

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Ohio Power Company and Columbus Southern Power Company for Authority to Merge and Related Approvals.	) ) ) )	Case No. 10-2376-EL-UNC
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 No. 11-346-EL-SSO Case No. 11-348-EL-SSO
In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company for Approval of Certain Accounting Authority.	) ) ) )	Case No. 11-349-EL-AAM Case No. 11-350-EL-AAM
In the Matter of the Application of Columbus Southern Power Company to Amend its Emergency Curtailment Service Riders.	) ) ) )	Case No. 10-343-EL-ATA
In the Matter of the Application of Ohio Power Company to Amend its Emergency Curtailment Service Riders.	) ) )	Case No. 10-344-EL-ATA
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
In the Matter of the Application of Columbus Southern Power Company for Approval of a Mechanism to Recover Deferred Fuel Costs Ordered Under Ohio Revised Code 4928.144.	) ) ) ) )	Case No. 11-4920-EL-RDR
In the Matter of the Application of Ohio Power Company for Approval of a Mechanism to Recover Deferred Fuel Costs Ordered Under Ohio Revised Code 4928.144.	) ) ) ) )	Case No. 11-4921-EL-RDR

**REVISED DIRECT TESTIMONY OF JOSEPH G. BOWSER
ON BEHALF OF INDUSTRIAL ENERGY USERS-OHIO**

Samuel C. Randazzo, Trial Attorney
Frank P. Darr
Joseph M. Olikier
MCNEES WALLACE & NURICK LLC
21 East State Street, 17th Floor
Columbus, OH 43215-4228
Telephone: (614) 469-8000
Telecopier: (614) 469-4653
sam@mwncmh.com
fdarr@mwncmh.com
joliker@mwncmh.com

October 13, 2011

Attorneys for Industrial Energy Users-Ohio

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Ohio Power Company and Columbus Southern Power Company for Authority to Merge and Related Approvals.	) ) ) )	Case No. 10-2376-EL-UNC
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 No. 11-346-EL-SSO Case No. 11-348-EL-SSO
In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company for Approval of Certain Accounting Authority.	) ) ) )	Case No. 11-349-EL-AAM Case No. 11-350-EL-AAM
In the Matter of the Application of Columbus Southern Power Company to Amend its Emergency Curtailment Service Riders.	) ) ) )	Case No. 10-343-EL-ATA
In the Matter of the Application of Ohio Power Company to Amend its Emergency Curtailment Service Riders.	) ) )	Case No. 10-344-EL-ATA
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
In the Matter of the Application of Columbus Southern Power Company for Approval of a Mechanism to Recover Deferred Fuel Costs Ordered Under Ohio Revised Code 4928.144.	) ) ) ) )	Case No. 11-4920-EL-RDR
In the Matter of the Application of Ohio Power Company for Approval of a Mechanism to Recover Deferred Fuel Costs Ordered Under Ohio Revised Code 4928.144.	) ) ) ) )	Case No. 11-4921-EL-RDR

**REVISED DIRECT TESTIMONY OF JOSEPH G. BOWSER
ON BEHALF OF INDUSTRIAL ENERGY USERS-OHIO**

INDEX

	<u>Page No.</u>
I. INTRODUCTION	1
II. DISTRIBUTION INVESTMENT RIDER (“DIR”)	5
III. PHASE-IN RECOVERY RIDER (“PIRR”) / SECURITIZATION	11
IV. IMPACTS OF REMAND PHASE OF THE CURRENT ESPs.....	18

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Ohio Power Company and Columbus Southern Power Company for Authority to Merge and Related Approvals.	) ) ) )	Case No. 10-2376-EL-UNC
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 No. 11-346-EL-SSO Case No. 11-348-EL-SSO
In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company for Approval of Certain Accounting Authority.	) ) ) )	Case No. 11-349-EL-AAM Case No. 11-350-EL-AAM
In the Matter of the Application of Columbus Southern Power Company to Amend its Emergency Curtailment Service Riders.	) ) ) )	Case No. 10-343-EL-ATA
In the Matter of the Application of Ohio Power Company to Amend its Emergency Curtailment Service Riders.	) ) )	Case No. 10-344-EL-ATA
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
In the Matter of the Application of Columbus Southern Power Company for Approval of a Mechanism to Recover Deferred Fuel Costs Ordered Under Ohio Revised Code 4928.144.	) ) ) ) )	Case No. 11-4920-EL-RDR
In the Matter of the Application of Ohio Power Company for Approval of a Mechanism to Recover Deferred Fuel Costs Ordered Under Ohio Revised Code 4928.144.	) ) ) ) )	Case No. 11-4921-EL-RDR

**REVISED DIRECT TESTIMONY OF JOSEPH G. BOWSER
ON BEHALF OF INDUSTRIAL ENERGY USERS-OHIO**

I. INTRODUCTION

Q1. Please state your name and business address.

A1. 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 for over five years where I focus on assisting IEU-Ohio members address issues that affect the price and availability of utility services. 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 of the

1 company, provided litigation support in regulatory hearings and assisted in the
2 preparation of the financial/technical documents filed with state and federal
3 regulatory commissions. I began my career with the Federal Energy Regulatory
4 Commission ("FERC"), where I led and conducted audits of gas and electric
5 utilities in the Eastern and Midwestern regions of the United States.

6 **Q5. Have you previously submitted expert testimony before the Public Utilities**
7 **Commission of Ohio ("Commission")?**

8 A5. Yes, since 1996, I have submitted testimony as an expert on numerous
9 regulatory accounting issues and how those issues should be resolved for
10 purposes of establishing rates and charges of public utilities. More specifically, I
11 have submitted expert testimony in the following cases: *In the Matter of the*
12 *Application of The East Ohio Gas Company for Authority to Implement Two New*
13 *Transportation Services, for Approval of a New Pooling Agreement, and for*
14 *Approval of a Revised Transportation Migration Rider, Case No.*
15 *96-1019-GA-ATA; In the Matter of the Applications of Columbus Southern Power*
16 *Company and Ohio Power Company for Approval of Their Electric Transition*
17 *Plans and for Receipt of Transition Revenues, Case Nos. 99-1729-EL-ETP, et*
18 *al.; In the Matter of the Commission's Investigation Into the Policies and*
19 *Procedures of Ohio Power Company, Columbus Southern Power Company, The*
20 *Cleveland Electric Illuminating Company, Ohio Edison Company, The Toledo*
21 *Edison Company and Monongahela Power Company Regarding the Installation*
22 *of New Line Extensions, Case Nos. 01-2708-EL-COI, et al.; In the Matter of the*
23 *Application of Columbus Southern Power Company to Adjust its Power*

1 *Acquisition Rider Pursuant to Its Post-Market Development Period Rate*
2 *Stabilization Plan, Case No. 07-333-EL-UNC; In the Matter of the Application of*
3 *Ohio Edison Company, The Cleveland Electric Illuminating Company and The*
4 *Toledo Edison Company for Authority to Increase Rates for Distribution Service,*
5 *Modify Certain Accounting Practices and for Tariff Approvals, Case Nos.*
6 *07-551-EL-AIR, et al.; In the Matter of the Application of Ohio Edison Company,*
7 *The Cleveland Electric Illuminating Company, and The Toledo Edison Company*
8 *for Authority to Establish a Standard Service Offer Pursuant to Section 4928.143,*
9 *Revised Code, in the Form of an Electric Security Plan, Case No.*
10 *08-935-EL-SSO; In the Matter of the Application of Columbus Southern Power*
11 *Company for Approval of its Electric Security Plan; an Amendment to its*
12 *Corporate Separation Plan, and the Sale or Transfer of Certain Generating*
13 *Assets, Case Nos. 08-917-EL-SSO, et al.; In the Matter of the Application of The*
14 *Dayton Power and Light Company for Approval of Its Electric Security Plan, Case*
15 *Nos. 08-1094-EL-SSO, et al.; In the Matter of the Application of Columbus*
16 *Southern Power Company and Ohio Power Company for Authority to Establish a*
17 *Standard Service Offer Pursuant to §4928.143, Ohio Rev. Code, in the Form of*
18 *an Electric Security Plan, Case Nos. 11-346-EL-SSO, et al.; and the remand*
19 *phase of Case Nos. 08-917-EL-SSO, et al. already listed above.*

20 **Q6. What is the purpose of your testimony in this proceeding?**

21 A6. My testimony addresses certain aspects of the Stipulation and Recommendation
22 filed in these proceedings on September 7, 2011 (“Stipulation”) and explains why
23 the Stipulation fails to meet the three-prong test that the Commission uses to

1 evaluate the reasonableness of settlements for purposes of resolving contested
2 issues.

3 **Q7. What did you review for purposes of preparing your testimony in**
4 **opposition to the Stipulation?**

5 A7. For the purpose of preparing my testimony, I reviewed the Stipulation, the direct
6 testimony submitted by parties including the Commission Staff ("Staff"), the
7 testimony filed in support of the Stipulation, discovery responses and
8 Commission entries filed in this case. My opinions and recommendations also
9 reflect the knowledge I have accumulated throughout my career.

10 **Q8. What is your understanding of the three-prong test that you mentioned**
11 **earlier in your testimony?**

12 A8. Based on the advice of counsel, it is my understanding that the Commission
13 applies a three-prong test for purposes of determining the lawfulness and
14 reasonableness of settlements as such settlements apply to the resolution of
15 contested issues. The three prongs of the test are:

- 16 1) The stipulation must be a product of serious bargaining among
17 capable, knowledgeable parties;
- 18 2) The stipulation must, as a package, benefit ratepayers and the
19 public interest; and,
- 20 3) The stipulation must not violate any important regulatory principle
21 or practice.

1 It is my understanding that a settlement cannot operate to delegate authority to
2 the Commission or disrespect procedural or substantive requirements
3 established by the General Assembly or the Commission's own rules.

4 **II. DISTRIBUTION INVESTMENT RIDER ("DIR")**

5 **Q9. Please describe the DIR included in the Stipulation.**

6 A9. The Stipulation, in Section IV.1.n beginning at page 8, recommends that the
7 Commission approve a non-bypassable DIR to be effective January 1, 2012.
8 The recommended DIR would permit significant rate increases and reach back to
9 post-2000 investment for purposes of computing the amount of the rate
10 increases. The recommended carrying charge rate component of the DIR
11 includes elements for property taxes, commercial activity taxes, associated
12 income taxes and a return "on" and "of" plant in-service associated with
13 distribution net investment associated with distribution plant recorded in FERC
14 Accounts 360 - 374. The post-2000 net capital additions that drive the DIR rate
15 increases reflect gross plant in-service amounts adjusted for growth in
16 accumulated depreciation. The DIR rate increases included a rate of return
17 earned on such plant that is based on a cost of debt of 5.34%, a cost of preferred
18 stock of 4.40%, and a return on equity of 10.5%, utilizing a capital structure
19 consisting of 47.06% debt, 0.19% preferred stock, and 52.75% common equity.
20 The DIR rate increases are capped at \$86 million in 2012, \$104 million in 2013,
21 and \$124 million in 2014; and the rider will terminate on May 31, 2015. Based on
22 information provided by Columbus Southern Power Company ("CSP") and Ohio

1 Power Company (“OPCo”) (collectively the “Companies”), it is my understanding
2 that the Companies expect the DIR increase for 2012 to reach the \$86 million
3 cap amount.

4 **Q10. In your opinion, is the DIR recommended in the Stipulation reasonable?**

5 A10. No. Based on advice of counsel, it is my understanding that the Ohio Supreme
6 Court has held that the Commission is without authority to authorize such
7 mechanisms like DIR, unless there is clear and specific statutory authority to do
8 so. It is my understanding that the parties advancing the Stipulation ESP have
9 the burden of demonstrating that the Stipulation ESP is lawful and reasonable.
10 My review of the Stipulation and the testimony that has been filed in support of
11 the Stipulation indicates that none of the Signatory Parties have identified the
12 portions of Section 4928.143, Revised Code, that the settlement parties believe
13 authorize the Commission to enable the DIR recommended by the Stipulation.
14 By failing to provide support for the authority for establishing the recommended
15 DIR, the recommended DIR mechanism fails the third prong of the three-prong
16 test, that the Stipulation must not violate any important regulatory principle or
17 practice. Additionally, neither the Stipulation nor the testimony offered in support
18 of the Stipulation contains a specific analysis of what assets would be replaced, a
19 concrete methodology to target the asset improvement/replacements, or any
20 expected quantifiable tangible improvement to reliability measured by customer
21 outages or power quality indices. Thus, the DIR recommended in the Stipulation
22 suffers from the same problems that caused Staff member Doris McCarter to
23 recommend that the DIR proposed in the Companies’ ESP application should not

1 be approved. Regardless of Ms. McCarter's views, the DIR recommended in the
2 Stipulation is unaccompanied by any examination of reliability of the utility's
3 distribution system or the other requirements in Section 4928.143(B)(2)(h),
4 Revised Code, that I understand must be satisfied before an ESP may include
5 any provision regarding an electric distribution utility's ("EDU") distribution
6 service.

7 **Q11. Does the DIR recommended in the Stipulation violate other regulatory**
8 **principles or practices?**

9 A11. Yes. Because the DIR recommended in the Stipulation is a non-bypassable
10 stand-alone rider, the Companies' financial and business risk associated with this
11 rider is reduced below the financial and business risk associated with returns that
12 would apply in a rate case proceeding. Therefore, and relatively speaking, the
13 return component of the recommended DIR should reflect this lower business
14 and financial risk condition. The Companies have indicated that their weighted
15 average long-term debt cost is approximately 5.34% on a combined basis. The
16 weighted average cost of capital ("WACC") rate described earlier that is included
17 in the Stipulation for DIR, results in a carrying cost rate that is grossed up for
18 taxes of 11.23%, per Companies' witness Allen on Exhibit WAA-2, page 2.
19 Therefore, by utilizing the current weighted average cost of long-term debt in lieu
20 of a WACC rate, carrying charges would be reduced by more than 50%.

21 **Q12. You have identified that the DIR recommended in the Stipulation also calls**
22 **for an allowance for property taxes, commercial activity taxes, associated**

1 **income taxes, and return of (depreciation) certain distribution plant in-**
2 **service. Were the effects of including these items identified in the**
3 **Stipulation?**

4 A12. No. These components of the DIR were not quantified in the Stipulation.
5 Companies' witness Allen did provide a calculation of property taxes and
6 commercial activity taxes but there is no calculation supporting the associated
7 income taxes or depreciation.

8 **Q13. Can you describe why good regulatory practice requires that these**
9 **components be quantified and that the quantification methodology be**
10 **specifically described?**

11 A13. Yes. I can illustrate by example. For tax purposes, the Companies are allowed
12 to take a deduction against taxable income that is calculated using accelerated
13 depreciation of capital investments. The tax accelerated depreciation initially
14 exceeds "book" or "straight line" depreciation used for traditional rate-base-rate-
15 of-return economic regulation. This difference in tax expense creates a tax
16 advantage that, according to standard regulatory practices, needs to be
17 accounted for in any carrying cost calculation that is adopted for ratemaking
18 purposes. The Stipulation recommends a carrying cost rate that provides for
19 "associated income taxes" but fails to identify if the benefit the Companies
20 acquire from accelerated depreciation is to be recognized in the carrying cost
21 calculation. The Companies have omitted the recognition of this benefit in
22 computing carrying charges in similar circumstances so the Stipulation's failure to
23 address this issue implies that customers will be deprived of this benefit.

1 **Q14. Are there any other regulatory principles or practices that are violated by**
2 **the DIR recommended in the Stipulation?**

3 A14. Yes. The recommended DIR rate increases are based on post-2000 distribution
4 plant investments. As I indicated earlier, the DIR reaches back in time effectively
5 presuming that the distribution revenues collected by the Companies after 2000
6 were not adequate to provide the Companies with just and reasonable
7 compensation. In view of the Commission's determination that CSP had
8 significantly excessive earnings in 2009, this presumption seems to be
9 inconsistent with prior determinations of the Commission. I would also note that
10 driving rate increases based on post-2000 investment effectively evades the
11 distribution rate freeze that the Companies agreed to as part of the resolution of
12 the Companies' Rate Stabilization Plan proceedings in Case No. 04-169-EL-UNC
13 and the total rate cap established during the Market Development Period
14 (commencing January 1, 2001) that is described by Mr. Murray in his testimony.
15 Additionally, OPCo and CSP currently have applications to increase distribution
16 rates pending in Case Nos. 11-351-EL-AIR and 11-352-EL-AIR and the date
17 certain which has been approved by the Commission for purposes of identifying
18 the rate base valuation is August 31, 2010. The Staff Reports of Investigation
19 ("Staff Report") in the two rate cases were recently filed on September 15, 2011.
20 The Staff Reports address the DIR proposal contained in the Companies' ESP
21 application and contain a recommendation that a plant investment baseline for
22 the year 2000 not be used until the Commission renders a decision in the
23 pending rate increase proceedings. The Staff Reports also find that CSP's

1 current distribution rates are too high (by between \$9.5 million and \$2.3 million)
2 and that OPCo's current distribution rates could be increased. On a net and
3 combined basis, the Staff Reports recommend that any distribution rate increase
4 should be between about \$13.7 million and \$29.6 million, based on the net
5 distribution rate base "used and useful" as of August 31, 2010 (the date certain).
6 Based on the findings in the Staff Reports, the rate increases that would result
7 from the DIR recommended in the Stipulation are clearly excessive, unjust and
8 unreasonable. If the DIR recommended in the Stipulation is adopted and if the
9 distribution rate increase proposed in the Companies' rate increase applications
10 or recommended in the Staff Reports are approved by the Commission, the total
11 distribution rate increase that the Companies will be permitted to impose will
12 provide the Companies with an unwarranted and unreasonable windfall profit.
13 And, from a regulatory practice and principle perspective, the amount of any rate
14 increase or decrease that the Commission should authorize should be based on
15 the cost of service determined in the rate increase proceedings and not driven by
16 the backward-looking arbitrary increase that would occur if the DIR
17 recommended in the Stipulation is adopted. I also believe that it would be
18 unreasonable for the Commission to allow a rate increase through a DIR-like
19 mechanism for the Companies on any investment prior to the date certain in the
20 pending rate increase proceedings.

21 **Q15. Are there inconsistencies between the CSP and OPCo Staff Reports in the**
22 **distribution rate cases and the DIR recommended by the Stipulation?**

1 A15. Yes. The rate of return range recommended in the Staff Reports is based on a
2 cost of common equity of 8.6% to 9.6%. The return on the equity component of
3 the DIR recommended in the Stipulation is 10.5% and, as I indicated previously,
4 it is unaccompanied by any cost of equity capital evidence. Regardless of this
5 inconsistency, a return on common equity of 10.5% is unreasonable based on
6 current cost of capital considerations and the DIR's lowering of the Companies'
7 business and financial risk

8 **III. PHASE-IN RECOVERY RIDER ("PIRR") / SECURITIZATION**

9 **Q16. What does the Stipulation recommend regarding the PIRR?**

10 A16. Beginning at page 25, the Stipulation recommends that the Commission approve
11 a PIRR. As recommended, the PIRR will commence January 1, 2012 for non-
12 residential customers and will include a debt carrying charge rate of 5.34% and is
13 calculated with no adjustment to the book balance as of year-end 2011 (the
14 "Modified PIRR"). The Modified PIRR will be in place for the entire amortization
15 period or until the unamortized PIRR balance is "securitized", whichever comes
16 first. Collection of the PIRR will be delayed for 12 months for residential
17 customers, subject to two conditions: (1) if securitization is completed by the end
18 of 2012, the additional carrying costs related to the actual delay in commencing
19 the residential collection period will be included in the unamortized balance for
20 collection from all customers; (2) if securitization is not completed by the end of
21 2012, the Modified PIRR will commence effective January 1, 2013 for residential
22 customers (and the Modified PIRR will continue for non-residential customers)

1 and the additional carrying charges related to the 12-month delay of commencing
2 the residential collection period will be included in the unamortized balance for
3 collection from all customers.

4 The Stipulation also provides that the Signatory Parties agree to support the
5 concept of securitization for the phase-in deferral associated with the PIRR, and
6 to work in good faith to pass suitable and appropriate legislation to address the
7 matter as expeditiously as reasonably possible and to support any subsequent
8 tariff approvals needed by the Companies to securitize the PIRR phase-in
9 deferral.

10 **Q17. Do you believe the PIRR mechanism and securitization components in the**
11 **Stipulation are appropriate and consistent with regulatory practices and**
12 **principals?**

13 A17. No. There are several reasons why I believe these components of the
14 Stipulation are inappropriate and violate important regulatory practices and
15 principals.

16 First, the PIRR recommended in the Stipulation functions to establish a charge
17 that will permit rates to increase to recover a previously authorized increase that
18 was delayed by the Commission pursuant to Section 4928.144, Revised Code,
19 for the benefit of OPCo customers only. The Stipulation recommends that the
20 PIRR be applied to both CSP and OPCo customers. There is no reason that
21 CSP customers should be subjected to the PIRR charges; CSP customers have
22 already compensated CSP for the CSP phase-in deferral authorized by the

1 Commission in the Companies' current ESP. Any benefit derived by the phase-in
2 deferral amount that the Stipulation proposes to amortize through the PIRR is a
3 benefit confined to OPCo customers, not CSP customers. As explained by
4 Mr. Murray, the recommended PIRR produces a mismatch between the
5 customers that received benefits and the customers who end up being
6 responsible for paying for the benefits. As I explain below, the amount of the
7 benefit actually derived by the OPCo customers is substantially less than the
8 amount that the Stipulation would allow the PIRR to begin to recover and
9 reducing the phase-in deferral as I have recommended will significantly reduce
10 the bill impacts of any properly structured phase-in deferral recovery mechanism
11 approved by the Commission.

12 Further, and based on the advice of counsel, Section 4928.20(I), Revised Code,
13 precludes the application of the PIRR to a community aggregation program
14 where the charge is not proportionate to the benefits received by the customers
15 in the community aggregation group. As noted above, any benefit provided by
16 the phase-in deferral subject to amortization through the recommended PIRR
17 benefitted OPCo customers exclusively. Thus, the application of the
18 recommended PIRR to both CSP and OPCo customers without exception for
19 community aggregation programs in CSP's service area is unlawful, per the
20 advice of counsel.

21 Second, the PIRR recommended in the Stipulation calls for carrying charges
22 during the amortization period to be applied to a balance that has not been

1 reduced for accumulated deferred income taxes ("ADIT") consistent with
2 regulatory practices and principles. The deferrals associated with the PIRR
3 cause a timing difference between the tax deduction and the book accounting
4 treatment. The timing difference reduces the Companies' federal income tax
5 liability before the Companies recognize the expense and collect it from
6 customers. That timing difference should be used to reduce the deferred
7 balance to which the carrying cost rate is applied. The ADIT would amount to
8 approximately 35% of the regulatory asset balance. In short, the ADIT
9 represents tax savings realized by the Companies. As a result of these tax
10 savings, the Companies are not financing 100% of the deferral, but only the
11 deferral amount net of the ADIT. The gross method proposed by the Stipulation
12 violates important regulatory principles and practices.

13 Third, and as I discuss in more detail later in my testimony, adjustments to
14 remove the revenue from provider of last resort ("POLR") charges and carrying
15 charges on pre-2009 environmental investments must be made to determine the
16 appropriate phase-in deferral balance, if any, that remains to be amortized
17 through future rates and charges. There are also several outstanding issues
18 before the Commission from the Companies' 2009 fuel adjustment clause
19 ("FAC") audit and subsequent audits that will have a material impact on this
20 remaining phase-in deferral balance.

21 Fourth, the PIRR recommended by the Stipulation calls for a carrying charge of
22 5.34% to be collected on the unamortized phase-in deferral balance during the

1 amortization period. This 5.34% rate is unreasonable and excessive. Current,
2 seven-year BBB rated, newly issued corporate bonds are presently being issued
3 at an interest rate of about 3.75%, while the fixed interest rates on home
4 mortgage rates currently are running in the range of 3 to 3.6% for 15-year loans.
5 There is no good reason – based on currently prevailing interest rates – for the
6 carrying charge to be based on an interest rate of 5.34%. Assuming a carrying
7 charge rate of 3.75% was used during the amortization period and the tax benefit
8 I described above is recognized, customers would see reduced cost on the order
9 of \$75 million assuming that the phase-in deferral amount was ultimately set at
10 \$624 million.

11 **Q18. Are there problems associated with the Stipulation's linkage between**
12 **securitization and the PIRR??**

13 A18. Yes. Based on the advice of counsel, the Signatory Parties have failed to follow
14 the Commission's rules dealing with securitization proposals, thereby violating
15 regulatory principles and practices. Commission Rule 4901:1-35-03(C)(9)(e),
16 Ohio Administrative Code ("O.A.C."), provides that a number of detailed
17 requirements must be satisfied in conjunction with the securitization request.
18 These requirements include a description of the securitization instrument and an
19 accounting of that securitization, including the deferred cash flow due to the
20 phase-in, carrying charges, and the incremental cost of the securitization. There
21 must be a description of efforts to minimize the incremental cost of the
22 securitization, and all documentation associated with the securitization including,
23 but not limited to, a summary sheet of terms and conditions. The Commission's

1 rule also requires a comparison of costs associated with securitization with the
2 costs associated with other forms of financing to demonstrate that securitization
3 is the least cost strategy.

4 **Q19. Does the Stipulation or any of the Signatory Parties' testimony in support**
5 **of the Stipulation provide the securitization details required by**
6 **Commission Rule 4901:1-35-03(C)(9)(e), O.A.C., or any other details?**

7 A19. No. The only testimony offered in support of the Stipulation and addressing
8 securitization is the testimony of witness William Allen. Included as Exhibit
9 WAA-3 to witness Allen's testimony is a "Securitization Model" that provides
10 assumptions for a hypothetical securitization. At the Technical Conference held
11 at the Commission on September 14, 2011, Mr. Allen indicated that the
12 Securitization Model on Exhibit WAA-3 is for illustrative purposes only. In
13 response to IEU-Ohio Interrogatory 5-5, the Companies identified that the
14 illustrative Securitization Model is based on a securitization undertaken by
15 Entergy in Louisiana.

16 By failing to provide the information required by Commission Rule
17 4901:1-35-03(C)(9)(e), O.A.C., the securitization proposed in the Stipulation fails
18 the third prong of the three-prong test, by violating appropriate regulatory
19 practice. In addition, as noted earlier, if the PIRR carrying charge is reduced to
20 reflect a more contemporary (lower) interest rate and the appropriate
21 adjustments are made to the phase-in deferral balance, any customer benefits

1 that could result from securitization would be diminished significantly, calling into
2 question the need for any securitization.

3 **Q20. Are the Companies presently engaged in the use of securitization?**

4 A20. Yes and doing so without any additional legislation. As explained in the Form
5 10-K filed with the Securities and Exchange Commission ("SEC") for 2010 and at
6 pages 19 and 51-52 of the section containing the annual report for American
7 Electric Power Company, Inc., securitization is used to factor receivables. A
8 securitization agreement was renewed in 2010 and the use of securitization is
9 expected to continue into the future through the renewal of the securitization
10 agreement. At page 51-52, it states:

11 AEP Credit factors accounts receivable on a daily basis, excluding
12 receivables from risk management activities, for CSPCo, I&M,
13 KGPCo, KPCo, OPCo, PSO, SWEPCo and a portion of APCo. ...
14 AEP Credit has a receivables securitization agreement with bank
15 conduits. Under the securitization agreement, AEP Credit receives
16 financing from the bank conduits for the interest in the billed and
17 unbilled receivables AEP Credit acquires from affiliated utility
18 subsidiaries.

19
20 The weighted average interest rate on such securitization transactions identified
21 in the Form 10-K for 2010 was 0.31%.

22 **Q21. In view of the Companies' current use of securitization, do you have an**
23 **opinion as to why the use of securitization in the Stipulation is conditioned**
24 **on new legislation?**

25 A21. Based on the Form 10-K described above and my experience, there is no reason
26 why the use of securitization, in concept, needs to be tied to the enactment of
27 new legislation. Had the information required by the Commission's rule on

1 securitization proposals been submitted, perhaps I would have an understanding
2 of why the Signatory Parties believe that securitization legislation is needed to
3 use a securitization tool along with the amount of any incremental benefit and
4 cost that might be associated with whatever legislation the Signatory Parties may
5 have had in their mind at the time they signed the Stipulation. The Stipulation
6 sheds no light on this subject.

7 **IV. IMPACTS OF REMAND PHASE OF THE CURRENT ESPs**

8 **Q22. Are there other aspects of the Stipulation that cause the Stipulation to not**
9 **pass the three-prong test?**

10 A22. Yes and they are related to the implications from the remand phase of Case Nos.
11 08-917-EL-SSO, *et al.* It is my opinion that these implications must be
12 considered with respect to the Stipulation ESP. It is also my opinion that when
13 such implications are considered, the Stipulation is contrary to the public interest
14 and violates important regulatory principles.

15 In the ESPs of CSP and OPCo for the years 2009 through 2011 (Case Nos.
16 08-917-EL-SSO, *et al.*) the Commission, in its Opinion and Order dated
17 March 18, 2009, authorized CSP and OPCo to establish rates for the standard
18 service offer ("SSO"). The revenue which the Commission authorized CSP and
19 OPCo to collect through the ESP rates and charges included revenue
20 components that were calculated to provide, among other things, a return on and
21 of certain environmental capital expenditures that were alleged to be over and
22 above that amount embedded in the Companies' legacy rates and charges. The

1 capital expenditures occurred between 2001 and 2008, and prior to January 1,
2 2009. I shall refer to this revenue component as the “Pre-2009 Component.”

3 In addition, the Commission authorized CSP and OPCo to establish a separate
4 charge that produced incremental revenue for “carrying costs” on capital
5 expenditures for environmental plant made on or after January 1, 2009 and
6 during the ESP period. I shall refer to this revenue component as the “Post-2008
7 Component.” With regard to the Post-2008 Component, the Commission
8 directed the Companies to propose, through an annual filing, a charge for such
9 carrying costs “after the investments had been made.” (Opinion and Order dated
10 March 18, 2009 in Case Nos. 08-917-EL-SSO, *et al.* at page 30.)

11 After the Commission’s decision in the Companies’ current ESP cases was
12 appealed to the Ohio Supreme Court (“Court”), on April 19, 2011, the Court held,
13 among other things, that the Commission had erred in authorizing CSP and
14 OPCo to collect revenue for items not specifically authorized by statute. The
15 Court also stated that on remand the Commission may determine whether any of
16 the listed categories of Section 4928.143(B)(2), Revised Code, authorizes
17 recovery of environmental carrying charges.

18 In an Entry issued on May 25, 2011, regarding the remand phase referenced
19 above, the Commission stated that the Companies and the intervenors should be
20 afforded an opportunity to present testimony and to offer additional evidence in
21 regard to the environmental carrying charges remanded to the Commission. The
22 Commission also directed the Companies to file revised tariffs specifically stating

1 that the Pre-2009 Component charges and the POLR riders would be collected
2 subject to refund, effective as of the first billing cycle of June 2011.

3 The Commission also established a procedural schedule to address the issues
4 raised by the Court's decision. On June 6, 2011, the Companies filed the
5 testimony of Mr. Philip Nelson in support of the continuation of the Pre-2009
6 Component environmental charges in the remand phase of Case Nos.
7 08-917-EL-SSO, *et al.*

8 **Q23. Has the Commission issued a decision addressing the contested issues in**
9 **the remand phase of Case Nos. 08-917-EL-SSO, *et al.*?**

10 A23. No. At the time of my writing of this testimony, there had been no decision
11 issued by the Commission in the remand phase of the Companies' current ESP
12 cases.

13 **Q24. How do the unresolved issues in the remand phase of Case Nos.**
14 **08-917-EL-SSO, *et al.*, relate to the ESP recommended in the Stipulation**
15 **filed in these proceedings?**

16 A24. Since the resolution of the issues in the remand phase of Case Nos.
17 08-917-EL-SSO, *et al.*, will determine the rates and charges that are properly
18 includable in the current ESPs (2009-2011), and the Stipulation ESP in these
19 proceedings builds on the current ESP's rates, charges and revenue, the
20 resolution of the issues in the remand phase of Case Nos. 08-917-EL-SSO, *et al.*
21 has a direct effect on the starting point for the Stipulation ESP. In addition, and
22 as explained by Mr. Murray, the resolution of the issues in the remand phase of

1 the Companies' current ESP cases also affects the level of the rates in the
2 market rate offer ("MRO") alternative that is used to test any proposed ESP
3 considered in these proceedings (more specifically, the portion of the alternative
4 MRO rate that is based on the EDU's most recent SSO).

5 **Q25. You indicated earlier that you submitted testimony in the remand phase of**
6 **Case Nos. 08-917-EL-SSO, et al. What opinions and recommendations**
7 **were in that testimony?**

8 A25. Based on my understanding of the April 19, 2011 decision of the Ohio Supreme
9 Court and the specific categories in Section 4928.143(B)(2), Revised Code,
10 through the advice of counsel and my understanding of the applicable accounting
11 principles, I expressed the opinion (and hereby reaffirm that opinion) that the
12 charges for the Pre-2009 Component are not includable in an ESP. Therefore, I
13 recommended that CSP's and OPCo's ESP rates be adjusted downward to
14 remove the Pre-2009 Component from the ESP rates and charges effective with
15 the first billing cycle of June 2011. In addition, I recommended that the
16 Commission require that CSP and OPCo return to customers (through a refund
17 or bill credit) the amounts that have been collected subject to refund since the
18 first billing cycle of June 2011, based on the Commission's May 25, 2011 Entry
19 referenced above. I also observed that my recommended downward adjustment
20 to rates was not sufficient to fully remove the Pre-2009 Component from CSP's
21 and OPCo's future rates and charges because the Companies' first ESPs
22 included a phase-in that was based on the revenue collection including the Pre-
23 2009 Component. Therefore and to fully reflect the elimination of the Pre-2009

1 Component on all future rates and charges, I also recommended that the effect
2 of the Pre-2009 Component on the amount eligible for future collection as a
3 result of the phase-in deferral, delta revenue related to reasonable
4 arrangements, and the Universal Service Fund ("USF") Rider also needed to be
5 recognized.

6 Based on testimony filed by IEU-Ohio witness Murray in the remand phase of
7 Case Nos. 08-917-EL-SSO, *et al.*, who concluded that the Companies' POLR
8 should not be approved by the Commission, I also recommended that CSP's and
9 OPCo's ESP rates be adjusted downward to remove the POLR Rider from the
10 ESP rates and charges, effective with the first billing cycle of June 2011. In
11 addition, I recommended that the Commission should require that CSP and
12 OPCo return to customers (through a refund or a bill credit) the amounts that had
13 been collected subject to refund through their POLR Riders since the first billing
14 cycle of June 2011, per the Commission's May 25, 2011 Entry referenced above.

15 Because the Companies' ESPs included a phase-in that will be based on the
16 revenue collection including the POLR revenues, I also recommended that the
17 effect of the POLR revenues on the amount eligible for future collection as a
18 result of the phase-in deferral, delta revenue related to reasonable
19 arrangements, and the USF Rider must also be recognized.

20 **Q26. Can you elaborate on your recommendations in your testimony in the**
21 **remand phase of the Companies' current ESP cases with respect to the**
22 **significance of the phase-in deferral and also discuss why the**

1 **recommendations you made in the remand phase must be considered for**
2 **purposes of evaluating the Stipulation ESP?**

3 A26. Yes. In the current ESPs, the Commission initially authorized the Companies to
4 collect a pot of ESP dollars or a total authorized ESP revenue requirement. The
5 Commission then limited the amount of the authorized revenue that the
6 Companies could collect during the ESP period ending December 31, 2011 by
7 establishing a separate phase-in for OPCo and CSP. The balance of the total
8 authorized revenue that would have been collected during the ESP period, but
9 for the Commission's phase-in, was deferred for future collection. The separate
10 phase-in deferral amount for OPCo and CSP eligible for future collection is the
11 phase-in portion of the total revenue individually authorized by the Commission
12 for OPCo and CSP and the Commission stated that this amount would be
13 determined as a function of other components of the ESP as they were affected
14 by the total bill increase limits established by the Commission. To the extent the
15 amount of revenue collected individually by the Companies during the ESP
16 period was based on items that are not properly includable in an ESP, the
17 amount of the phase-in deferral is excessive and unreasonable. The
18 Commission's Opinion and Order issued on March 18, 2009, at page 22, in the
19 Companies' current ESP cases limits recovery of the phase-in deferral to that
20 which is determined to be "allowed" at the end of 2011. In my remand phase
21 testimony, I explained that the Commission must reduce the total authorized
22 revenue by the amounts not properly collectible as part of an ESP, and subtract
23 the amount actually collected from the adjusted ESP total to determine how

1 much, if any, of the authorized revenue is eligible for future collection as a phase-
2 in deferral after the end of the current ESPs. Otherwise, the improperly included
3 ESP charges would be embedded in the revenue postponed for future collection.

4 **Q27. What specific adjustments did you recommend to phase-in deferral in the**
5 **remand case?**

6 A27. I recommended that the amounts not properly collectible as part of an ESP from
7 the beginning of the ESP through May 2011 for the Pre-2009 Component for
8 environmental carrying charges (\$62.8 million for CSP and \$203 million for
9 OPCo) be credited against the phase-in deferral. In addition, I recommended
10 that the separate phase-in deferral amounts be reduced by \$235.3 million for
11 CSP and \$132.4 million for OPCo for the POLR amounts that were improperly
12 included in the Companies' current ESPs from the beginning of such ESPs
13 through May 2011. The foregoing amounts do not include any recognition of
14 interest that must also be added to these amounts for purposes of making the
15 required reconciliation of the phase-in deferral.

16 I also explained in my remand testimony that practical reasons differentiated the
17 results of my recommended downward adjustments to the phase-in deferrals of
18 OPCo and CSP. Based on the differences between the two EDUs' ESPs, only
19 OPCo was projected to have a positive phase-in deferral balance remaining at
20 the end of 2011. Accordingly, the opportunity to reduce the going-forward effects
21 of the inappropriate inclusion of the environmental charges and POLR revenues
22 through an adjustment to the phase-in deferral balance is limited to OPCo. In

1 order to effectuate a remedy for the unlawful wealth transfer from consumers to
2 CSP commencing January 1, 2009, however, I suggested that the Commission
3 could consider reducing CSP's regulatory assets included in Account 182.3 –
4 Other Regulatory Assets for items such as deferred line extension costs,
5 deferred storm expenses, and deferred deregulation implementation costs.

6 I also explained that other ratemaking adjustments were necessary to reflect the
7 going-forward effects of the elimination of environmental charges and POLR
8 charges, in the computation of allowable revenue for “delta revenue” and the
9 USF Rider.

10 **Q28. How do your recommendations from the remand phase of the Companies’**
11 **current ESP cases apply to the Stipulation ESP?**

12 A28. Because the outcome of the remand case has not yet been determined, my
13 recommendations from the remand case also apply to identify the current ESP
14 starting point for purposes of evaluating the Stipulation ESP in these
15 proceedings. The Stipulation ESP in this proceeding rests on a revenue
16 foundation that includes the revenue from charges that the Ohio Supreme Court
17 deemed were not properly authorized by the Commission. Accordingly, my
18 recommendations in the remand phase of Case Nos. 08-917-EL-SSO, *et al.* must
19 be picked up in these proceedings to ensure that the flow-through effects of the
20 Ohio Supreme Court’s remand order on the phase-in deferral and, in the case of
21 CSP, regulatory assets, and other issues such as delta revenues, are picked up
22 in the evaluation of the Stipulation ESP. As I explained earlier in my testimony,

1 the resolution of the issues in the remand phase of the Companies' current ESP
2 cases will affect the phase-in deferral balance that is eligible for future recovery
3 through the PIRR or any other amortization mechanism.

4 Further, because my recommendations in the remand phase included the
5 recommendation that CSP's and OPCo's ESP rates be adjusted downward to
6 remove the Pre-2009 Component from the ESP rates and charges [embedded in
7 non- FAC generation rates] effective with the first billing cycle of June 2011, there
8 is also an impact on the embedded non-FAC generation rates that the Stipulation
9 ESP embeds in the Standard Offer Generation Service Rider ("Rider GSR")
10 effective January 1, 2012.

11 Accordingly, it is my opinion that the issues in the remand phase of the
12 Companies' current ESP cases must be resolved prior to any decision being
13 issued on the Stipulation ESP in this proceeding. The adjustments I have
14 recommended must also be recognized for purposes of computing the portion of
15 the MRO that is based on each Company's most recent SSO. Adopting the
16 Stipulation ESP without taking the steps I have recommended will embed
17 unlawfully authorized revenue in the rates and charges resulting from the
18 Stipulation ESP including, but not limited to, the PIRR.

19 **Q29. Has the Commission issued a decision addressing the contested issues in**
20 **the remand phase of Case Nos. 08-917-EL-SSO, *et al.* since the time you**
21 **filed your testimony in this case on September 27, 2011?**

1 A29. Yes. On October 3, 2011, the Commission issued its Order on Remand. The
2 Commission's remand decision authorized the Companies to continue to collect
3 2001-2008 environmental carrying costs but directed the Companies to remove
4 POLR charges from their current rates. In addition, the Commission found that
5 there should be no adjustment to the phase-in deferral balance associated with
6 the phase-in to address, on a prospective basis, the unjustified POLR and
7 environmental carrying charges collected from the beginning of the ESP term
8 through the point at which the charges became subject to refund. The
9 Commission also found that there are no other areas in which it should similarly
10 address the flow-through effects of the Court's remand (e.g. USF and delta
11 revenues).

12 **Q30. What are the impacts associated with the Remand Order's removal of**
13 **POLR charges from current rates?**

14 A30. Amounts of POLR revenues collected since the first billing cycle of June 2011
15 through the time that new tariffs take effect to remove the POLR charges from
16 current rates, will first be credited against the phase-in deferrals of CSP and
17 OPCo and then returned to customers by billing credits. In addition, new tariffs
18 will be put in place to remove the POLR charges from current rates. The POLR
19 revenue requirements originally authorized in the ESP case were \$97.4 million
20 annually for CSP and \$54.8 million annually for OPCo. To illustrate, if new tariffs
21 become effective on November 1, 2011 to remove the POLR charges from rates,
22 then potential revenues for the last two months of 2011 would be reduced by
23 approximately \$16.2 million for CSP and \$9.1 million for OPCo. In addition,

1 during the period that the POLR charges were being collected subject to refund,
2 (the 5 months June 2011 through October 2011), the phase-in deferrals or
3 customer bills would be reduced by approximately \$40.6 million for CSP and
4 \$22.8 million for OPCo. Customer's net billing impacts however, may also be
5 impacted by changes to the FAC rates that result from POLR revenues
6 decreasing, under the operation of the annual billing caps. However, the
7 foregoing discussion of the impacts of the Commission's Remand Order is
8 merely illustrative of the effect of the remand order as things presently stand with
9 the understanding that the results in the remand case may yet change as a result
10 of the rehearing process or further determinations by the Ohio Supreme Court.

11 **Q31. Does this conclude your prepared direct testimony on the Stipulation ESP?**

12 A31. Yes. However, I reserve the right to update this testimony for responses to
13 discovery that are presently outstanding.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing *Revised Direct Testimony of Joseph G. Bowser on Behalf of Industrial Energy Users-Ohio* was served upon the following parties of record this 13th day of October 2011, *via* electronic transmission, hand-delivery or first class mail, U.S. postage prepaid.

/s/ Frank P. Darr

Frank P. Darr

Matthew J. Satterwhite
Steven T. Nourse
Anne M. Vogel
American Electric Power Service
Corporation
1 Riverside Plaza, 29th Floor
Columbus, OH 43215
mjsatterwhite@aep.com
stnourse@aep.com
amvogel@aep.com

Daniel R. Conway
Porter Wright Morris & Arthur
Huntington Center
41 S. High Street
Columbus, OH 43215
dconway@porterwright.com

**ON BEHALF OF COLUMBUS SOUTHERN
POWER COMPANY AND OHIO POWER
COMPANY**

Dorothy K. Corbett
Amy Spiller
139 East Fourth Street
1303-Main
Cincinnati, OH 45202
Dorothy.Corbett@duke-energy.com
Amy.spiller@duke-energy.com

Philip B. Sineneng
Terrance A. Mebane
THOMPSON HINE LLP
41 S. High St., Suite 1700
Columbus, OH 43215
Philip.Sineneng@ThompsonHine.com
Terrance.Mebane@ThompsonHine.com

**ON BEHALF OF DUKE ENERGY RETAIL SALES,
LLC**

{C35803: }

David F. Boehm
Michael L. Kurtz
Boehm, Kurtz & Lowry
36 East Seventh Street Suite 1510
Cincinnati, OH 45202
dboehm@BKLLawfirm.com
mkurtz@BKLLawfirm.com

ON BEHALF OF THE OHIO ENERGY GROUP

Gregory J. Poulos
EnerNOC, Inc.
101 Federal Street, Suite 1100
Boston, MA 02110
gpoulos@enernoc.com

ON BEHALF OF ENERNOC, INC.

Janine L. Migden-Ostrander
Terry L. Etter
Maureen R. Grady
Jeffrey L. Small
Office of the Ohio Consumers' Counsel
10 W. Broad Street, 18th Floor
Columbus, OH 43215-3485
etter@occ.state.oh.us
grady@occ.state.oh.us
small@occ.state.oh.us

**ON BEHALF OF THE OFFICE OF THE OHIO
CONSUMERS' COUNSEL**

Richard L. Sites
General Counsel & Senior Director of
Health Policy
Ohio Hospital Association
155 East Broad Street, 15th Floor
Columbus, OH 43215-3620
ricks@ohanet.org

Thomas J. O'Brien
BRICKER & ECKLER, LLP
100 South Third Street
Columbus, OH 43215-4291
tobrien@bricker.com

OH BEHALF OF OHIO HOSPITAL ASSOCIATION

John W. Bentine
Mark S. Yurick
Zachary D. Kravitz
Chester Willcox & Saxbe, LLP
65 East State Street, Suite 1000
Columbus, OH 43215
jbentine@cwsllaw.com
myurick@cwsllaw.com
zkravitz@cwsllaw.com

ON BEHALF OF THE KROGER CO.

Terrence O'Donnell
Christopher Montgomery
BRICKER & ECKLER LLP
100 South Third Street
Columbus, OH 43215-4291
todonnell@bricker.com
cmontgomery@bricker.com

ON BEHALF OF PAULDING WIND FARM II LLC

David C. Rinebolt
Colleen L. Mooney
Ohio Partners for Affordable Energy
231 West Lima Street
Findlay, OH 45840
cmooney2@columbus.rr.com
drinebolt@ohiopartners.org

**ON BEHALF OF OHIO PARTNERS FOR
AFFORDABLE ENERGY**

Mark A. Hayden
FirstEnergy Service Company
76 South Main Street
Akron, OH 44308
haydenm@firstenergycorp.com

James F. Lang
Laura C. McBride
N. Trevor Alexander
CALFEE, HALTER & GRISWOLD LLP
1400 KeyBank Center
800 Superior Ave.
Cleveland, OH 44114
jlang@calfee.com
lmcbride@calfee.com
talexander@calfee.com

David A. Kutik
Jones Day
North Point
901 Lakeside Avenue
Cleveland, OH 44114
dakutik@jonesday.com

Allison E. Haedt
Jones Day
P.O. Box 165017
Columbus, OH 43216-5017
aehaedt@jonesday.com

John N. Estes III
Paul F. Wight
Skadden, Arps, Slate, Meagher & Flom LLP
1440 New York Ave., N.W.
Washington, DC 20005
jestes@skadden.com
paul.wight@skadden.com

**ON BEHALF OF FIRSTENERGY SOLUTIONS
CORP.**

Michael R. Smalz
Joseph V. Maskovyak
Ohio Poverty Law Center
555 Buttles Avenue
Columbus, OH 43215
msmalz@ohiopovertylaw.org
jmaskovyak@ohiopovertylaw.org

**ON BEHALF OF THE APPALACHIAN PEACE
AND JUSTICE NETWORK**

Lisa G. McAlister
Matthew W. Warnock
Thomas O'Brien
BRICKER & ECKLER LLP
100 South Third Street
Columbus, OH 43215-4291
lmcaster@bricker.com
mwarnock@bricker.com
tobrien@bricker.com

ON BEHALF OF OMA ENERGY GROUP

Jay E. Jadwin
American Electric Power Service
Corporation
1 Riverside Plaza, 29th Floor
Columbus, OH 43215
jejadwin@aep.com

**ON BEHALF OF AEP RETAIL ENERGY
PARTNERS LLC**

M. Howard Petricoff
Stephen M. Howard
Vorys, Sater, Seymour and Pease LLP
52 E. Gay Street
P.O. Box 1008
Columbus, OH 43215-1008
mhpeticoff@vorys.com
smhoward@vorys.com

**ON BEHALF OF PJM POWER PROVIDERS
GROUP AND THE RETAIL ENERGY SUPPLY
ASSOCIATION**

Glen Thomas
1060 First Avenue, Ste. 400
King of Prussia, PA 19406
gthomas@gtpowergroup.com

Laura Chappelle
4218 Jacob Meadows
Okemos, MI 48864
laurac@chappelleconsulting.net

**ON BEHALF OF PJM POWER PROVIDERS
GROUP**

M. Howard Petricoff
Michael Settineri
Vorys, Sater, Seymour and Pease LLP
52 E. Gay Street
P.O. Box 1008
Columbus, OH 43215-1008
mhpeticoff@vorys.com
mjsettineri@vorys.com

William L. Massey
Covington & Burling, LLP
1201 Pennsylvania Ave., NW
Washington, DC 20004
wmassey@cov.com

Joel Malina
Executive Director
COMPLETE Coalition
1317 F Street, NW
Suite 600
Washington, DC 20004
malina@wexlerwalker.com

ON BEHALF OF THE COMPETE COALITION

Henry W. Eckhart
1200 Chambers Road, Suite 106
Columbus, OH 43212
henryeckhart@aol.com

Shannon Fisk
Natural Resources Defense Council
2 N. Riverside Plaza, Suite 2250
Chicago, IL 60606
sfisk@nrdc.org

Christopher J. Allwein
Williams, Allwein and Moser, LLC
1373 Grandview Ave., Suite 212
Columbus, OH 43212
callwein@williamsandmoser.com

**ON BEHALF OF THE NATURAL RESOURCES
DEFENSE COUNCIL AND THE SIERRA CLUB**

M. Howard Petricoff
Michael J. Settineri
Stephen M. Howard
Vorys, Sater, Seymour and Pease LLP
52 East Gay Street
P.O. Box 1008
Columbus, OH 43216-1008
mhpeticoff@vorys.com
mjsettineri@vorys.com
smhoward@vorys.com

**ON BEHALF OF CONSTELLATION
NEWENERGY, INC., CONSTELLATION ENERGY
COMMODITIES GROUP, INC. , DIRECT ENERGY
SERVICES, LLC**

David I. Fein
Vice President, Energy Policy – Midwest
Constellation Energy Group, Inc.
Cynthia Fonner Brady
Senior Counsel
Constellation Energy Resources LLC
550 West Washington Blvd., Suite 300
Chicago, IL 60661
david.fein@constellation.com
cynthia.brady@constellation.com

**ON BEHALF OF CONSTELLATION
NEWENERGY, INC. AND CONSTELLATION
ENERGY COMMODITIES GROUP, INC.**

Pamela A. Fox
C. Todd Jones,
Christopher L. Miller,
Gregory H. Dunn
Asim Z. Haque
Schottenstein Zox and Dunn Co., LPA
250 West Street
Columbus, OH 43215
pfox@hillardohio.gov
cmiller@szd.com
gdunn@szd.com
ahaque@szd.com

**ON BEHALF OF THE CITY OF HILLIARD, OHIO,
THE CITY OF GROVE CITY, OHIO AND THE
ASSOCIATION OF INDEPENDENT COLLEGES
AND UNIVERSITIES OF OHIO**

Sandy I-ru Grace
Assistant General Counsel
Exelon Business Services Company
101 Constitution Ave., NW
Suite 400 East
Washington, DC 20001
sandy.grace@exeloncorp.com

Jesse A. Rodriguez, Esq.
Public Policy & Affairs Manager
Exelon Generation Company, LLC
300 Exelon Way
Kennett Square, PA 19348
jesse.rodriquez@exeloncorp.com

M. Howard Petricoff
Vorys, Sater, Seymour and Pease LLP
52 East Gay Street
P.O. Box 1008
Columbus, OH 43216-1008
mhpeticoff@vorys.com

David M. Stahl
Arin C. Aragona
Scott C. Solberg
Eimer Stahl Klevorn & Solberg LLP
224 South Michigan Avenue, Suite 1100
Chicago, IL 60604
dstahl@eimerstahl.com
aaragona@eimerstahl.com
ssolberg@eimerstahl.com

Anastasia Polek-O'Brien
Exelon Generation Company, LLC
10 S. Dearborn Street, 49th Floor
Chicago, IL 60603

**ON BEHALF OF EXELON GENERATION
COMPANY, LLC**

Gary A Jeffries
Assistant General Counsel
Dominion Resources Services, Inc.
501 Martindale Street, Suite 400
Pittsburgh, PA 15212-5817
Gary.A.Jeffries@aol.com

ON BEHALF OF DOMINION RETAIL, INC.

Kenneth P. Kreider
David A. Meyer
Keating Muething & Klekamp PLL
One East Fourth Street
Suite 1400
Cincinnati, OH 45202
kpkreider@kmlaw.com
dmeyer@kmlaw.com

Holly Rachel Smith
Holly Rachel Smith, PLLC
Hitt Business Center
3803 Rectortown Road
Marshall, VA 20115
holly@raysmithlaw.com

Steve W. Chriss
Manager, State Rate Proceedings
Wal-Mart Stores, Inc.
Bentonville, AR 72716-0550
Stephen.Chriss@wal-mart.com

**ON BEHALF OF WAL-MART STORES EAST, LP
AND SAM'S EAST, INC.**

Barth E. Royer (Counsel of Record)
Bell & Royer Co., LPA
33 South Grant Avenue
Columbus, OH 43215-3927
BarthRoyer@aol.com

Tara C. Santarelli
Environmental Law & Policy Center
1207 Grandview Ave., Suite 201
Columbus, OH 43212
tsantarelli@elpc.org

**ON BEHALF OF THE ENVIRONMENTAL LAW &
POLICY CENTER**

Nolan Moser
Trent A. Dougherty
Camille Yancy
Ohio Environmental Council
1207 Grandview Avenue, Suite 201
Columbus, OH 43212-3449
nolan@theoec.org
trent@theoec.org
camille@theoec.org

**ON BEHALF OF THE OHIO ENVIRONMENTAL
COUNCIL**

Douglas G. Bonner
Emma F. Hand
Keith C. Nusbaum
Clinton A. Vince
Daniel D. Barnowski
SNR Denton US LLP
1301 K Street NW
Suite 600, East Tower
Washington, DC 20005
doug.bonner@snrdenton.com
emma.hand@snrdenton.com
keith.nusbaum@snrdenton.com
clinton.vince@snrdenton.com
daniel.barnowski@snrdenton.com

**ON BEHALF OF ORMET PRIMARY ALUMINUM
CORPORATION**

Jay L. Kooper
Katherine Guerry
Hess Corporation
One Hess Plaza
Woodbridge, NJ 07095
jkooper@hess.com
kguerry@hess.com

ON BEHALF OF HESS CORPORATION

Allen Freifeld
Samuel A. Wolfe
Viridity Energy, Inc.
100 West Elm Street, Suite 410
Conshohocken, PA 19428
afreifeld@viridityenergy.com
swolfe@viridityenergy.com

Jacqueline Lake Roberts,
Counsel of Record
101 Federal Street, Suite 1100
Boston, MA 02110
jroberts@enernoc.com

**ON BEHALF OF CPOWER, INC., VIRIDITY
ENERGY, INC., ENERGYCONNECT INC.,
COMVERGE INC., ENERWISE GLOBAL
TECHNOLOGIES, INC., AND ENERGY
CURTAILMENT SPECIALISTS, INC.**

Robert Korandovich
KOREnergy
P.O. Box 148
Sunbury, OH 43074
korenergy@insight.rr.com

ON BEHALF OF KOREENERGY

Benita Kahn
Lija Kaleps-Clark
Vorys Sater, Seymour and Pease LLC
52 East Gay Street, P.O. Box 1008
Columbus, OH 43216-1008
bakahn@vorys.com
lkalepsclark@vorys.com

William Wright
Werner Margard
Thomas Lindgren
John H. Jones
Assistant Attorneys' General
Public Utilities Section
180 East Broad Street, 6th Floor
Columbus, OH 43215
john.jones@puc.state.oh.us
werner.margard@puc.state.oh.us
thomas.lindgren@puc.state.oh.us
william.wright@puc.state.oh.us

**ON BEHALF OF THE PUBLIC UTILITIES
COMMISSION OF OHIO**

Greta See
Jon Tauber
Rebecca Hussey
Attorney Examiner
Public Utilities Commission of Ohio
180 East Broad Street, 12th Floor
Columbus, OH 43215

ATTORNEY EXAMINERS

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

10/13/2011 9:01:32 AM

in

Case No(s). 10-2376-EL-UNC, 11-0346-EL-SSO, 11-0348-EL-SSO, 11-0349-EL-AAM, 11-0350-EL-AAM

Summary: Testimony of Joseph G. Bowser on behalf of Industrial Energy Users-Ohio
electronically filed by Mr. Frank P Darr on behalf of Industrial Energy Users-Ohio