

**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
WM. ROSS WILLIS
UTILITIES DEPARTMENT
RATES 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 Wm. Ross Willis. My business address is 180 East Broad
3 Street, Columbus, Ohio 43215.

4

5 2. Q. By whom are you employed?

6 A. I am employed by the Public Utilities Commission of Ohio (PUCO).

7

8 3. Q. What is your current position with the PUCO and what are your duties?

9 A. I am Chief of the Rates Division within the Utilities Department. My
10 duties include developing, organizing, and directing staff during rate case
11 investigations and other financial audits of public utility companies subject
12 to the jurisdiction of the PUCO.

13

14 4. Q. Would you briefly state your educational background?

15 A. I earned a Bachelor of Business Administration Degree that included a
16 Major in Finance and a Minor in Management from Ohio University in
17 December 1983. In November 1986, I attended the Academy of Military
18 Science and received a commission in the Air National Guard. Moreover, I
19 have attended various seminars and rate case training programs sponsored
20 by this Commission.

21

22

1 5. Q. Please outline your work experience.

2 A. Following graduation from Ohio University, I joined the Public Utilities
3 Commission in February 1984, in the Utilities Department as a Utility
4 Examiner. I have held several technical and managerial positions with the
5 PUCO. They include Utility Examiner, Utility Rate Analyst, Utility Audit
6 Coordinator, Utility Supervisor, Utility Administrator 1, Utility Adminis-
7 trator 2, and my current position, Chief of Rates Division.

8
9 My military career spans 27 honorable years of service with the Ohio
10 National Guard. I earned the rank of Lieutenant Colonel and I am a veteran
11 of the war in Afghanistan. I retired from the Air National Guard in March
12 2006.

13
14 I have previously testified before this Commission.

15
16 6. Q. What is the purpose of your testimony in this proceeding?

17 A. The purpose of my testimony is to respond to Ohio Power Company's (the
18 Company or Applicant) proposed new rider, namely, the Sustained and
19 Skilled Workforce Rider (SSWR).

20
21

1 7. Q. What is the purpose of the proposed SSWR?

2 A. According to the pre-filed direct testimony of Mr. Selwyn J. Dias, the pur-
3 pose of the SSWR is to provide a mechanism to recover the incremental
4 O&M labor cost to address a projected shortfall of internal labor resources,
5 both in front-line construction and construction support, required to execute
6 the Company's infrastructure investment. The Distribution Investment
7 Rider (DIR) and SSWR programs are intended to complement each other
8 and target reliability improvement.

9

10 8. Q. Does the Company have a Distribution Investment Rider (DIR)?

11 A. Yes, the Commission authorized a DIR for the Company in Case No. 11-
12 346-EL-SSO. The Applicant's DIR provides a recovery mechanism for the
13 replacement of aging infrastructure.

14

15 9. Q. Is labor related to replacing aging infrastructure capitalized?

16 A. Yes, labor is capitalized just like the material that is used to replace the
17 infrastructure and it is recoverable through the DIR.

18

19 10. Q. If the Company already has a mechanism to recover costs associated with
20 replacing its aging infrastructure, why is the Company requesting an addi-
21 tional rider to hire new employees?

1 A. Because approximately five years of training is required before an
2 employee acquires the skillset to perform the tasks needed to replace aging
3 infrastructure. As explained by Mr. Dias, The ratio of labor that is capital-
4 ized versus expensed varies according to the employee training and skill
5 level. The more training and the higher the skill level of the employee, the
6 higher percentage of labor the Company may capitalize and ultimately be
7 able to recover through the existing DIR. The Applicant is requesting
8 Commission authority to recover the O&M expense portion only associated
9 with hiring labor resources both in front-line construction and construction
10 support.

11

12 11. Q. Do you support the Applicant’s request for the SSWR?

13 A. Not at this time in the context of an Electric Security Plan. The proper
14 recovery mechanism is through a distribution rate case. If the Applicant
15 believes it has insufficient internal resources to implement its existing
16 “suite of riders and mechanism” in the future, then the Company could hire
17 and begin training the labor forces it believes are necessary to implement its
18 distribution reliability plan the Commission has previously approved.

19

20 12. Q. Does Staff support hiring veterans?

21 A. Absolutely. All employers should actively recruit and hire veterans. AEP
22 Ohio is a significant employer in the State of Ohio and elsewhere across the

1 nation. I would like to think AEP Ohio already has a policy in place to sup-
2 port the contributions to the community, state, and nation of our veterans.
3 Mr. Dias explains in his testimony the company will work with state agen-
4 cies to identify qualified veterans to include in the candidate pool during
5 the selection process for new employees for the SSWR. However, hiring
6 qualified veterans, and the Sustained and Skilled Workforce Rider are two
7 separate issues. Although Staff strongly encourages the Company to con-
8 sider hiring qualified veterans, the fact the Company will include qualified
9 veterans in its candidate pool does not validate the inclusion of the SSWR
10 in the Electric Security Plan with the information provided in Mr. Dias'
11 testimony.

12
13 13. Q. Does this conclude your testimony?

14 A. Yes, it does. However, I reserve the right to submit supplemental testi-
15 mony as described herein, as new information subsequently becomes avail-
16 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 **Wm. Ross Willis** submitted on behalf of the Staff of the Public Utilities Commission of Ohio, was served 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 Wm. Ross Willis 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