**Before**

**The Public Utilities Commission of Ohio**

In the Matter of the Fuel Adjustment ) Case No. 10-268-EL-FAC

Clauses for Columbus Southern Power ) Case No. 10-269-EL-FAC

Company and Ohio Power Company )

and Related Matters for 2010. )

)

In the Matter of the Fuel Adjustment )

Clauses for Columbus Southern Power ) Case No. 11-281-EL-FAC

Company and Ohio Power Company )

and Related Matters. )

**DIRECT TESTIMONY OF JOSEPH G. BOWSER**

**ON BEHALF OF INDUSTRIAL ENERGY USERS-OHIO**

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**November 8, 2013 Attorneys for Industrial Energy Users-Ohio**

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**DIRECT TESTIMONY OF JOSEPH G. BOWSER**

**ON BEHALF OF INDUSTRIAL ENERGY USERS-OHIO**

# Introduction

**Q1. Please state your name and business address**.

A1. My name is Joseph G. Bowser, 21 East State Street, 17th Floor, Columbus, Ohio 43215.

**Q2. By whom are you employed and in what position?**

A2. I am a Technical Specialist for McNees Wallace & Nurick LLC (“McNees”), providing testimony on behalf of the Industrial Energy Users-Ohio (“IEU-Ohio”).

**Q3. Please describe your educational background.**

A3. In 1976, I graduated from Clarion State College with a Bachelor of Science degree in Accounting. In 1988, I graduated from Rensselaer Polytechnic Institute with a Master of Science degree in Finance.

**Q4. Please describe your professional experience.**

A4. I have been employed by McNees since 2005, where I focus on assisting IEU-Ohio members address issues that affect the price and availability of utility services. As part of my responsibilities, I provide IEU-Ohio members assistance as they evaluate and act upon opportunities to secure value for their demand response and other capabilities in the base residual auction (“BRA”) and incremental auctions conducted by PJM Interconnection, LLC (“PJM”) as part of the Reliability Pricing Model (“RPM”). Prior to joining McNees, I worked with the Office of the Ohio Consumers’ Counsel (“OCC”) as Director of Analytical Services. There I managed the analysis of financial, accounting, and ratemaking issues associated with utility regulatory filings. I also spent ten years at Northeast Utilities, where I held positions in the Regulatory Planning and Accounting Departments, provided litigation support in regulatory hearings and assisted in the preparation of the financial/technical documents filed with state and federal regulatory commissions. I began my career with the Federal Energy Regulatory Commission (“FERC”), where I led and conducted audits of gas and electric utilities in the Eastern and Midwestern regions of the United States.

**Q5. Have you previously submitted expert testimony before the Public Utilities Commission of Ohio (“Commission” or “PUCO”)?**

A5. Yes. Since 1996, I have submitted testimony as an expert on numerous regulatory accounting issues and how those issues should be resolved for purposes of establishing rates and charges of public utilities. A listing of cases in which I have submitted expert testimony is attached as Exhibit JGB-1.

**Q6. What did you review for purposes of preparing your testimony?**

A6. I reviewed the 2009, 2010 and 2011 Reports of the Management/Performance and Financial Audits of the fuel adjustment clauses (“FAC”) of Columbus Southern Power Company (“CSP”) and Ohio Power Company (“OP”) (collectively “AEP-Ohio” or the “Company”), which were conducted by Energy Ventures Analysis and its subcontractor Larkin & Associates PLLC (“the auditors”), and orders and entries issued by the Commission in this proceeding and in Case Nos. 11-4920-EL-RDR, *et al.*,[[1]](#footnote-1) 08-917-EL-SSO, *et al*.,[[2]](#footnote-2) and 09-872-EL-FAC, *et al*.[[3]](#footnote-3)

My recommendations also reflect the knowledge I have accumulated throughout my career.

**Q7. Will you summarize your recommendations?**

A7. Yes. My recommendations are summarized as follows:

1. Beginning in 2010, the carrying charges that have accrued on the amounts deferred in AEP-Ohio’s electric security plan (“ESP”) case have been overstated and therefore should be reduced. Carrying charges should be calculated on deferred balances that have been reduced for the effects of accumulated deferred income taxes (“ADIT”). I recommend that the Commission direct the Company to reduce the deferred balance that is eligible for collection through the Phase-in Recovery Rider (“PIRR” or “Rider PIRR”) by approximately $38 million to reflect reduced carrying charges from January 2010 through December 2011, the period of the audits in this proceeding, and to adjust Rider PIRR accordingly.
2. The Commission should issue the request for proposal (“RFP”) called for in the *2009 FAC Case* with respect to the value of the coal reserve, as that determination could further affect the OP deferred balance.
3. With regard to the future benefits associated with a coal mining contract arrangement (“2008 Contract Support Agreement”, or “Agreement”), which were in exchange for the Company agreeing to pay higher coal costs in 2009, I recommend that the Commission require the Company to record a regulatory liability for the estimated value of the future customer benefits that will accrue from 2013 through 2018, and to amortize the regulatory liability over the period that the benefits are realized. Alternatively, I recommend that the Commission address in the next FAC audit proceeding the establishment of a mechanism to assure that customers receive all of the benefits from the Agreement.

# CARRYING CHARGES ON THE DEFERRED BALANCES

**Q8. Please describe how the deferred balances that are the subject of these proceedings came about.**

A8. In AEP-Ohio’s first ESP case, the *ESP I Case*, the Commission authorized AEP-Ohio to increase rates by a total dollar amount subject to a rate cap that limited the amount of the increase AEP-Ohio could collect during the term of the ESP from 2009 through 2011. The amount of the total increase subject to future collection depended on the level of revenue collected by AEP-Ohio during the term of the ESP relative to the amount the Commission could authorize AEP-Ohio to collect and the appropriateness of AEP-Ohio’s accounting regarding the deferred balances. In addition, the total increase was subject to a variety of future adjustments to determine the total amount of revenue that could be recovered. The Commission held that it would determine the amount of the deferred balances eligible for recovery at the conclusion of the ESP.

AEP-Ohio filed an application in a separate proceeding, the *PIRR Case*, which sought authorization to begin amortization of the deferred balances.

AEP-Ohio’s accrual of carrying charges on deferred amounts not adjusted to account for ADIT has been disputed in different Commission proceedings and is currently on appeal to the Ohio Supreme Court. As is evident from comments filed in the *PIRR Case*, testimony of Commission Staff witnesses,[[4]](#footnote-4) the current fuel audit reports, the Commission’s[[5]](#footnote-5) and Supreme Court of Ohio’s[[6]](#footnote-6) past precedent and practice, testimony of AEP-Ohio’s affiliated companies in other jurisdictions,[[7]](#footnote-7) and sound regulatory principles require the recognition of tax benefits available to the utility in determining carrying charges. One of those tax benefits is reflected in ADIT. On August 1, 2012, in the *PIRR Case*, the Commission authorized AEP-Ohio to increase electric rates to permit AEP-Ohio to commence amortization of what amounted to overstated deferred balances because of the lack of an ADIT adjustment. In my opinion, the Commission’s decision to permit AEP-Ohio to commence amortization of the overstated phase-in deferred balances without adhering to sound regulatory principles that, among other things, require an offset to the deferred balances to recognize ADIT is inappropriate—it provides a carrying charge windfall to AEP-Ohio at customers’ expense.

**Q9. Explain further why you believe that ADIT must be recognized in the determination of the carrying charges.**

A9. In accordance with generally accepted accounting principles, there is a “book” (accounting) vs. “tax” (federal income tax return) timing difference that results when items impact the books by a different amount than they impact the tax return. When such a book vs. tax accounting difference results in the tax return impact being greater than the book impact, then ADIT is recorded on the liability side of the balance sheet. Likewise, in traditional cost of service ratemaking for electric plant investment, there may be book to timing differences created by differences in book and tax depreciation, which result in ADIT. To account for these timing differences, ADIT must be recognized in determining the amounts that are properly eligible to be recovered from customers.

Requiring utilities to reflect the benefit of ADIT as a reduction to rates is not a new concept. It is a long held regulatory practice that ADIT is a source of cost-free capital to utility companies, as illustrated by the fact that in the regulatory determination of rate base, ADIT is a credit amount that reduces the rate base upon which an electric distribution utility (“EDU”) is authorized to earn a return. At its simplest level, a revenue requirement consists of two components: a rate base times a rate of return, plus operating expenses. A rate base’s largest component is net plant investment and the theory is that the EDU should be able to earn a return on that rate base because its investors invested in the plant to serve the EDU’s customers. However, if there is associated ADIT, which represents capital that the EDU’s investors did not provide, then the ADIT is used to reduce the rate base so that the EDU is not overcompensated.

**Q10. Can you illustrate the mechanics of ADIT and explain why it is a source of cost-free capital?**

A10. To illustrate the mechanics of ADIT under the *ESP I Case* rate cap discussed earlier, if AEP-Ohio’s total expenses were $200 but the rate cap limited recovery to $100 of expenses, AEP-Ohio would book $100 for accounting purposes (book accounting), and defer the remaining $100. Yet, AEP-Ohio would be able to deduct $200 for tax purposes (*i.e.,* on its federal income tax return). Because AEP-Ohio can benefit from an immediate deduction on its tax return without concurrently recognizing the total amount of expense on its books, there is an ADIT benefit equal to the $100 difference between the “book” and the “tax” expense, multiplied by the tax rate. Assuming a 35 percent tax rate, AEP-Ohio would reduce its federal income tax liability by $35. Because AEP-Ohio received $35 through the tax benefit, AEP-Ohio is essentially able to finance $100 of the deferral with only $65 of either debt, equity, or a combination of both.

**Q11. Why shouldn’t AEP-Ohio be allowed to accrue carrying charges on the entire deferred balances?**

A11. Carrying charges are intended to compensate the utility for the cost of carrying the deferred balances until they are collected from customers. Because ADIT provides cost-free capital that AEP-Ohio need not finance through debt or equity, in the example above, it would only be proper to authorize AEP-Ohio to calculate carrying charges on a balance of $65 ($100 deferred balance minus the $35 ADIT), as the remainder was financed by ADIT. To authorize AEP-Ohio to calculate carrying charges without an adjustment for ADIT would allow AEP-Ohio to accrue carrying charges on overstated balances and require customers to overcompensate AEP-Ohio for capital that was not financed.

**Q12. Has the Commission recognized that this regulatory treatment is proper and appropriate?**

A12. The Commission has recognized that this is the proper and appropriate regulatory treatment in numerous cases. The Commission recognized just a week after the Finding and Order in the *PIRR Case* that the benefit of ADIT must be reflected in rates. In the *ESP II Case*, the Commission authorized the Distribution Investment Rider (“Rider DIR”) for recovery of investments related to distribution plant. One of the issues concerning the setting of the rider rates was the determination of the proper balance for calculating the carrying charges. Over AEP-Ohio’s objection, the Commission stated:

We agree with Staff and Kroger that the DIR mechanism be revised to account for ADIT. The Commission finds that it is not appropriate to establish the DIR rate mechanism in a manner which provides the Company with the benefit of ratepayer supplied funds. Any benefit resulting from ADIT should be reflected in the DIR revenue requirement. Therefore, the Commission directs AEP-Ohio to adjust its DIR to reflect the ADIT offset.[[8]](#footnote-8)

**Q13. What is the magnitude of the ADIT balance attributed to the PIRR and the total PIRR deferral?**

A13. Using publicly available information as of December 31, 2012, the ADIT balance reported on OP’s FERC Form 1 for the PIRR was approximately $175.8 million. In its PIRR compliance tariff filing dated August 8, 2012 in the *PIRR Case*, AEP-Ohio estimated that the deferred balances to be recovered as of September 1, 2012 were approximately $600 million. Therefore, the impact of removing the ADIT balance from the carrying charge calculation would be a very substantial reduction to the carrying charges that customers will be required to pay.

**Q14. Please quantify the adjustment that you are recommending be made to the carrying charges.**

A14. The carrying charge calculation made by the Company is to take the deferred balances times the carrying charge rate. The resulting carrying charges are then added to the deferred balances, and the total deferred balances are included in the PIRR. Prior to the amortization of the PIRR balance, which commenced in September 2012, carrying charges were accrued at the Company’s weighted average cost of capital (“WACC”), and commencing with the amortization, carrying charges were accrued at the Company’s cost of long-term debt. I have calculated the estimated carrying charge reduction that would result from calculating the carrying charges on the deferred balance reduced by ADIT from January 2010 through December 2011, the period covered by the FAC audits. My calculation shows that carrying charges would be reduced by an estimated $38 million, and I recommend that this reduction should be reflected in Rider PIRR rates.

**Q15. Did the FAC auditors address the calculation of carrying charges on the deferred balances in their reports in the current proceedings?**

A15. Yes. The FAC auditors addressed carrying charges in both the 2010 audit report in Case Nos. 10-268-EL-FAC, *et al*., and the 2011 audit report in Case No. 11-281-EL-FAC. In their financial audit recommendations in the 2011 report, the auditors recommended that AEP-Ohio and the other parties to the case examine whether the carrying charge rate should be applied to what investors are actually financing of the deferred balances, which are the deferred amounts recorded in Account 182 - Other Regulatory Assets, less the directly related credit balance recorded in Account 283 - ADIT-Other. The auditors further recommended that the Company address the income tax savings it was/is recording related to the deferred balances, and how those savings provide non-investor supplied capital that is financing a portion of the deferred balances that have been recorded in Account 182 – Other Regulatory Assets. The auditors also recommended that the Company specifically address the related credit balance ADIT that is recorded in Account 283 - ADIT-Other, for the tax savings-based financing that is related to the deferred balances.[[9]](#footnote-9)

# THE RFP CALLED FOR IN the *2009 fac case*, the *2009 FAC Case* credit, and THE 2008 Contract Support Agreement

**Q16.** **What recommendation do you have with respect to the RFP called for in the *2009 FAC Case*?**

A16. In the *2009 FAC Case*, an issue was raised that I recommend be addressed by the Commission. In that case, the Commission found at page 12 of its January 23, 2012 Opinion and Order and again at page 3 of its April 11, 2012 Entry on Rehearing that an RFP was to be issued by subsequent entry for the purpose of selecting and hiring an auditor to examine the value of the West Virginia coal reserve (“coal reserve”). At the present time, there has not been an entry issued for the RFP in that case. Depending on the findings under that future RFP with respect to the value of the coal reserve, there could be an additional reduction that would be appropriate to make to the deferred balances in addition to the credit that the Commission already ordered in the *2009 FAC Case*. Such an adjustment would further reduce the total deferred balances to ultimately be recovered, as well as result in reduced carrying charges, and reduced Rider PIRR rates.

**Q17. What recommendation do you have with respect to the credit the Commission previously directed AEP-Ohio to make in the *2009 FAC Case*?**

A17. On January 23, 2012 the Commission issued an Opinion and Order in the *2009 FAC Case* directing AEP-Ohio to credit against OP’s deferred balance the portion of the $30 million 2008 lump sum payment not already credited to OP ratepayers as well as the $41 million value that AEP-Ohio booked for the coal reserve. On April 11, 2012, the Commission issued an Entry on Rehearing clarifying that OP’s deferred balance “need only be credited for the share of the settlement agreement allocable to Ohio's retail jurisdictional customers.”[[10]](#footnote-10) IEU-Ohio has appealed the Commission’s allocation of the credit to the Ohio Supreme Court. Regardless of the outcome of that appeal, the auditor has recommended that “AEP Ohio’s crediting of those clarified amounts against OPCO’s FAC under-recovery should be reviewed in the next audit.”[[11]](#footnote-11) IEU-Ohio supports the auditor’s recommendation that the next auditor determine whether AEP-Ohio appropriately allocated the Commission-ordered credit to the FAC.

**Q18. Please summarize the 2008 Contract Support Agreement (“Agreement”).**

A18. First, my reference to this item as the 2008 Contract Support Agreement is to match the terminology used by the Commission in the *2009 FAC Case.*[[12]](#footnote-12) Under the Agreement, CSP agreed to increase the base price for a certain tonnage of coal during 2009 with the option to acquire coal at a discount off the market price per ton for two three-year extensions of the Agreement beginning in 2013.

At a high level, the Agreement created a mismatch for the recognition of the costs and benefits. The costs were passed on to customers in the *2009 FAC Case*, but some of the benefits were not to be realized until 2013 and after.

**Q19. Has IEU-Ohio previously raised any issues with respect to the Agreement?**

A19. Yes. IEU-Ohio argued that customers incurred higher costs for coal in 2009 but had no assurance that they will receive any of the future benefits, unless CSP refunded the increased price per ton that the Company agreed to pay for coal during 2009 and accounted for the total increase as a deferred expense. The deferred expense would then be amortized if and when CSP exercised the options for the respective three-year extensions of the Agreement beginning in 2013.

**Q20. What did the Commission conclude on this issue?**

A20. In the *2009 FAC Case*, the Commission determined that “any effect these agreements may have had on AEP-Ohio’s fuel costs, if any, would appear to apply in time periods outside of the current audit. Therefore, while those agreements may be examined in a future audit, those agreements will not be examined as part of the current audit.”[[13]](#footnote-13)

**Q21. What is your recommendation with respect to the Agreement?**

A21. The mismatch between the costs and benefits of the Agreement still exists. By its January 23, 2012 Opinion, the Commission ruled that the Agreement would not be examined in the *2009 FAC Case* audit, but instead may be examined in a future audit.[[14]](#footnote-14) Inasmuch as the Agreement’s benefits would be realized during the 2013-2018 timeframe of the two three-year contract extensions, and because the FAC is now expected to terminate during 2015, at least the portion of the benefits that would accrue once the FAC terminates could be lost to customers forever. I believe this would be an unreasonable outcome as customers paid for the associated costs in 2009, but may never get back any benefits; instead the benefits would improperly flow to the Company.

Therefore, I recommend that the Commission require the Company to record a regulatory liability for the estimated value of the future customer benefits that will accrue from 2013 through 2018 and to amortize the regulatory liability over the period that the benefits are realized. The amortization would first be made as reductions to the FAC rates as long as the FAC is in existence, then as reductions to another cost or a regulatory asset that the Commission deems appropriate. If the Commission does not adopt my recommendation then, alternatively, I recommend that the Commission revisit this issue, in the next FAC audit proceeding (the RFP which was issued by Commission Entry dated October 23, 2013 in Case No. 12-3133-EL-FAC, *et al*.), for the purpose of putting in place a mechanism to assure that customers receive all of the benefits from the Agreement including any benefits that would apply for the period after the Company’s FAC terminates.

**IV. CONCLUSION**

**Q22. Does this conclude your prepared direct testimony?**

A22. Yes. However, I reserve the right to update this testimony for any outstanding discovery responses or additional information that is submitted by other parties in this case.

**Certificate of Service**

I hereby certify that a copy of the foregoing *Direct Testimony of Joseph G. Bowser on Behalf of Industrial Energy Users-Ohio* was served upon the following parties of record this 8th day of November 2013, *via* electronic transmission, hand-delivery or first class U.S. mail, postage prepaid.

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**EXHIBIT JGB-1**

**Page 1 of 2**

**Cases in Which Joseph G. Bowser Has Submitted Testimony**

*In the Matter of the Application of The East Ohio Gas Company for Authority to Implement Two New Transportation Services, for Approval of a New Pooling Agreement, and for Approval of a Revised Transportation Migration Rider*, Case No. 96‑1019‑GA‑ATA

*In the Matter of the Applications of Columbus Southern Power Company and Ohio Power Company for Approval of Their Electric Transition Plans and for Receipt of Transition Revenues*, Case Nos. 99‑1729‑EL‑ETP, *et al*.

*In the Matter of the Commission's Investigation Into the Policies and Procedures of Ohio Power Company, Columbus Southern Power Company, The Cleveland Electric Illuminating Company, Ohio Edison Company, The Toledo Edison Company and Monongahela Power Company Regarding the Installation of New Line Extensions*, Case Nos. 01‑2708‑EL‑COI, *et al*.

*In the Matter of the Application of Columbus Southern Power Company to Adjust its Power Acquisition Rider Pursuant to Its Post-Market Development Period Rate Stabilization Plan*, Case No. 07‑333‑EL‑UNC

*In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company for Authority to Increase Rates for Distribution Service, Modify Certain Accounting Practices and for Tariff Approvals*, Case Nos. 07‑551‑EL‑AIR, *et al*.

*In the Matter of the Application of Columbus Southern Power Company for Approval of its Electric Security Plan; an Amendment to its Corporate Separation Plan, and the Sale or Transfer of Certain Generating Assets*, Case Nos. 08-917-EL-SSO, *et al.,* including the remand phase of this proceeding

*In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company for Authority to Establish a Standard Service Offer Pursuant to Section 4928.143, Revised Code, in the Form of an Electric Security Plan*, Case No. 08‑935‑EL‑SSO

*In the Matter of the Application of The Dayton Power and Light Company for Approval of Its Electric Security Plan,* Case Nos. 08-1094-EL-SSO*, et al.*

*In the Matter of the Commission Review of the Capacity Charges of Ohio Power Company and Columbus Southern Power Company*, Case No. 10-2929-EL-UNC

**Exhibit JGB-1**

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*In the Matter of the Application of Columbus* *Southern Power Company and Ohio Power Company for Authority to Establish a Standard Service Offer Pursuant to §4928.143, Ohio Rev. Code, in the Form of an Electric Security Plan*, Case Nos. 11-346-EL-SSO, *et al.*

*In the Matter of the Application of Akron Thermal, Limited Partnership for an Emergency Increase in its Rates And Charges for Steam and Hot Water Service*, Case Nos. 09-453-HT-AEM, *et al.*

*In the Matter of the Application of The Dayton Power and Light Company to Establish a Standard Service Offer in the Form of an Electric Security Plan*, Case Nos. 12-426-EL-SSO, *et al*.

1. *In the Matter of the Application of Columbus Southern Power Company for Approval of a Mechanism to Recover Deferred Fuel Costs Ordered Under Section 4928.144, Ohio Revised Code*, Case Nos. 11-4920-EL-RDR, *et al.* (the “*PIRR Case*”). [↑](#footnote-ref-1)
2. *In the Matter of the Application of Columbus Southern Power Company for Approval of an Electric Security Plan; an Amendment to its Corporate Separation Plan; and the Sale or Transfer of Certain Generating Assets*, Case Nos. 08-917-EL-SSO, *et al*. (the “*ESP I Case*”). [↑](#footnote-ref-2)
3. *In the Matter of the Fuel Adjustment Clauses for Columbus Southern Power Company and Ohio Power Company*, Case Nos. 09-872-EL-FAC, *et al*. (the “*2009 FAC Case*”). [↑](#footnote-ref-3)
4. *In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company for Authority to Establish a Standard Service Offer Pursuant to Section 4928.143, Revised Code, in the Form of an Electric Security Plan*, Case Nos. 11-346-EL-SSO, *et al*.,Staff Ex. 109 at 8 (the “*ESP II Case*”)(stating, “The other critically important issues regarding PIRR mechanics should move forward on their own merits in Case Nos. 11-4920-EL-RDR and 11-4921-EL-RDR. Items of note filed in Staff Comments on April 2, 2012 include the following . . . [t]he ending fuel deferral balance at the end of December 2011 should be reduced for Accumulated Deferred Income Taxes (ADIT) in the calculation of carrying costs for Rider PIRR.”) (found at http://dis.puc.state.oh.us/TiffToPDf/A1001001A12E09B72620C21781.pdf). [↑](#footnote-ref-4)
5. *ESP II Case*, Opinion and Order at 47 (Aug. 8, 2012). [↑](#footnote-ref-5)
6. *Cincinnati v. Public Utilities Comm.*, 161 Ohio St. 395, 405-06 (1954); *Ohio Bell Telephone Co. v. Public Utilities Comm.*, 68 Ohio St. 2d 193, 194 (1981); *Cleveland Electric Illuminating Company v. Public Utilities Comm.*, 12 Ohio St. 2d 320, 323 (1984) (determining that the Commission’s order is consistent with the principle that tax benefits must be flowed-through to customers). [↑](#footnote-ref-6)
7. Thomas Mitchell, Managing Director of Regulatory Accounting Services of American Electric Power Service Corporation, has testified in a state that utilizes traditional cost of service ratemaking that it would be appropriate to calculate carrying charges on a deferred balance adjusted for ADIT. Rebuttal Testimony of Thomas E. Mitchell on Behalf of Appalachian Power Company and Wheeling Power Company Before the Public Service Commission of West Virginia in Case No. 09-0177-E-GI at 6-8 (Jun. 5, 2009) (found at:

   <http://www.psc.state.wv.us/scripts/WebDocket/ViewDocument.cfm?CaseActivityID=269707>) (Attached as Exhibit JGB-2). [↑](#footnote-ref-7)
8. *ESP II Case*, Opinion and Order at 47 (Aug. 8, 2012). [↑](#footnote-ref-8)
9. *In the Matter of the Application the Fuel Adjustment Clauses for Columbus Southern Power Company and Ohio Power Company and Related Matters*, Case No. 11-281-EL-FAC, Report of the Management/Performance and Financial Audits of the FAC of the Columbus Southern Power Company and the Ohio Power Company, Financial Audit Recommendations 5 and 6 at 1-9 and 1-10 (May 24, 2012); *In the Matter of the Application the Fuel Adjustment Clauses for Columbus Southern Power Company and Ohio Power Company and Related Matters*, Case No. 10-268-EL-FAC, Report of the Management/Performance and Financial Audits of the FAC of the Columbus Southern Power Company and the Ohio Power Company, Financial Audit Recommendations 21 and 22 at 1-10 (May 26, 2011). [↑](#footnote-ref-9)
10. *2009 FAC Case*, Entry on Rehearing at 6 (Apr. 11, 2012). [↑](#footnote-ref-10)
11. *In the Matter of the Application the Fuel Adjustment Clauses for Columbus Southern Power Company and Ohio Power Company and Related Matters*, Case No. 11-281-EL-FAC, Report of the Management/Performance and Financial Audits of the FAC of the Columbus Southern Power Company and the Ohio Power Company, Financial Audit Recommendation 7 at 1-10 (May 24, 2012). [↑](#footnote-ref-11)
12. *2009 FAC Case*, Opinion and Order at 9 (Jan. 23, 2012). [↑](#footnote-ref-12)
13. *Id.* at 14. [↑](#footnote-ref-13)
14. *Id*. [↑](#footnote-ref-14)