

**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

**REBUTTAL TESTIMONY OF JOSEPH HAMROCK
IN SUPPORT OF THE STIPULATION AND RECOMMENDATION
ON BEHALF OF
COLUMBUS SOUTHERN POWER COMPANY
AND
OHIO POWER COMPANY**

Filed: October 21, 2011

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO
REBUTTAL TESTIMONY OF
JOSEPH HAMROCK
IN SUPPORT OF THE SEPTEMBER 7, 2011
STIPULATION AND RECOMMENDATION

PERSONAL DATA

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Joseph Hamrock, and my business address is 850 Tech Center Drive,
Gahanna, Ohio 43230.

Q. DID YOU PRESENT DIRECT TESTIMONY IN THIS CASE?

A. Yes.

PURPOSE OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. In my rebuttal testimony I will respond to the arguments that the request for approval of the Distribution Investment Rider is inadequate by highlighting the statutory options for approval explained to me by counsel and provide background on the DIR mechanism and the importance of reliability for both the customers and the Columbus Southern Power Company and Ohio Power Company (collectively “AEP Ohio” or “Company”).

DISTRIBUTION INVESTMENT RIDER

Q. OCC WITNESS DR. DUANN ASSERTS ON PAGE 31 LINES 5-13 THAT THERE HAS BEEN NO SHOWING OF ANY NEED OR EXAMINATION OF RELIABILITY FOR CUSTOMERS UNDER R.C. 4928.143(B)(2)(H). IEU WITNESS BOWSER MAKES A SIMILAR CLAIM AT PAGE 7 LINES 1-8,

1 **WHERE HE ALSO ARGUES THAT THE DIR IS UNACCOMPANIED BY THE**
2 **REQUIREMENTS OF R.C. 4928.143(B)(2)(H). HOW DO YOU RESPOND TO**
3 **THEIR CRITICISM.**

4 **A.** I would like to elaborate in greater detail to respond to the particular attacks by
5 OCC witness Dr Duann and IEU witness Bowser. First and foremost, I have been
6 advised by counsel that the Commission is not limited by R.C. 4928.143(B)(2)(h) for
7 approval of an item like the Distribution Investment Rider. For example, I am advised
8 that R.C. 4928.143(B)(2)(d) also allows for Commission approval of carrying costs. As
9 advised by counsel R.C. 4928.143(B)(2)(h) does include provisions related to distribution
10 infrastructure and the examination of reliability of the distribution system, alignment of
11 the utility's and customers expectations and the dedication of sufficient resources to
12 reliability. These factors are all satisfied presently by the September 7, 2011 Stipulation
13 and by AEP Ohio.

14 The Commission constantly monitors the reporting and reliability functions of
15 electric distribution utilities through its administrative rules found in Ohio Administrative
16 Code 4901:1-10. The Commission's Staff take an active role interacting with utilities
17 and enforcing these rules by monitoring the level of reliability for each electric
18 distribution utility. In fact, on September 8, 2010, in Commission case number 09-756-
19 EL-ESS that the Commission approved the customer average interruption duration
20 index (CAIDI) and the system average interruption frequency index (SAIFI)
21 related to circuit performance on the distribution system that resulted from a settlement
22 agreement between the Commission Staff, the Ohio Consumers' Counsel, and AEP Ohio.

1 Currently the failure of aging infrastructure is the primary cause of customer
2 outages and reliability issues. Just as the tree trimming program approved by the
3 Commission in the previous electric security plan successfully changed the way
4 vegetation management was performed, the funding of the DIR would allow AEP Ohio to
5 move from a reactive to a proactive replacement strategy on its aging assets to address
6 reliability.

7 The failure rates of equipment in AEP Ohio's distribution infrastructure continue
8 to rise and the level of funding is not present to improve the failure trends. It is AEP
9 Ohio's intention to conduct analyses of its inspection programs including its pole
10 inspections, underground cable diagnostics, and detection of deteriorated distribution
11 equipment. From this analysis AEP Ohio intends to target infrastructure investment to
12 maximize the improvement in reliability to customers and the distribution system.

13 AEP Ohio is focused on providing reliable electric service at a reasonable price.
14 Reliability is a cornerstone of our business and is important to our customers, thus we
15 strive every day to maintain the system to deliver a reliable level of service. Our
16 customer survey results show a customer expectation of improved service. Our surveys
17 show that for 2009, 16% of residential respondents and 19% of commercial respondents
18 believe their future reliability expectations will increase over the next five years. Those
19 numbers increased to 20% for residential and remained at 19% for commercial in 2010,
20 and the 2011 data to date shows that residential expectations of increased service
21 remained at 20% while the commercial expectations rose to 21%. With the increased
22 level of technology AEP Ohio expects that number to increase year to year and
23 investment in the distribution infrastructure is needed to replace the aging assets to

1 maintain the current level of reliability as well as better align Company resources with
2 the expectations of customers into the future. Developing the infrastructure to ensure
3 reliable service is an ongoing effort. The DIR provides AEP Ohio the ability to actively
4 invest in distribution infrastructure and dedicate sufficient resources to that reliability
5 effort.

6 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

7 **A.** Yes it does.

8

CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the Rebuttal Testimony of Joseph Hamrock was served this 21st day of October, 2011 by electronic mail, upon the persons listed below

//s/ Steven T. Nourse
Steven T. Nourse

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This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

10/21/2011 4:50:45 PM

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 Rebuttal Testimony of Joseph Hamrock electronically filed by Mr. Steven
T Nourse on behalf of American Electric Power Service Corporation