

**INDEX TO DIRECT TESTIMONY OF
TIMOTHY M. DOOLEY
CASE NO. 09-872-EL-FAC and 09-873-EL-FAC**

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BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO
DIRECT TESTIMONY OF
TIMOTHY M. DOOLEY
ON BEHALF OF COLUMBUS SOUTHERN POWER COMPANY
AND OHIO POWER COMPANY
IN CASE NOS. 09-0872-EL-FAC AND 09-873-EL-FAC

PERSONAL DATA

1
2 **Q. PLEASE STATE YOUR NAME, POSITION AND BUSINESS ADDRESS.**

3 **A.** My name is Timothy M. Dooley. I am employed by the American Electric Power
4 Service Corporation (“AEPSC”), a subsidiary of American Electric Power
5 Company, Inc. (“AEP”), in the Utility Energy & Commercial Accounting group
6 as Director of Energy Accounting and Reporting. My business address is 155
7 West Nationwide Boulevard, Columbus, Ohio 43215.

8 **Q. PLEASE BRIEFLY DESCRIBE YOUR EDUCATIONAL BACKGROUND**
9 **AND PROFESSIONAL AFFILIATIONS.**

10 **A.** I graduated from Cleveland State University in 1985 receiving a Bachelor of
11 Business Administration in Accounting. I am a Certified Public Accountant in
12 the State of Ohio, and I am a member of the American Institute of Certified Public
13 Accountants.

14 **Q. PLEASE DESCRIBE YOUR PROFESSIONAL BACKGROUND.**

15 **A.** In 1985 I joined AEPSC as an internal auditor and through 1997 held various
16 financial/operational and IT internal audit positions. In 1998 I transferred to
17 Accounting Policy & Research where I held staff accounting positions through
18 2001. In 2002 I became a Manager in Utility Energy & Commercial Accounting.

1 I assumed my current position, Director of Energy Accounting and Reporting, in
2 March 2007.

3 **Q. WHAT ARE YOUR PRINCIPAL AREAS OF RESPONSIBILITY AS**
4 **DIRECTOR OF ENERGY ACCOUNTING AND REPORTING FOR**
5 **AEPSC?**

6 **A.** I am responsible for the accounting and reporting of fuel, consumables, and
7 emission allowances for the generation business units of AEP's eastern and
8 western operating companies, which includes respective transactions for power
9 plants owned and operated by Columbus Southern Power (CSP), Ohio Power
10 (OPCo), Indiana Michigan Power Company, Kentucky Power Company,
11 Appalachian Power Company, Public Service of Oklahoma, and Southwestern
12 Electric Power Company. I am also responsible for the accounting and reporting
13 of deferred fuel for the eastern operating companies, including the Fuel
14 Adjustment Clause (FAC) for OPCo and CSP.

15
16 **PURPOSE OF TESTIMONY**

17 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS**
18 **PROCEEDING?**

19 **A.** The purpose of my direct testimony is to describe OPCo's accounting for certain
20 fuel-related transactions referred to in Major Management Audit Finding 2, and to
21 address Financial Audit Recommendations 1, 2, 3, 6.c, 6.d, 6.h, and 6.i in Energy
22 Ventures Analysis, Inc.'s (EVA) Report of the Management/Performance and

1 Financial Audits of the FAC of the Columbus Southern Power Company and the
2 Ohio Power Company, dated May 14, 2010.

3
4 **MAJOR MANAGEMENT AUDIT FINDING 2**

5 **Q. HOW DID OPCO ACCOUNT FOR THE 2008 COAL CONTRACT**
6 **SETTLEMENT WITH A COAL SUPPLIER WHERE OPCO RECEIVED**
7 **A NOTE RECEIVABLE AND RESERVE MINERAL RIGHTS**
8 **REFERRED TO IN MAJOR MANAGEMENT AUDIT FINDING 2 ON**
9 **PAGE 1-5 OF THE AUDIT REPORT AND DISCUSSED IN DIRECT**
10 **TESTIMONY OF COMPANIES WITNESS RUSK?**

11 **A.** Per the subject settlement agreement with a coal supplier, OPCo received a note
12 receivable from a coal supplier for \$■ million with separate payments of \$■
13 million to be made January 15, 2008, July 15, 2008, and January 15, 2009, and
14 also received mineral and real property interests (coal reserves) with an appraised
15 value of \$■ million.

16 In the first quarter of 2008, OPCo recorded a debit to cash (Account 131) for the
17 cash receipt of the first \$■ million payment, a debit of \$■ million to note
18 receivable (Account 141), and a debit to non-utility property (Account 121) for
19 the coal reserve property estimated value of \$■ million. Offsetting credits
20 were recorded as follows: a credit to Other Deferred Credits (Account 253) for
21 \$■ million and a credit to fuel expense (Account 501) for \$■ million. The
22 2008 credit to fuel expense represents the value of the contract settlement not
23 attributable to future coal delivery commitments under the new 2008 contract

1 ASSISTANCE REFERENCED ON PAGE 2-22 OF AUDIT REPORT AND
2 DISCUSSED IN DIRECT TESTIMONY OF COMPANIES WITNESS
3 RUSK?

4 A. In June 2008, OPCo recorded the subject payment to Account 501, fuel consumed
5 (expense). The payment related to coal previously delivered and consumed in the
6 second quarter of 2008.

7 Q. WAS THE AFFORMENTIONED PAYMENT TO COAL SUPPLIER AND
8 RESULTING FUEL EXPENSE REFLECTED IN OPCO'S FAC COSTS?

9 A. No. This fuel expense was incurred in 2008 prior to the FAC.

10 Q. HOW DID OPCO ACCOUNT FOR THE \$■ PER TON "ONGOING
11 FINANCIAL ASSISTANCE" PAYMENTS TO A COAL SUPPLIER FOR
12 COAL DELIVERED IN 2009 AS REFERENCED ON PAGES 1-5 AND 2-23
13 OF THE AUDIT REPORT AND DISCUSSED IN DIRECT TESTIMONY
14 OF COMPANIES WITNESS RUSK?

15 A. OPCo paid and charged the cost of the subject financial assistance agreement
16 adder to Account 151, Fuel Stock, as coal was delivered to OPCo. Payments for
17 this agreement adder ceased for deliveries after December 15, 2009.

18 Q. WAS THE ABOVE DESCRIBED ACCOUNTING IN ACCORDANCE
19 WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)
20 AND THE FERC UNIFORM SYSTEM OF ACCOUNTS?

21 A. Yes.

1 Q. ARE ALL COAL COSTS CHARGED TO ACCOUNT 151, FUEL STOCK,
2 INCLUDED IN THE FAC UNDER/OVER RECOVERY THAT
3 COMMENCED JANUARY 1, 2009?

4 A. No. Only the Ohio FAC retail portion of OPCo's and CSP's fuel expense
5 (consumption) is subject to FAC under/over recovery.

6
7 FINANCIAL AUDIT RECOMMENDATIONS

8 Q. DOES AEPSC AGREE WITH THE FINANCIAL AUDIT
9 RECOMMENDATIONS 1, 2, AND 3 ON PAGE 1-7 OF THE AUDIT
10 REPORT?

11 A. Yes.

12 Q. DOES AEPSC AGREE WITH THE FINANCIAL AUDIT
13 RECOMMENDATIONS 6.c. AND 6.d ON PAGE 1-8 OF THE AUDIT
14 REPORT?

15 A. Yes. River Transportation Division (RTD) has made all necessary changes to
16 correct the Working Capital Requirement for 2008 and 2009, and will
17 appropriately credit the applicable operating companies, including OPCo, as a
18 result of these changes. Documentation will be available for next year's audit.

19 Q. DOES AEPSC AGREE WITH THE FINANCIAL AUDIT
20 RECOMMENDATIONS 6.h AND 6.i ON PAGE 1-9 OF THE AUDIT
21 REPORT?

1 **A.** Yes. AEPSC will provide explanations as to how RTD's income tax expense and
2 accumulated deferred income taxes are accounted for in preparation for the next
3 audit.

4 **Q.** **DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

5 **A.** Yes.

6

7

CERTIFICATE OF SERVICE

I hereby certify that a copy of the Public Version of the Direct Testimony of Timothy M. Dooley on behalf of Columbus Southern Power Company and Ohio Power Company was served by U.S. Mail upon the individuals listed below this 16th day of August, 2010.



Steven T. Nourse

Janine L. Migden-Ostrander
Consumers' Counsel
Michael E. Idzkowski
Counsel of Record
Jeffrey L. Small
Assistant Consumers' Counsel
Office of the Ohio Consumers' Counsel
10 West Broad Street, Ste. 1800
Columbus, Ohio 43215-3485

Clinton A. Vance
Douglas G. Bonner
Daniel D. Barnowski
Keith C. Nusbaum
Emma C. Hand
Sonnenschein Nath & Rosenthal
1301 K Street NW
Ste. 600, East Tower
Washington, DC 20005

William Wright
Thomas McNamee
Ohio Attorney General's Office
Public Utilities Commission of Ohio
180 East Broad Street, 6th Floor
Columbus, Ohio 43215

Samuel C. Randazzo
Lisa G. McAlister
Joseph M. Clark
McNees Wallace & Nurick, LLC
21 East State Street, 17th Floor
Columbus, Ohio 43215