware that this is a typical rider that other
17 utilities in Ohio have, yes.

18 Q. Are you aware that the company's
19 gridSMART rider proceeded in two phases; there was a
20 Phase I program and a Phase II program?

21 A. I'm sorry, I'm not familiar with those
22 details.

23 Q. Okay. Sure. And you mentioned that the
24 Commission has permitted AEP Ohio and other utilities
25 to recover the costs of SmartGrid programs and

1 riders. Do you agree or disagree with the
2 Commission's determination?

3 MR. MICHAEL: Objection, relevance.

4 MR. MCKENZIE: Your Honor, she's
5 testifying against the rider in this case on the
6 grounds that she disagrees with recovering the costs
7 of SmartGrid and other investments in riders, and so
8 I would like to explore whether she agrees or
9 disagrees with the Commission's previous
10 determinations in that regard.

11 MR. MICHAEL: Well, if Mr. McKenzie would
12 like to talk about the rider that Ms. Alexander
13 actually talks about, that would be fine. And
14 further, I think Ms. Alexander made it very clear in
15 her prior testimony that what she is concerned about
16 in her testimony is this rider and the lack of public
17 interest with this rider and expenditures on this
18 rider.

19 So she's focusing very specifically on
20 this rider. She's not purporting to offer some sort
21 of global critique of riders generally. As a matter
22 of fact, I think she implicitly said any opinions she
23 might have on that score was irrelevant, and I agree
24 with her.

25 MR. KELTER: Your Honor, that's

1 argumentative.

2 MR. McKENZIE: On page 14, lines 1
3 through 2 of her testimony, her first grounds for
4 opposing the Smart City Rider is "First, in general,
5 separate riders and surcharges should not be used to
6 collect utility costs and expenses from customers,
7 outside of a base rate case." So her general opinion
8 on riders was offered by her as her first reason in
9 this case.

10 MR. MICHAEL: About this rider.

11 MR. McKENZIE: Right. So I am asking --
12 I am asking about her opinion on other riders in
13 order to explore what she stated here.

14 EXAMINER SEE: I think the witness has
15 already indicated what her focus is here in this case
16 and whether -- and the Commission's opinion is its
17 opinion. We'll take that up when the Commission
18 elects to do so. So let's focus on the rider that
19 the witness is talking about in her testimony.

20 Q. (By Mr. McKenzie) Okay. Let's turn to
21 page 15 of your testimony, please.

22 A. Yes.

23 Q. On line 16, you state, "The EV rebates in
24 particular will indirectly permit certain EV charging
25 station owners in the Smart City footprint to receive

1 discounted prices for distribution service due to
2 their receipt of the rebates, unlike other charging
3 station owners outside of the footprint (or not
4 participating in the program)." What is your basis
5 for concluding that the EV rebate program will be
6 limited to the Smart City footprint?

7 A. I'm not sure that it is limited to the
8 Smart City footprint based on what I heard this
9 morning, but the general thrust of the statement is
10 still correct, that those who receive the rebates
11 will have a subsidy that their competitors will not
12 have in the conduct of their business.

13 Q. So you understand now that the EV rebate
14 program is open to anyone in the AEP Ohio service
15 territory?

16 A. Yes, I do now understand that. Thank
17 you.

18 Q. Okay. You state in your testimony that
19 the research and development described in the
20 stipulation will benefit AEP affiliates in other
21 states, correct?

22 A. That is -- yes, I did state that.

23 Q. Yeah. And having reviewed the
24 stipulation, you are aware AEP Ohio is required to
25 file a final report with the Commission regarding the

1 Smart City Rider, correct?

2 A. There is a report in the stipulation,
3 yes.

4 Q. And because this report will be public,
5 that data will be available to everyone, correct?

6 A. That doesn't respond to the concern about
7 the R&D funding.

8 Q. Because the report will be public, the
9 data will be available to everyone, correct?

10 A. What data? I don't understand your
11 question.

12 Q. I'm sorry. The data in the final report
13 will be available to everyone, not just the
14 stipulating parties or just AEP Ohio, correct?

15 A. There is a report. What will be in it is
16 unknown to me.

17 Q. Okay. Are you aware of any EV charging
18 station or micro grid program by any other AEP Ohio
19 affiliate?

20 A. I don't think so. Would you name all
21 your affiliates?

22 Q. No.

23 A. Okay.

24 Q. Could we turn to page 19, line 16 of your
25 testimony.

1 A. Page what, please?

2 Q. I'm sorry. Page 19.

3 A. Yes.

4 Q. Starting on line 16 through 18, I won't
5 read it, I'll just try to paraphrase. You state that
6 the micro grid project is not defined or described in
7 terms of design or functionality, correct?

8 A. Yes.

9 Q. Before you formed that conclusion, did
10 you read the testimony of AEP Ohio witness William
11 Allen?

12 A. Yes.

13 Q. Did you read his definition of "micro
14 grid"?

15 A. Yes.

16 Q. Okay. Are you familiar with the ESP
17 statute?

18 A. Generally, yes. Are we talking about the
19 one that allows certain kinds of investments to be
20 included in an ESP filing for the distribution
21 companies, yes.

22 Q. R.C. 4928.143?

23 A. I believe that's the number.

24 Q. I was just trying to specify. Okay. And
25 presumably you reviewed the statute before you formed

1 the conclusions described in your testimony?

2 A. Yes, I did.

3 Q. Okay. Could we turn to page 14 of your
4 testimony, please.

5 A. Yes.

6 Q. Line 18. You say, "Second, these
7 projects" -- I am sorry, I think you are referring to
8 the Smart City projects there, correct?

9 A. Yes.

10 Q. Okay. I'm going to read it again.

11 "Second, these projects have no nexus to
12 the ESP proceeding, which is primarily intended to
13 address the obligation to provide default generation
14 supply service." Does the word "nexus" appear in the
15 ESP statute?

16 A. I don't know. Probably not. I wasn't
17 intending to quote. It was the next sentence that's
18 more important.

19 Q. You conclude in your testimony that AEP
20 Ohio and the parties haven't analyzed the cost and
21 benefits of EV adoption, correct?

22 A. Where is that?

23 Q. So one example would be page 26, line 16.
24 I will go ahead and read that. "The testimony in
25 support of the Settlement submitted by Mr. Allen on

1 behalf of AEP Ohio merely describes and summarizes
2 the Settlement, including the EV charging station
3 project. It is significant that his testimony on
4 behalf of AEP Ohio did not identify any specific
5 benefits to the electric distribution system by
6 funding 375 more EV charging stations."

7 A. Yes. I like that sentence rather than
8 the one you used to characterize it.

9 Q. Fair enough.

10 So before you drew your conclusions in
11 this case, did you review all of the discovery
12 responses in the case?

13 A. All of them having to do with the Smart
14 City Rider, yes.

15 Q. Okay. And so you reviewed Attachment 1
16 to the company's response to OCC Interrogatory 3-378,
17 which I'm sure you don't remember the number, but it
18 is -- it was a study conducted by E3, on behalf of
19 AEP Ohio, entitled "Cost/Benefit Analysis of Plug-In
20 Electric Vehicle Adoption in the AEP Ohio Service
21 Territory."

22 A. I remember that material, yes.

23 Q. Okay. Now, throughout your testimony you
24 discuss the use of customer funds. You use the
25 phrase "customer funds," correct?

1 A. Just a minute, please. Customer funds,
2 ratepayer funds, subsidies, yes.

3 Q. Okay. Now, when you say "customer
4 funds," you mean that AEP Ohio will incur costs
5 related to the Smart City programs and then recover
6 its costs through the Smart City Rider, correct?

7 A. Yes.

8 Q. Okay. You're aware that all costs to be
9 recovered through the Smart City Rider will be
10 subject to an audit and prudence review, correct?

11 A. Those words are used, yes. However, it's
12 not possible to determine prudence given the lack of
13 criteria in this stipulation about how the funds are
14 used.

15 Q. You understand that for any cost
16 recovered through the Smart City Rider there will be
17 an audit and a case in which the Commission will have
18 the opportunity to review those costs for prudence,
19 correct?

20 A. Yes. I am aware of that possibility,
21 yes.

22 Q. The Smart City Rider pilot program costs
23 are capped at \$21 million, correct?

24 A. The -- there are additional costs in the
25 stipulation that AEP has the right to recover outside

1 of the 21 million, but the rider is limited to
2 21 million, yes.

3 Q. Okay. And that's 21 million over four
4 years, correct?

5 A. I believe that is correct, yes.

6 Q. And you would agree that that's a
7 relatively modest budget, correct?

8 A. Oh, I agree that it's much smaller than
9 the original application AEP put forward in this
10 proceeding, yes.

11 Q. Before you offered your opinion that the
12 Commission should reject the Smart City Rider, did
13 you calculate the annual bill impact of the Smart
14 City Rider for an average residential customer?

15 A. I did not. I believe I asked AEP if they
16 had done that. And it is a very small amount of
17 money.

18 Q. Just a couple of questions on the
19 PowerForward Rider now. You state in your testimony
20 that the PowerForward Rider has no current purpose,
21 correct?

22 A. Yes.

23 Q. Now, you don't know what --

24 A. Well, actually I know what the purpose is
25 but it doesn't have any internal programs that are

1 authorized for recovery of costs from this proposed
2 rider. If that's what you mean. There's no content
3 to the rider's costs.

4 Q. I was just quoting your testimony.

5 A. Yes. Okay.

6 Q. Okay. You don't know what conclusions
7 the Commission will draw in the PowerForward case,
8 correct?

9 A. Well, no, of course not.

10 Q. And this ESP will be in place until
11 May 31, 2024, correct?

12 A. Yes.

13 Q. I would like to ask you a hypothetical
14 question.

15 A. Okay.

16 Q. Suppose the stipulation is approved
17 without the PowerForward Rider. Suppose the
18 PowerForward reading -- I'm sorry -- the PowerForward
19 proceeding concludes. At that point in time, do you
20 know whether the company would be able to reopen its
21 ESP for the sole purpose of establishing a new
22 PowerForward Rider within the ESP?

23 MR. MICHAEL: Objection, calls for a
24 legal conclusion. She's not testifying as a lawyer.
25 She made that clear. Please listen.

1 MR. MCKENZIE: If she doesn't know, she
2 can say she doesn't know. She offered -- although
3 she is not a lawyer, there are many things in here
4 addressing statutes and legal obligations.

5 EXAMINER SEE: And Ms. Alexander can
6 answer the question to the extent she knows,
7 recognizing she is not an attorney.

8 A. Right. I am not aware of what costs
9 AEP -- what historical costs AEP might seek to
10 recover in a future unknown proceeding with unknown
11 policy and ratemaking implications. But that's --
12 that's Regulatory Policy 101. No one knows that.

13 Q. So would AEP Ohio be able to reopen its
14 ESP for the sole purpose of adding a PowerForward
15 Rider?

16 MR. MICHAEL: Objection, asked and
17 answered.

18 MR. MCKENZIE: I don't think she actually
19 answered the question.

20 EXAMINER SEE: No.

21 A. I do not know if they could reopen the
22 ESP, but I find that question tangential in the
23 extreme to the issue at -- before us here.

24 Q. Okay. So one of the reasons that you
25 criticize the PowerForward Rider is that you say that

1 the PowerForward initiative is not a "formal
2 probing"; is that correct?

3 A. Well, if you'll point me to the --

4 Q. Yeah, I'm sorry.

5 A. -- what you are doing, that would be
6 helpful to me.

7 Q. Page 17, line 15. You state that "The
8 PowerForward initiative is not a formal proceeding,"
9 correct?

10 A. Yes. And by that I meant an evidentiary
11 proceeding, yes.

12 Q. So you're aware, under the stipulation,
13 no costs can be recovered through the PowerForward
14 Rider until the Commission approves rider costs
15 recovery in a future EL-RDR proceeding, correct?

16 A. Yes, but you're missing the point. What
17 if the proper response to PowerForward is that there
18 is not a rider? And the costs are recovered in base
19 rates? You're forgoing the opportunity for others to
20 make that very legitimate argument about PowerForward
21 in the PowerForward proceeding. And that's the
22 problem here.

23 Q. So in a future EL-RDR proceeding, what
24 would stop OCC from making the argument that you just
25 made?

1 A. Because the rider would have already been
2 approved with the language that allows it to recover
3 costs that the Commission might in the future allow
4 for recovery under the PowerForward proceeding. You
5 are eliminating the opportunity to argue about the
6 ratemaking treatment for costs in the PowerForward
7 proceeding. So there's no benefit to consumers to
8 approve this unknown rider at this point. It only
9 benefits the company and its shareholders.

10 Q. One last question -- I'm sorry -- two.
11 There is a set of questions.

12 Are you familiar with any EL-RDR
13 proceedings that the Commission has undertaken in the
14 past?

15 A. Could you define "EL-RDR," please?

16 Q. Well, do you know what an EL-RDR case is?

17 A. I would hesitate to give a name to those
18 acronyms. "EL" obviously is electric utility.
19 Excuse me. You know, I forgot my water and it's
20 right behind you, Bill, on the floor. If you could
21 give me that, please.

22 Q. I really am almost done. I really am
23 almost done.

24 A. That's fine, I just need to have a sip of
25 water, that's all.

1 I forgot what "RDR" means.

2 Q. Yeah. Assuming "RDR" refers to a rider
3 proceeding.

4 A. Oh, okay.

5 Q. Are you familiar with -- with any
6 previous EL-RDR proceedings?

7 A. I am not -- yes, actually, I am familiar
8 with those surrounding a lot of pending formal
9 proceedings involving Duke power.

10 But in the recent past I took a look at
11 the one I quoted -- I'm trying to find the page where
12 I had an extensive reference to it. Ohio Power
13 decision involving this rider. The one I quoted on
14 footnote 3, that's an EL-RDR case. And I reviewed
15 that proceeding.

16 Q. Okay. Could you turn to page 18 of your
17 testimony, please.

18 A. Uh-huh.

19 Q. Line 16, I believe you are referring to
20 the PowerForward Rider here, you say "Indeed, the
21 actual purpose of pre-approving the rider is to force
22 customers to pay AEP Ohio as soon as possible for
23 unknown additional projects approved in the
24 PowerForward initiative, without the benefit of
25 ensuring that the project expenses are prudently

1 incurred and used and useful in providing customers'
2 service."

3 My question is, are you aware of any
4 prior EL-RDR proceeding in which the Commission
5 approved costs for recovery in a rider but did not
6 ensure that the costs were prudent?

7 A. I am sure the Commission intends to
8 always ensure that the costs were prudently incurred.
9 But from the consumer perspective, it shifts the
10 burden, doesn't it, to look back at what utilities
11 did or didn't do and document that something wrong
12 has occurred.

13 And consumers usually prefer the other
14 approach which is that the utility incurs the costs
15 and has to bear the burden of documenting the
16 positive benefits to consumers as a result of the
17 costs. So I'm sure the Commission intends and seeks
18 to do the appropriate thing with regard to rider
19 recovery.

20 Q. You have extensive experience in
21 regulatory proceedings; is that fair to say?

22 A. Yes.

23 Q. Are you aware of the -- you spoke of
24 burden of proof. Are you aware of the -- that when a
25 utility incurs a cost and then includes it for

1 recovery in a rate case, including a base case, that
2 there is a presumption of prudence?

3 A. I'm sorry. You've used the word
4 "presumption." The utility bears the burden of
5 proof. Sometimes there's another burden to come
6 forward with evidence that would cause that issue to
7 be raised and litigated, but I'm not quite sure what
8 you're getting at here. Sorry.

9 MR. MCKENZIE: No problem.

10 No further questions, your Honor.

11 EXAMINER SEE: Mr. Michael?

12 MR. MICHAEL: May I have a quick moment
13 with the witness, your Honor?

14 EXAMINER SEE: Yes, you may. Let's go
15 off the record.

16 (Discussion off the record.)

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

19 Mr. Michael?

20 MR. MICHAEL: No redirect, your Honor.

21 MR. KELTER: Your Honor, I have a new
22 motion to strike based on the preceding arguments of
23 OCC's attorney.

24 MR. MICHAEL: I think that's been waived,
25 your Honor.

1 MR. KELTER: Actually, I would like to at
2 least explain. OCC's attorney made the argument that
3 Ms. Alexander is not testifying as an attorney in
4 this proceeding. But at page 4, line 14 of her
5 testimony, she -- she's asked "Are you familiar with
6 the PUCO's standard for reviewing stipulations?" And
7 then she gives a conclusion that the pilot doesn't
8 comply with the PUCO standards. If she's not
9 testifying as an attorney, then that conclusion
10 should be stricken from the record. It's clearly a
11 legal conclusion. She's applying the PUCO's
12 standards to the pilot.

13 EXAMINER SEE: Okay. Mr. Michael, you
14 want to respond?

15 MR. MICHAEL: Yes, your Honor. I think,
16 first off, it was waived. Second off, it's a
17 regulatory standard that the Commission has set up
18 that -- in a provision in nearly every piece of
19 direct testimony and supplemental testimony that is
20 filed in this case. And the witness is testifying to
21 various aspects of that test, for example, the public
22 interest. As a regulatory expert, she's certainly
23 entitled to do that, as every other witness that has
24 testified in stipulation proceedings have done.

25 MR. KELTER: Your Honor, she even

1 testifies at page 5, line 18, she references R.C.
2 4928.143(B) (2) and reaches a legal conclusion. I
3 don't see how she can have it both -- how OCC's
4 attorney can have it both ways. He's the one that
5 argued she shouldn't be allowed to testify as an
6 attorney.

7 EXAMINER SEE: Okay. And I believe --
8 and I believe the witness has indicated that she is
9 not an attorney, that this is all based on her
10 opinion, and I'm going to deny the motion to strike.

11 With that, I believe counsel for OCC has
12 moved for the admission of OCC Exhibit 5, the
13 supplemental testimony of Ms. Alexander. Are there
14 any objections?

15 Hearing none, OCC Exhibit 5 is admitted
16 into the record

17 (EXHIBIT ADMITTED INTO EVIDENCE.)

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

20 (Discussion off the record.)

21 EXAMINER SEE: The hearing is adjourned
22 for the day, and we'll resume Monday at 10:00 a.m.
23 Thank you.

24 (Thereupon, at 11:56 a.m., the hearing
25 was adjourned.)

1 CERTIFICATE

2 I do hereby certify that the foregoing is
3 a true and correct transcript of the proceedings
4 taken by us in this matter on Friday, November 3,
5 2017, and carefully compared with our original
6 stenographic notes.

7
8
9

Karen Sue Gibson, Registered
Merit Reporter.

10
11
12

Carolyn M. Burke, Registered
Professional Reporter.

13 (KSG-6447)

14 - - -
15
16
17
18
19
20
21
22
23
24
25

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

11/8/2017 12:34:30 PM

in

Case No(s). 16-1852-EL-SSO, 16-1853-EL-AAM

Summary: Transcript in the matter of the Ohio Power Company hearing held on 11/3/17 - Volume III electronically filed by Mr. Ken Spencer on behalf of Armstrong & Okey, Inc. and Gibson, Karen Sue Mrs.