

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of **Ohio** :  
**Power Company** for Authority to : Case No. 13-2385-EL-SSO  
Establish a Standard Service Offer :  
Pursuant to Section 4928.143, Revised :  
Code, in the Form of an Electric Security :  
Plan. :

In the Matter of the Application of **Ohio** :  
**Power Company** for Approval of Certain : Case No. 13-2386-EL-AAM  
Accounting Authority. :

**PREFILED TESTIMONY  
OF  
TIMOTHY W. BENEDICT  
ENERGY & ENVIRONMENT DEPARTMENT  
MARKET ANALYSIS & PLANNING DIVISION  
PUBLIC UTILITIES COMMISSION OF OHIO**

**Staff Exhibit \_\_\_\_\_**

**May 20, 2014**

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

2 A. My name is Timothy W. Benedict, and my business address is 180 East  
3 Broad Street, Columbus OH 43215.

4

5 2. Q. By whom are you employed and what is your position?

6 A. I am employed by the Public Utilities Commission of Ohio as a Utility  
7 Specialist in the Division of Planning and Market Analysis, Department of  
8 Energy and Environment. My responsibilities include demand forecasting  
9 and economic analysis of wholesale and competitive markets.

10

11 3. Q. Please summarize your educational background and work experience.

12 A. I received a B.A. in Economics from the University of Vermont and a  
13 M.A. in Economics from Cleveland State University, where I was a gradu-  
14 ate teaching and research assistant in the Department of Economics. I have  
15 been employed by the Staff of the Public Utilities Commission of Ohio  
16 since December 2009.

17

18 4. Q. Have you testified in prior proceedings before the Commission?

19 A. Yes. I have testified before the Commission in Case No. 08-917-EL-SSO  
20 (on remand) and in Dayton Power & Light's most recent ESP proceeding,  
21 Case No. 12-0426-EL-SSO.

22

1 5. Q. What is the purpose of your testimony in this proceeding?

2 A. The purpose of my testimony is to recommend a specific adjustment to the  
3 competitive bid process as proposed by the Company.  
4

5 6. Q. What change to the competitive bid process do you propose?

6 A. AEP's proposed procurement auctions will require winning bidders to  
7 deliver electricity to the AEP Load Zone, as defined by PJM. The Com-  
8 pany in its application recognizes that "at a time in the future it may be  
9 appropriate" to define a new pricing point to settle AEP Ohio load.<sup>1</sup> Staff  
10 believes that the creation of a new pricing point that better reflects the auc-  
11 tion product would be an improvement to the auction procurement process  
12 and encourages AEP to petition PJM to establish an AEP Ohio settlement  
13 zone for this purpose as soon as is practicable.  
14

15 7. Q. Why does Staff believe that this modification should be made?

16 A. The AEP Load Zone is an aggregation of load buses that are located across  
17 all of AEP's east operating companies including, but not limited to, AEP  
18 Ohio, the entity for which generation service is being procured. For illus-  
19 trative purposes, refer to Attachment 1, which depicts the buses comprising

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<sup>1</sup> Application at 7.

1 the AEP Load Zone. This inconsistency can be resolved through the crea-  
2 tion of an AEP Ohio Load Zone. Additionally, Staff hypothesized that it  
3 would be less expensive to deliver energy to an AEP Ohio zonal price point  
4 as compared to the AEP Load Zone. To test this proposition, Staff utilized  
5 Ventyx’s PROMOD IV (“PROMOD”) production cost modeling software,  
6 which simulates the commitment and dispatch process of wholesale elec-  
7 tricity markets, including MISO and PJM. Staff ran the model for calendar  
8 year 2014, producing average wholesale clearing prices for both an AEP  
9 Ohio Load Zone as well as the AEP Load Zone. The AEP Ohio Load Zone  
10 produced prices that were approximately 2% lower than the price of energy  
11 delivered to the AEP Load Zone, confirming our expectations.

12  
13 8. Q. Does Staff have concerns that this change may adversely affect the compet-  
14 itive bid process in any way?

15 A. As long as potential bidders are provided sufficient notification of the  
16 change, we do not anticipate any adverse consequences of the proposed  
17 modification. National Economic Research Associates (“NERA”) has  
18 established an extensive bidder information process and Staff has confi-  
19 dence that this recommendation can be implemented with minimal disrupt-  
20 tion to the auction process.

1 9. Q. Does this conclude your testimony?

2 A. Yes, it does. However, I reserve the right to submit supplemental testi-  
3 mony as described herein, as new information subsequently becomes avail-  
4 able or in response to positions taken by other parties.

## PROOF OF SERVICE

I hereby certify that a true copy of the foregoing Prefiled Testimony of **Timothy W. Benedict** submitted on behalf of the Staff of the Public Utilities Commission of Ohio, was served by regular U.S. mail, postage prepaid, hand-delivered, and/or delivered via electronic mail, upon the following parties of record, this 20<sup>th</sup> day of May, 2014.

*/s/ Devin D. Parram*

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**Devin D. Parram**  
Assistant Attorney General

### Parties of Record:

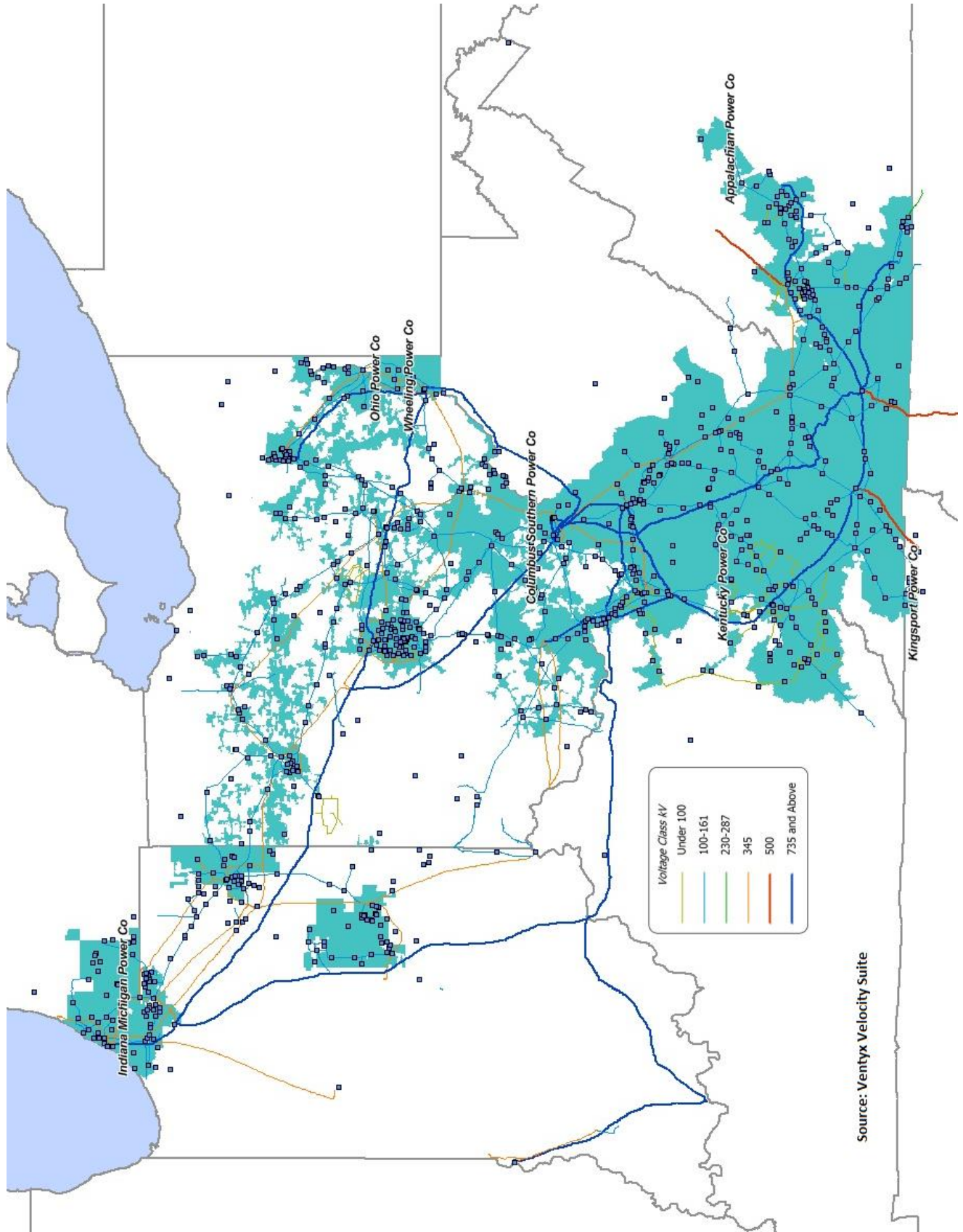
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# Attachment 1: AEP Load Zone



Source: Ventyx Velocity Suite



**This foregoing document was electronically filed with the Public Utilities**

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**Case No(s). 13-2385-EL-SSO, 13-2386-EL-AAM**

Summary: Testimony Prefiled Testimony of Timothy W. Benedict submitted on behalf of the Staff of the Public Utilities Commission of Ohio by Assistant Attorney General Devin Parram electronically filed by Kimberly L Keeton on behalf of Public Utilities Commission of Ohio