

**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
TAMMY S. TURKENTON
UTILITIES DEPARTMENT
ACCOUNTING & ELECTRICITY 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 Tamara S. Turkenton. My business address is 180 East Broad
3 Street, Columbus, Ohio 43215.

4

5 2. Q. By whom are you employed and in what capacity?

6 A. I am employed by the Public Utilities Commission of Ohio as Chief of the
7 Accounting and Electricity Division of the Utilities Department.

8

9 3. Q. Please briefly summarize your educational background and work experi-
10 ence.

11 A. I received a Bachelor of Business Administration in Finance and Business
12 Pre-Law (BBA) from Ohio University. I also received a Master of Busi-
13 ness Administration (MBA) degree from Capital University and a Master of
14 Tax Laws (MT) degree from Capital Law School.

15

16 I have been employed by the Commission since June 1994 involved in the
17 Electric Fuel Component (EFC) section, the Telecommunications section,
18 the Competitive Retail Electric Service (CRES) section working on electric
19 deregulation and SB 3, and the Rates & Tariffs section working on electric
20 utility rates, tariffs, and rules. In April 2009, I was assigned to the
21 Accounting and Electricity Division working on many aspects of SB 221.

22

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

2 A. Yes.

3

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

5 A. On December 20, 2013, Ohio Power Company (Company) filed an applica-
6 tion for an Electric Security Plan (ESP) in accordance with Section
7 4928.143, Revised Code.

8

9 It is Staff's intent to provide testimony only for the issues in the Company's
10 application which Staff either does not support, or is proposing to be modi-
11 fied. As a result, my testimony addresses the following two issues:

12 a) A comparison of the terms and conditions of the Applicant's ESP to
13 determine if they are more favorable to customers in the aggregate
14 than the expected results that would otherwise apply under a MRO.

15 b) The Applicant's proposed generation capacity rates for certain CSP
16 residential customers.

17 **Comparison between the ESP and the MRO**

18 6. Q. Do you believe the proposed ESP is more favorable in the aggregate than
19 an MRO?

1 A. Yes, when all provisions of the ESP application are considered, I believe
2 the ESP application is more favorable in the aggregate than an MRO appli-
3 cation would be.

4
5 7. Q. Please describe what you have considered in regard to the ESP verses MRO
6 test for this application.

7 A. Beginning June 1, 2015, SSO generation rates will be 100% market based
8 rates. As a result, there should be no difference between market based gen-
9 eration rates under a MRO or ESP filing. In addition, I have considered
10 other qualitative benefits that result from the ESP application.

11
12 8. Q. Please describe the benefits you considered in your conclusion.

13 A. As discussed in the testimony of William A. Allen, the proposed ESP
14 would freeze base distribution rates through May 31, 2018. At the same
15 time, the Company would continue to utilize its Distribution Investment
16 Rider (DIR) and Enhanced Service Reliability Rider (ESRR), enabling it to
17 continue to make needed investments in its distribution system. While
18 these additional riders impose costs on customers, the process of maintain-
19 ing current base rates, and utilizing riders to collect the incremental invest-
20 ment of distribution system costs, allow the parties to avoid the significant
21 time and costs of pursuing an increase in rates through the typical
22 distribution rate case. In addition, the company has proposed to maintain

1 its current Residential Distribution Credit Rider through May 31, 2018.

2 The Company states that this provides a benefit of \$44,064,000 over the
3 term of ESP III.

4
5 9. Q. What else have you considered in making your recommendation?

6 A. In the Company's ESP II, it was the Commission's intention to get to 100%
7 market based SSO rates in the Company's territory as soon as practical and
8 beginning June 1, 2015, 100% of the SSO generation rates will be market
9 based rates. I believe this could only have been achieved through an ESP
10 proceeding as opposed to an MRO proceeding. The ESP III application for
11 the most part is an extension of the ESP II application, providing a process
12 where the Company's tariffs can be further refined to be more reflective of
13 the current competitive environment thus providing more benefits for cus-
14 tomers than may be available under an MRO application.

15
16 10. Q. Please explain what benefits you are referring to in the previous question.

17 A. One of the potential benefits is the creation of a Purchase of Receivables
18 Program (POR) which could result in an increase of registered CRES pro-
19 viders and increased payment options for customers. Staff believes that a
20 POR program would allow CRES providers to efficiently and effectively
21 process its bad-debt collections. The POR could possibly eliminate market
22 barriers resulting in an increase in the number of active and diverse

1 suppliers in the marketplace, thereby increasing the number of products
2 available to customers.

3
4 Furthermore, Staff believes that at a minimum a POR could help reduce
5 customer confusion by eliminating multiple entities attempting to collect on
6 overdue supplier and EDU accounts, eliminating the posting of charges
7 from more than one supplier if a customer elects to switch, and alleviating
8 potential confusion when partial payments are made by the customer.

9
10 In addition, as previously mentioned, the Company's proposal to maintain
11 the current residential credit rider resulting in a \$44,064,000 credit is also a
12 benefit that would only be available through an ESP filing as opposed to an
13 MRO filing.

14
15 11. Q. The Company proposed additional new riders in its ESP III application,
16 such as the Power Purchase Agreement Rider, Sustained and Skilled
17 Workforce Rider, the NERC Compliance Rider, Cybersecurity Rider, and
18 the Bad Debt Rider. Were the potential costs of these riders considered in
19 your recommendation?

20 A. No, other Staff are addressing these riders in their testimony and it is my
21 understanding that Staff is not recommending approval of these riders.

22

1 **Generation Capacity Rider**

2 12. Q. Do you have a recommendation in regard to the proposed generation capac-
3 ity rider for CSP Residential customers?

4 A. Yes, in Case No. 13-1530-EL-UNC, the Company proposed and the Com-
5 mission approved a rate mitigation plan for CSP Residential customers that
6 phases in (increases) winter tail block rates for the generation capacity rider
7 during the Energy-Only Auction Phase In period, ending May 31, 2015. As
8 proposed in the ESP III, beginning June 1, 2015, the tail block rate would
9 be completely phased-in. Because of the expected decreases in capacity
10 costs beginning June 1, 2015, it appears that the impacts from completely
11 phasing in tail block on June 1, 2015 would result in moderate increases.
12 However, because there may be rates and riders that may also impact typi-
13 cal bills for these same customers, I recommend that within 30 days follow-
14 ing Commission order on the ESP III application (once other June 1, 2015
15 rates and rider impacts are known), AEP should provide a typical bill
16 impact for these customers to determine if the complete phase in of the tail
17 block rate is appropriate.

18
19 13. Q. Does this conclude your testimony?

20 A. Yes, it does. However, I reserve the right to submit supplemental testi-
21 mony as described herein, as new information subsequently becomes avail-
22 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 **Tammy S. Turkenton** 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 20th day of May, 2014.

/s/ Devin D. Parram

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Summary: Testimony Prefiled Testimony of Tammy S. Turkenton 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