

FILE

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**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of : Case Nos. 11-346-EL-SSO
Columbus Southern Power Company and : 11-348-EL-SSO
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. :

In the Matter of the Application of :
Columbus Southern Power Company and : Case Nos. 11-349-EL-AAM
Ohio Power Company for Approval of : 11-350-EL-AAM
Certain Accounting Authority. :

**PREFILED TESTIMONY
OF
JEFFREY HECKER
ON BEHALF OF THE STAFF OF
THE PUBLIC UTILITIES COMMISSION OF OHIO
UTILITIES DEPARTMENT
ACCOUNTING & ELECTRICITY DIVISION**

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

2 A. My name is Jeffrey Hecker. 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 a Utility Specialist 2 in the Accounting and Electricity Division of the
7 Utilities Department for the Public Utilities Commission of Ohio.
8

9 3. Q. Briefly state your educational background, experience and qualifications.

10 A. I graduated from Miami University with a Bachelor of Science Degree in
11 Business with an Accounting major. After graduation, I performed
12 accounting functions for the Dayton Power and Light Company and other
13 companies before joining the PUCO in December 2004. I have also com-
14 pleted various workshops and classes on the ratemaking process and pro-
15 vided workpapers, research, and testimony for several previous rate cases.
16

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

18 A. I am supporting the Staff's adjustment to the Companies' Storm Damage
19 Recovery Mechanism ("Mechanism").
20

21 5. Q. How much are the Companies proposing to include in this "Mechanism,"
22 and how was it determined?

A. The Companies are proposing a threshold in the amount of \$8.9 million (\$6.2 million for Ohio Power Company (OP) and \$2.7 million for Columbus Southern Power (CSP)) for major storm repairs. This amount is included in the Companies' operation and maintenance expenses in their pending rate cases (Case Nos. 11-351-EL-AIR and 11-352-EL-AIR). The Companies are also proposing to institute a rider to charge customers for any amount spent over \$8.9 million in a year, or a deferred liability to refund customers if the amount spent for major storm repairs is less than \$8.9 million in a year.

6. Q. How much does Staff conclude should be included in this Mechanism?

A. Staff has determined that an appropriate amount to be included is \$5,050,000 (\$1.3 million for CSP and \$3.75 million for OP) instead of the \$8.9 million requested.

7. Q. How did you calculate that amount?

A. The Companies calculated the requested amount, \$8.9 million, by averaging the amount of expenses incurred for major storm repairs per year over the years 2005-2009. In the transaction detail provided in responses to data requests, one of the years in the calculation of the average, 2009, had an unusually high level of expenses. Staff finds that this would be an exception and as such has excluded that amount from the calculation. Also,


1 in 2007, the Companies only showed \$53.00 in major storm repairs for
2 Columbus Southern Power, and this was also excluded. Secondly, Staff
3 determined that approximately \$1,353,000 was for labor incurred that was
4 not incremental to storms (and would have been incurred anyway), or was
5 incentive-based pay and benefits. Lastly, when 2010 expenses are included
6 in the average, and 2005's expenses are excluded, allowing the average to
7 be calculated based on amounts in years that are more recent, the average
8 declines. Staff believes that this is due to the fact that the on-going
9 vegetation management program is effectively reducing the amount of
10 storm-related damage. This decline should continue in the future. The
11 reductions discussed above lower the average for the 2006-2010 period
12 (excluding 2007 for CSP and 2009 for CSP and OP) to \$5,050,000, or a
13 reduction of \$3.85 million (\$1.4 million for CSP and \$2.45 million for OP).

14
15 8. Q. Does this conclude your testimony?

16 A. Yes, it does.
17

PROOF OF SERVICE

I hereby certify that a true copy of the foregoing **Prefiled Testimony of Jeffrey Hecker**, submitted on behalf of the Staff of the Public Utilities Commission of Ohio, was served by regular U.S. mail, postage prepaid, or hand-delivered, upon the following Parties of Record, this 4th day of August, 2011.



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