BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Ohio Power Company for an Increase in Electric Distribution Rates.	)))	Case No. 20-585-EL-AIR
In the Matter of the Application of Ohio Power Company for Tariff Approval.	)))	Case No. 20-586-EL-ATA
In the Matter of the Application of Ohio Power Company for Approval to Change Accounting Methods.	)))	Case No. 20-587-EL-AAM

DIRECT TESTIMONY OF
DOUGLAS R. BUCK
ON BEHALF OF
OHIO POWER COMPANY

Management Policies, Practices & Organizations

Operating Income

Rate Base

Allocations

Rate of Return

X   Rates and Tariffs

Other

Filed: June 15th, 2020

INDEX TO DIRECT TESTIMONY OF
DOUGLAS R. BUCK

BEFORE
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DOUGLAS R. BUCK
ON BEHALF OF
OHIO POWER COMPANY

1 **I.**   **PERSONAL DATA**

2 **Q.**   **PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A.   My name is Douglas R. Buck. My business address is 1 Riverside Plaza, Columbus,

4   Ohio 43215.

5 **Q.**   **BY WHOM ARE YOU EMPLOYED AND WHAT IS YOUR POSITION?**

6 A.   I am employed by the American Electric Power Service Corporation ("AEPSC") as a

7   Staff Regulatory Consultant in the Regulated Pricing and Analysis group of the

8   Regulatory Services Department. AEPSC, a wholly-owned subsidiary of American

9   Electric Power Company, Inc. ("AEP"), provides centralized professional and other

10   services to subsidiaries of AEP. AEP is the parent company of Ohio Power Company

11   ("Ohio Power" or "Company").

12 **Q.**   **WOULD YOU PLEASE DESCRIBE YOUR EDUCATIONAL AND**

13   **PROFESSIONAL BACKGROUND?**

14 A.   I received my Bachelor of Science Degree in Mechanical Engineering in 1985 from

15   Valparaiso University and am a Registered Professional Engineer ("PE") in Ohio. I

16   received my Master of Business Administration Degree in 1993 from Northern Illinois

17   University. I began my career with AEP in 1997 as a Financial Analyst, Financial

18   Forecasting group, in the Corporate Planning and Budgeting Department. In 2000, I

19   became a Financial Analyst Coordinator, Resource Planning and Operational Analysis

1		group, also in the Corporate Planning and Budgeting Department. In 2006, I became the
2		Director of Enterprise Risk Management in the Risk and Strategic Initiatives Department.
3		From 2010 to the present I have held various positions in the Regulatory Services
4		Department. Prior to joining AEP, I worked for approximately 9 years in various
5		engineering departments and the Strategic Analysis Department of Commonwealth
6		Edison (now Exelon) in Chicago, Illinois.
7	**Q.**	**WHAT ARE YOUR RESPONSIBILITIES AS STAFF REGULATORY**
8		**CONSULTANT?**
9	A.	My responsibilities include preparation of cost-of-service studies, rate design, and tariff
10		provisions for AEP operating companies, as well as other projects related to regulatory
11		issues and proceedings, individual customer requests, and general rate matters.
12	**Q.**	**HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY IN ANY REGULATORY**
13		**PROCEEDINGS?**
14	A.	Yes. I have sponsored testimony before the Virginia State Corporation Commission, the
15		Public Service Commission of West Virginia, the Tennessee Regulatory Authority, and
16		the Public Service Commission of Kentucky.
17	**II.**	**PURPOSE OF TESTIMONY**
18	**Q.**	**WHAT IS THE PURPOSE OF YOUR TESTIMONY?**
19	A.	The purpose of my testimony is to support and describe the development of the
20		Company's class cost-of-service study ("CCOSS"), which allocates the total Ohio retail
21		jurisdictional rate base, revenues, and expenses to each rate schedule. The cost allocation
22		methodology used in the CCOSS assigns costs among the customer classes in a fair and

1		equitable manner based on principles of cost causation. Customers who cause costs to be
2		incurred are allocated such costs in the CCOSS.
3	**Q.**	**WHAT SCHEDULES RELATED TO THE CCOSS ARE YOU SPONSORING?**
4	A.	I am sponsoring or co-sponsoring the following schedules included in the Standard Filing
5		Requirements for the Company:

6 • Schedule E-3.1   Customer Charge / Minimum Bill Rationale which includes

7   only the customer component of the CCOSS, and

8 • Schedule E-3.2   Class Cost-of-Service Study

9	**Q.**	**PLEASE DESCRIBE THESE SCHEDULES.**
10	A.	Schedule E-3.1 is the customer component only of the CCOSS for test year ended
11		November 30, 2020 (one-month actual and eleven-month forecast). Schedule E-3.2 is the
12		CCOSS for test year ended November 30, 2020 (one-month actual and eleven-month
13		forecast).
14	**Q.**	**WHAT IS THE TEST PERIOD TO PREPARE THE CCOSS IN THIS**
15		**PROCEEDING?**
16	A.	The test period used to develop the CCOSS in this proceeding is the twelve month period
17		ending November 30, 2020 (one month actuals and eleven months forecast data).
18		Allocation factors are based on the twelve month period ending December 31, 2019
19		(twelve months actual data).

III. OVERVIEW OF CLASS COST-OF-SERVICE STUDIES

Q. BRIEFLY DESCRIBE THE GENERAL PURPOSE OF A CCOSS.

A. Cost studies are basic analytical tools used in traditional utility rate design utilized to determine the revenue requirement for the services offered by the utility and to determine the costs that different classes of customers impose on the utility system. A CCOSS calculates the total functional costs the Company incurs in serving each retail rate class as well as the rate of return on rate base earned from each class during the test year. This is accomplished by classifying and allocating the jurisdictional and functionalized costs of serving Ohio's retail customers to the various rate classes. When a CCOSS study is completed and all of the costs are allocated to the customer classes, the Company is able to establish rates based on the costs to serve each customer class. A copy of the CCOSS prepared for this case is included as Schedule E-3.2.

Q. WHAT DATA SOURCE WAS USED IN THE DEVELOPMENT OF THE CCOSS?

A. The Company's jurisdictional allocation of distribution rate base, revenue, and expenses was prepared and is sponsored by Company witness Caudill as described in detail in her testimony. This jurisdictional information has already been identified/functionalized as related to the distribution function. Ohio Power's retail jurisdictional distribution rate base, revenue, and expense components are classified and allocated to the various customer classes, through the CCOSS, using various allocators derived from historic accounting records and Company data.

1   **Q.**   **PLEASE DESCRIBE THE CLASSIFICATION PROCESS.**

2   A.   The classification process separates the functionalized costs, provided in the

3   jurisdictional cost-of-service study, into the classifications of:

4   1) Demand costs - costs based on the demand (kW) imposed by the customer, or

5   2) Customer costs - costs directly related to the number of customers served.

6   The cost classifications used in the Company's cost-of-service studies include the

7   following:

FUNCTION	CLASSIFICATION
Distribution	Demand, Customer
Customer Service	Customer

8   Distribution system costs are affected by either the peak demand imposed on the

9   distribution facilities or by the number of customers served. Demand-related distribution

10   costs reflect the size of the class of customer's electrical load served, while customer-

11   related distribution costs are allocated on the number of customers receiving the service.

12   These are fixed costs which are incurred regardless of the level of energy sales. An

13   example of a demand-related cost is the investment in distribution facilities, such as

14   distribution poles and lines.

15   Customer service costs are primarily related to the number of customers. These

16   are fixed costs which are incurred regardless of the level of energy sales. Meter and

17   customer service costs are examples of costs whose levels are fixed by the number of

18   customers.

19   The classification process provides a basis on which to allocate different

20   categories of costs (demand or customer) to the Company's classes.

1   **Q.**   **PLEASE DESCRIBE THE ALLOCATION PROCESS.**

2   A.   The final step is to allocate the classified costs among the classes of customers based on

3   how the costs are incurred for each class. Allocation factors are used to assign these

4   costs to the various customer classes. Customer classes are determined and grouped

5   according to the nature of service provided, voltage level, and the load usage

6   characteristics. In general, the five principal customer classes are residential,

7   commercial, industrial, outdoor lighting, and street lighting.

8   The allocation process involves dividing the functionalized and classified costs

9   among the customer classes. This process involves multiplying these costs by allocation

10   factors, which results in costs assigned to each customer class. The objective in this

11   process is to determine a reasonable, appropriate, and understandable method to assign

12   the costs. Some costs are directly assignable to a single class, or even a single customer.

13   For instance, the equipment used wholly for public street and highway lighting are

14   directly assigned to the street lighting class. Most costs, however, are attributable to

15   more than one customer class. These are joint costs that are allocated to customers by an

16   allocation methodology that is based on the manner in which the costs are caused by the

17   different customers. The joint costs are incurred based on the capacity demanded or the

18   number of customers.

19   The classification process leads to an allocation methodology. For example, costs

20   associated with meters will vary with the number of customers as well as the type of

21   meter installed. A weighted allocation factor is developed by multiplying the number of

22   customers in each class by the respective costs of the different types of meters within the

23   class. Therefore, an allocation factor is developed that allocates the costs associated with

1 customer's meters to the classes based on a weighted average of the various meter costs

2 and number of customers by class.

3 When this process is completed and all of the costs are allocated to the customer

4 classes, the result is a fully allocated cost-of-service study that establishes cost

5 responsibility, by class, and the test year rate of return earned from each class, making it

6 possible to determine the rates each class of customer should pay based on costs that are

7 just and reasonable.

8 **Q. WHAT CRITERIA MUST BE ESTABLISHED TO ENSURE THAT THE**

9 **ALLOCATION OF COSTS TO THE CUSTOMERS IS APPROPRIATE?**

10 A. Generally, the following criteria should be used to determine the appropriateness of an

11 allocation methodology:

12 • The method should cause customers who benefit from the use of the system to

13 bear appropriate cost responsibility for the system.

14 • The method should reflect the planning and operating characteristics of the

15 utility's system.

16 • The method should recognize customer class characteristics such as peak demand

17 on the system, diversity characteristics, number of customers, etc.

18 • The method should produce stable results on a year-to-year basis.

19 **Q. DOES THE ALLOCATION METHOD EMPLOYED BY THE COMPANY MEET**

20 **THESE OBJECTIVES?**

21 A. Yes, it does. The allocation methodology utilized in the Company's CCOSS was chosen

22 while considering each of the criteria listed above. The results of the cost-of-service

1   study can be relied upon to determine the appropriate revenue requirement for the

2   Company's customer classes.

3 **Q. HOW DOES THE CCOSS COMBINE THE CURRENT TARIFF SCHEDULES**

4   **INTO THOSE BEING PROPOSED?**

5 A.   As described by Company witness Moore, the current tariffs are combined as follows:

Proposed Tariff Schedule	Current Tariff Schedule		
RS: Residential	RS	RR	RR-1
GS: Non-Demand Metered	GS-1	EHS	SS
GS: Demand Metered - SEC	GS-2 SEC	GS-3 SEC	EHG
GS: Demand Metered - PRI	GS-2 PRI	GS-3 PRI	GS-4 PRI
GS: Demand Metered - SUB/TRAN	GS-2 SUB	GS-3 SUB	GS-4 SUB
	GS-2 TRAN	GS-3 TRAN	GS-4 TRAN
OL: Outdoor Lighting	OL		
SL: Street Lighting	SL		

6 **IV. ALLOCATION OF RATE BASE COMPONENTS**

7 Q.   **PLEASE DESCRIBE THE ALLOCATION OF ELECTRIC PLANT IN SERVICE.**

8 A.   From the jurisdictional cost-of-service study, as prepared by Company witness Caudill,

9   Electric Plant in Service is identified and functionalized into distribution, intangible and

10   general plant.

11 **Q. HOW DID THE COMPANY ALLOCATE PRIMARY DISTRIBUTION PLANT?**

12 A.   The Company, for class allocation purposes, used the summer and winter peak method to

13   assign customer costs to reflect two seasonal peaks (or 6 CP). The 6 CP distribution

14   demand allocation factor assigns costs to the retail classes based on their average

15   contribution to Ohio Power's six monthly coincident peaks ("CPs") on the primary

16   distribution facilities (DIST_CPD). The six months that were used to derive the primary

17   distribution demand allocation factors were the three summer months of June, July,

1		August and the three winter months of December, January and February for the test
2		period ended November 30, 2020. This method is consistent with the method the
3		Company used in Case No. 11- 351-EL-AIR, et al., the Company's most recent rate case.
4	**Q.**	**HOW WERE THE DISTRIBUTION PLANT ACCOUNTS ALLOCATED?**
5	A.	Distribution plant is classified as demand-related or customer-related, and allocated to the
6		customer classes using factors based on demand levels or number of customers.
7		Distribution plant Accounts 360 through 368 were classified solely as demand-related for
8		class allocation purposes. Accounts 360 (Land and Land Rights), 361 (Structures and
9		Improvement), 362 (Station Equipment), and 363 (Storage Battery Equipment) were
10		allocated to the distribution customer classes based on their contributions to the average
11		of the Company's six monthly peak demands on the primary distribution system
12		(DIST_CPD) as previously discussed.
13		Accounts 364 through 367, Poles, Towers & Fixtures, Overhead lines, and
14		Underground Conduit and Lines, were split into primary and secondary voltage functions
15		based upon information contained in the Company's distribution engineering records and
16		expertise of the Company's distribution engineers. The primary portions of Accounts
17		364 through 367 were allocated using the six monthly coincident peaks on the primary
18		distribution facilities (DIST_CPD). The secondary component of Accounts 364 through
19		367 were allocated based on a combination of each class's 12-month maximum demand
20		and the summation of individual customers' annual maximum demands in each class
21		served from those facilities (DIST_POLES, DIST_OHLINES and DIST_UGLINES).
22		This process reflects the fact that some secondary facilities serve only one customer,
23		while others serve two or more customers.

1   Account 368, Transformers, was split into primary and secondary voltage

2   functions based upon information contained in the Company's distribution engineering

3   records to determine the functional use of the equipment. The primary portion of

4   Account 368 was allocated using the DIST_CPD allocator. The secondary portion was

5   allocated using the appropriate secondary voltage demand allocation factor, which is

6   based on a combination of each class' 12-month maximum demand and the summation of

7   individual customers' annual maximum demands (DIST_TRANSF).

8   Account 369, Services, was classified as customer-related and was allocated using

9   the average number of secondary customers served (DIST_SERV).

10   Account 370, Meters, was allocated using the average number of customers

11   weighted by a factor which considers the cost differential of various metering

12   installations (DIST_METERS).

13   Account 371, Install on Customer Premises, and Account 372, Leased Property on

14   Customer Premises, were directly assigned to the outdoor lighting class (DIST_OL).

15   Account 373, Street Lighting, was directly assigned to the street lighting class

16   (DIST_SL).

17   **Q.   HAS THE COMPANY MADE THE APPROPRIATE CLASSIFICATION OF**

18   **DISTRIBUTION PLANT?**

19   A.   Yes. The method of classification of services and meters as customer-related – and

20   primary and secondary poles, lines, and transformers as demand-related is a method that

21   has been adopted in cases before this and other Commissions. This classification

22   recognizes the standard engineering practice to plan the distribution facilities to meet the

23   maximum expected demand on the system, not necessarily the number of customers

1		being served by the facilities. It is more appropriate to classify services and meters as
2		customer-related since a single service is required to serve each customer. For other
3		distribution facilities, a diversified mix of commercial and residential customers will be
4		served from those facilities. It is the customers' demand placed on those facilities that
5		drives the size and cost of the distribution facilities, not the absolute number of customers
6		served from those facilities. The benefit of the Company's approach in classifying
7		distribution plant is that each customer class is being allocated its equitable share of
8		distribution facilities based on contributions to peak demand associated with Accounts
9		360-368, and based on the number of customers with Accounts 369-373.
10	Q.	HOW WAS THE GENERAL AND INTANGIBLE PORTION OF ELECTRIC
11		PLANT CLASSIFIED AND ALLOCATED?
12	A.	General and intangible plant investment reflects a composite demand and customer
13		classification and was classified as labor-related. It was allocated to the customer classes
14		on the basis of a payroll labor allocator (LABOR_M), constructed by first allocating the
15		functional components of operation and maintenance ("O&M") expense by the applicable
16		class demand and customer allocation factors, and then summing the allocated
17		components by class to create a set of labor expense ratios.
18	Q.	PLEASE DESCRIBE THE ALLOCATION OF ACCUMULATED PROVISION
19		FOR DEPRECIATION AND AMORTIZATION.
20	A.	The functionalized components of Accumulated Provision for Depreciation and
21		Amortization were obtained from the Jurisdictional study and classified and allocated
22		based upon the allocation of their corresponding functional Electric Plant in Service costs
23		excluding land and land rights.

1   **Q.**   **PLEASE DESCRIBE THE ALLOCATION OF WORKING CAPITAL.**

2   A.   The components of distribution working capital allowance include materials & supplies

3   and other prepayments (insurance, etc.). Materials & supplies were allocated based on

4   distribution Electric Plant in Service (RB_GUP_EPIS_D); and prepayments were

5   allocated using factors developed from gross utility plant relationships (RB_GUP).

6   **Q.**   **PLEASE DESCRIBE THE ALLOCATION OF RATE BASE OFFSETS.**

7   A.   Customer Deposits were assigned based on an analysis of accounting records;

8   prepayment pension expenses were allocated based on O&M labor; and Customer

9   Advances, Deferred Taxes and Deferred Investment Tax Credits were allocated based on

10   distribution Electric Plant in Service.

11   **V.**   **ALLOCATION OF REVENUES, O&M, AND A&G EXPENSES**

12   **Q.**   **HOW WERE REVENUES DEVELOPED FOR EACH CLASS?**

13   A.   Test year retail sales revenues were directly assigned to each class.

14   Forfeited discounts and miscellaneous service revenues were directly assigned

15   based on an analysis of accounting records.

16   The functional components of rent from electric property and other electric revenue

17   were allocated to classes based on distribution Electric Plant in Service.

18   **Q.**   **PLEASE DESCRIBE THE ALLOCATION OF DISTRIBUTION O&M AMONG**

19   **THE VARIOUS CUSTOMER CLASSES.**

20   A.   Distribution O&M expenses were functionalized and classified according to the

21   associated distribution plant accounts and allocated accordingly.

1   Accounts 581, Load Dispatching operation expense and 582, Station Equipment

2   operation expense, were allocated using the primary distribution demand allocation factor

3   (DIST_CPD).

4   Account 583, Overhead Lines operation expense, was allocated based upon the

5   same allocation used for plant Account 365, Overhead Lines.

6   Account 584, Underground Lines operation expense, was allocated based upon

7   the same allocation used for plant Accounts 366, Underground Conduit, and 367

8   Underground Lines.

9   Account 585, Street Lighting operation expense, was classified as customer-

10   related and directly assigned to the street lighting class.

11   Account 586, Meters operation expense, was classified as customer-related and

12   allocated in the same manner as 370, Meters.

13   Account 587, Customer Installations operation expense, was classified as

14   customer-related and allocated based on primary customers (DIST_PCUST).

15   Accounts 588, Miscellaneous Distribution operation expense, and 589, Rents

16   operation expense, were allocated on total distribution plant and classified accordingly.

17   Account 580, Supervision & Engineering operation expense, was classified as

18   demand-related and customer-related and allocated using the allocated subtotal of

19   allocated expense Accounts 581 through 589.

20   Accounts 591, Structures maintenance expense, and 592, Station Equipment

21   maintenance expense, were classified as demand-related and allocated on the primary

22   distribution demand allocation factor (DIST_CPD).

1   Accounts 593, Overhead Lines maintenance expense, 594, Underground Lines

2   maintenance expense, and 595, Line Transformers maintenance expense, were

3   functionalized and classified according to the associated distribution plant accounts and

4   allocated accordingly.

5   Account 596, Street Lighting maintenance expense, was classified as customer-

6   related and directly assigned to the street lighting class.

7   Account 597, Meters maintenance expense, was classified as customer-related

8   and allocated in the same manner as meter plant.

9   Account 598, Miscellaneous Distribution maintenance expense, was classified as

10   customer-related and directly assigned to the outdoor lighting class.

11   Account 590, Supervision & Engineering maintenance expense, was classified

12   and allocated based on the sum of the allocated O&M expense Accounts 591 through

13   598.

14 **Q. PLEASE EXPLAIN HOW CUSTOMER ACCOUNTS (ACCOUNTS 901-905),**

15   **CUSTOMER SERVICES AND INFORMATION AND SALES EXPENSE**

16   **(ACCOUNTS 907-916) WERE ALLOCATED?**

17 A. Account 902, Meter Reading expense, was allocated to those classes with meter

18   installations based upon an average number of customers weighted to reflect differences

19   in meter reading requirements.

20   Account 903, Customer Records expense, was divided into two categories, costs

21   related to the customer call center and other expenses. Call center costs were first

22   divided into residential and all other customers based on the actual number of calls

23   received. The residential tariff class was directly assigned call center costs based on the

1   actual number of calls received by the call center. The remaining call center costs were

2   allocated among the other tariffs (excluding outdoor lighting) based on the number of

3   customers in those classes. The other records and collections expenses were allocated to

4   all classes based on the number of customers.

5   Account 904, Uncollectible Accounts expense, which is primarily associated with

6   losses related to uncollected rent revenues, was allocated based on an allocated total of

7   rents from non-associated companies and rent from electric property.

8   Accounts 901, Supervision & Engineering expense, and 905, Miscellaneous

9   Customer Accounts expense, were allocated based on the sum of the allocated accounts

10   902, 903, and 904.

11   Factoring Expense, Account 426, and Interest on Customer Deposits, Account

12   431, were also shown as Customer Accounts Expense as those costs are directly related

13   to customer account activities. The cost associated with Factoring Expense was allocated

14   using current sales revenue. The cost associated with Interest on Customer Deposits was

15   allocated based on customer deposits held by customer class. All customer accounting

16   expenses were classified as customer-related.

17   Costs associated with Customer Service and Information and Sales Expense,

18   Accounts 907-916, were allocated using the allocated total of Customer Accounts (901-

19   905), because of the general nature of these costs, which include supervision, labor and

20   materials, support efforts to provide services to all customer classes.   Customer

21   Assistance Expense related to DSM was directly assigned to the residential class, and

22   allocated using current sales revenue to the GS classes.   All customer accounting,

23   customer services and sales expense accounts were classified as customer-related.

1   **Q.   PLEASE   DESCRIBE   THE   ALLOCATION   OF   ADMINISTRATIVE   AND**

2   **GENERAL (A&G) EXPENSE.**

3   A.   Regulatory expense was allocated based on class revenue levels. Property insurance and

4   associated business development expense were allocated based on the distribution plant

5   allocation factor. All other A&G expenses were functionalized, classified and allocated

6   based on the allocated labor (LABOR_M) allocation factor.

7   **VI.   ALLOCATION OF DEPRECIATION AND TAXES**

8   **Q.   PLEASE   DESCRIBE   THE   ALLOCATION   OF   DEPRECIATION   AND**

9   **AMORTIZATION EXPENSE.**

10   A.   The functionalized components of depreciation and amortization expense were allocated

11   using the corresponding plant items excluding land and land rights.

12   **Q.   HOW WERE TAXES OTHER THAN INCOME TAXES ALLOCATED TO EACH**

13   **CLASS?**

14   A.   Taxes other than income taxes were allocated according to the basis for each tax. Payroll

15   taxes are labor related and therefore allocated using the allocated labor (LABOR_M)

16   allocation factor. Taxes associated with property and miscellaneous taxes were allocated

17   based on the internally derived allocated class net plant ratios.

18   Regulatory fees, franchise taxes, and commercial activity taxes were allocated

19   using the sales revenue allocation factor.

20   **Q.   HOW WERE INCOME TAXES ASSIGNED TO THE RETAIL CLASSES?**

21   A.   Interest expense was calculated using a formula to synchronize with allocated rate base.

22   State and Current Federal Income Taxes were computed by class using the applicable tax

23   rates.   Individual Schedule M items, Deferred Federal Income Taxes, and Deferred

1   Investment Tax Credits were allocated based on corresponding allocated costs to which

2   the items relate.

3   **VII.   EARNED RETURNS**

4   **Q.   WHAT IS THE RESULTING GOING-LEVEL RATES OF RETURN FOR EACH**

5   **CLASS WITHOUT RATE RELIEF?**

6   A.   The resulting going-level earned distribution rates of return (ROR) during the test year

7   prior to the rate relief requested in this case, for each customer class as shown in the class

8   cost-of-service study, are presented in the table below.   The going-level return is

9   calculated from current income and rate base.

Class Going-Level Rates of Return

CLASS	Going-Level ROR
RS: Residential	-2.11 %
GS: Non-Demand Metered	0.19 %
GS: Demand Metered - SEC	-2.07 %
GS: Demand Metered - PRI	-3.28 %
GS: Demand Metered - SUB/TRAN	-18.12 %
OL: Outdoor Lighting	2.73 %
SL: Street Lighting	5.55 %
Total	-2.15 %

10   **Q.   HOW ARE THESE RATES OF RETURN USED IN THIS PROCEEDING?**

11   A.   The going-level rates of return for each class form the basis for the allocation of the

12   revenue increase required for each class.   This information was provided to Company

1   Witness Roush to assist in his determination of the allocation of the requested rate

2   increase by class and subsequently to design proposed rates.

3 **Q.**   **DOES THIS CONCLUDE YOUR PREFILED DIRECT TESTIMONY?**

4 A.   Yes.

CERTIFICATE OF SERVICE

In accordance with Rule 4901-1-05, Ohio Administrative Code, the PUCO's e-filing system will electronically serve notice of the filing of this document upon the following parties. In addition, I hereby certify that a service copy of the foregoing *Direct Testimony of Douglas R. Buck* was sent by, or on behalf of, the undersigned counsel to the following parties of record this 15th day of June 2020, via electronic transmission.

<div align="right">

/s/ *Steven T. Nourse*
Steven T. Nourse

</div>

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Summary: Testimony -Direct Testimony of Douglas R. Buck on Behalf of Ohio Power Company electronically filed by Mr. Steven T Nourse on behalf of Ohio Power Company