

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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

**SUPPLEMENTAL TESTIMONY
IN RESPONSE TO OBJECTIONS TO
THE STAFF REPORT
OF
DAVID M. LIPTHRATT**

**RATES AND ANALYSIS DEPARTMENT
ACCOUNTING & FINANCE DIVISION**

STAFF EXHIBIT____

May 4, 2021

1 1. Q. Please state your name and business address.

2 A. My name is David M. Liphtratt. My address is 180 East Broad Street,
3 Columbus, Ohio, 43215-3793
4

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

6 A. I am employed by the Public Utilities Commission of Ohio (the Commis-
7 sion or PUCO) as the Chief of the Accounting and Finance Division of the
8 Rates and Analysis Department.
9

10 3. Q. Please briefly describe your educational and professional background.

11 A. I earned a Bachelor of Arts degree that included a major in Political Science
12 and a minor in History from the University of Georgia. Subsequently, I
13 earned a Master's in Public Administration degree with a focus on public
14 budgeting and finance and policy analysis from the University of Georgia.
15 In addition, I earned a post-baccalaureate Certificate of Accounting
16 Concentration at Columbus State Community College. I am a Certified
17 Public Accountant (Ohio License # CPA.48876). Moreover, I have attended
18 various seminars and rate case training programs sponsored by this
19 Commission, professional trade organizations, and the utility industry com-
20 munity.
21
22

1 4. Q. Please describe your work experience.

2 A. I have previously served as a Budget/Management Analyst for the Ohio
3 Office of Budget and Management and a Fiscal Officer for the Ohio
4 Department of Commerce. I have served as a Public Utilities Administrator
5 with the PUCO before being promoted to my current position. In each of
6 these roles I have been responsible for various accounting and financial-
7 related tasks and responsibilities.

8
9 5. Q. Have you testified in previous cases at the PUCO?

10 A. Yes.

11

12 6. Q. What was your responsibility in this case?

13 A. I was the case team leader, and oversaw Staff's investigation of the
14 Application. I was also responsible for compiling and filing the Staff
15 Report of Investigation (Staff Report) in this case.

16

17 7. Q. What is the purpose of your testimony?

18 A. The purpose of my testimony is to respond to Objections I, VIII, and X
19 raised by Ohio Partners for Affordable Energy (OPAE) and Objections I
20 and II raised by Direct Energy Business, LLC and Direct Energy Services,
21 LLC (collectively, Direct).

22

1 **OPAE Objection I**

2 8. Q. OPAE objects to the Staff Report recommendation that Ohio Power
3 Company's (AEP) revenue increase be in the range from \$237.23 million to
4 \$257.7 million (a range of 36% to 39% increase in base rate revenues).
5 Please respond.

6 A. The recommended revenue requirement was reasonable. Staff performed an
7 extensive audit of operation and maintenance and capitalized costs. Staff
8 recommended any inappropriate expenses or plant-in-service be disallowed
9 for recovery. Additionally, Staff's recommended revenue requirement
10 increase midpoint was \$247.5 million, which is \$154.6 million less than
11 requested by AEP in its application.

12
13 **OPAE Objection VIII**

14 9. Q. OPAE objects to the failure of the Staff Report to eliminate the Pilot
15 Throughput Balancing Adjustment Rider (PTBAR). Please respond

16 A. The objection is moot as the Joint Stipulation and Recommendation
17 (Stipulation) recommends elimination of the PTBAR.

18
19 **OPAE Objection X**

20 10. Q. OPAE objects to the inclusion of factoring expenses in base rates and in the
21 bad debt rider. Please respond.

1 A. Staff continues to support the inclusion of factoring expenses in base rates
2 and in the bad debt rider. Factoring expense is a prudent and reasonable
3 expense incurred in the course of conducting business and does not result in
4 double recovery or any unreasonable increase in rates.

5
6 **Direct Objection I**

7 11. Q. Direct objects to Staff's recommended revenue requirements (Schedule A-
8 1) based on the flow-through effect of Objections 2 through 3.5, which
9 raise issues related to operating income and rates and tariffs. Please
10 respond.

11 A. Staff reviewed and analyzed AEP's proposed rates and tariffs and made
12 recommendations that are embedded in Staff's recommended revenue
13 requirement. Any questions on rates and tariffs related to Direct's
14 objections should be addressed to Staff Witness Smith.

15
16 **Direct Objection II**

17 12. Q. Direct objects to Staff's recommended adjustments to operating income as,
18 direct alleges, neither AEP's Application nor the Staff Report provide any
19 indication that revenues derived from fees and charges are included in Test
20 Year operating income. Please respond.

1 A. Revenues derived from fees and charges are included in test year operating
2 income as part of other operating revenues and treated as a reduction to the
3 revenue requirement.

4

5 13. Q. Does this conclude your testimony?

6 A. Yes, it does. However, I reserve the right to incorporate new information
7 that may subsequently become available through outstanding discovery or
8 otherwise.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the **Supplemental Testimony of David Lipthratt in Response to Objections to the Staff Report** has been served upon the below-named counsel via electronic mail, this 4th day of May, 2021.

/s/ Werner L. Margard
Werner L. Margard

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Summary: Testimony Supplemental Testimony in Response to Objections to the Staff Report of David M. Lipthratt, Rates and Analysis Department, Accounting and Finance Division electronically filed by Mrs. Kimberly M Naeder on behalf of PUCO