

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

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

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

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PROCEEDINGS

Before Thomas W. Johnson, Chairman, and Sarah
Parrot, Attorney Examiner, held at the
Washington State Community College, Harvey
Graham Auditorium, 710 Colegate Drive, Marietta,
Ohio, on Tuesday, May 20, 2014, at 6:00 P.M.

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Armstrong & Okey, Inc.
222 East Town Street, 2nd Floor
Columbus, Ohio 43215
(614) 224-9481 - (800) 223-9481
Fax - (614) 224-5724

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APPEARANCES:

Mr. Steven T. Nourse
1 Riverside Plaza, 29th Floor
Columbus, Ohio 43215

On behalf of the Applicants.

Mr. Joseph P. Serio
Assistant Consumers' Counsel
10 West Broad Street, Suite 1800
Columbus, Ohio 43215

On behalf of the Residential
Ratepayers of Ohio Power Company.

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Tuesday Evening,
May 20, 2014.

- - -

ATTORNEY EXAMINER: The Public Utilities Commission of Ohio has assigned for public hearing at this time and place Case No. 13-2385-EL-SSO which is captioned in the matter of the application of Ohio Power Company for authority to establish a standard service offer pursuant to RC 4928.143 in form of an electric security plan.

And Case No. 13-2386-EL-AAM captioned in the matter of the application of Ohio Power Company for approval of certain accounting authority.

My name is Sarah Parrot, thank you all again for coming this evening. I am an Attorney Examiner with the Commission's Legal Department and will be conducting this public hearing this evening.

Also with me tonight is Chairman Thomas Johnson of the PUCO. And in the rear of the room we have Darita Patterson and Jill Kocher who are also with the Commission's staff and they are here this evening to answer any

1 questions that anyone may have regarding a
2 utility matter that is not the subject of the
3 application. That is why we are all here this
4 evening.

5 At this time let's get started with
6 appearances on behalf of the parties. And we
7 will start with Ohio Power Company.

8 CHAIRMAN JOHNSON: May I say
9 something?

10 ATTORNEY EXAMINER: Of course.

11 CHAIRMAN JOHNSON: My name is Tom
12 Johnson, and I am the Chair of the Public
13 Utilities Commission and I would like to just
14 welcome you here and tell you that this is part
15 of the process that we go through, but those
16 that are testifying we appreciate it very much.
17 And if you happen to be just here observing we
18 also thank you for that.

19 But this is the 5th hearing and we
20 have five Commissioners, and so at least one
21 Commissioner has I believe attended every one of
22 these meetings. And, so, whether those
23 Commissioners are here or not they read what has
24 been said here, and also the other hearings.

25 And, so, this is very important to

1 us. And, again, thank's for being here.

2 ATTORNEY EXAMINER: Thank you very
3 much. Now let's continue with our appearances
4 starting with the company.

5 MR. NOURSE: Thank you, your Honor.
6 On behalf of Ohio Power Company, Steven T.
7 Nourse, 1 Riverside Plaza, Columbus, Ohio 43215.

8 And this is Gary Spitznogle. I will
9 let him introduce himself.

10 MR. SPITZNOGLE: I am Gary
11 Spitznogle, AEP Ohio, I am in Gahanna, Ohio.
12 850 Tech Center Drive 43230.

13 ATTORNEY EXAMINER: Thank you. On
14 behalf of the Ohio Consumers' Counsel.

15 MR. SERIO: Thank you, Your Honor.
16 On behalf of the residential utility customers
17 of AEP Ohio, Bruce J. Weston, Consumers' Counsel
18 by Joseph P. Cerio

19 ATTORNEY EXAMINER: Thank you. Are
20 there any other parties present this evening?

21 All right. Let the record reflect
22 that there are no other parties present. I
23 would note, however, that there are a number of
24 intervenors representing residential customers,
25 commercial customers, industrial customers as

1 well as other numerous consumer advocates and
2 other groups in the case. Each of these parties
3 represent their various constituents in the case
4 before the Commission.

5 On December 20th, 2013 Ohio Power
6 Company filed an application with the Commission
7 to establish a standard service offer in the
8 form of an electric security plan, or ESP, to be
9 in effect from June 2015 through May 2018.

10 The five local public hearings
11 scheduled in this case are just one aspect of
12 the case process. An evidentiary hearing is
13 also scheduled to commence on June 3, 2014 at
14 the Commission's offices in Columbus, Ohio.

15 The purpose of this evening's
16 hearing is to receive comments from the public
17 regarding Ohio Power Company's application. It
18 is not a question and answer session, but it's
19 your opportunity to let the Commissioners know
20 what you think about Ohio Power Company's
21 application.

22 As you likely noted tonight's
23 hearing is being transcribed by a court
24 reporter. If you plan to testify please speak
25 clearly so that the court reporter can

1 accurately reflect your comments for the record.
2 If you have prepared a written statement it will
3 be helpful if you provide a copy of that to the
4 court reporter.

5 When you arrived you were offered an
6 opportunity to sign up to testify. After I
7 finish with my opening remarks I will begin
8 calling witnesses forward in the order that you
9 have signed the sign-in sheets. I will ask each
10 witness to come forward to the podium or to the
11 front of the room, face the court reporter, and
12 before you offer your comments I will ask that
13 you provide your name and address and take an
14 oath or affirmation that what you are about to
15 say is the truth. Your testimony will then be
16 considered part of the official record in this
17 case and will be reviewed, as Chairman Johnson
18 said, by the Commissioners before a final
19 decision is rendered on the application.

20 The parties to the case or myself
21 will have an opportunity to ask any questions
22 that we have, if necessary, for purposes of
23 clarity of the record or so forth.

24 Should you decide that you do not
25 wish to testify when I call your name you may

1 pass to the next witness. And once you finished
2 testifying or if you are merely here to observe
3 this evening please feel free to leave at any
4 time that you wish.

5 We do appreciate your participation
6 tonight, and we want all of you that wish to
7 make a public statement to have the opportunity
8 to do so.

9 At this time I am going to begin
10 calling witnesses forward. And we will start
11 with Mr. Bill Hutchinson.

12 (WITNESS SWORN)

13 BILL HUTCHINSON

14 called as a witness, being first duly sworn,
15 testified as follows:

16 ATTORNEY EXAMINER: Please state
17 your name and address for the record.

18 MR. HUTCHINSON: Bill Hutchinson,
19 815 2nd Street, Marietta, Ohio.

20 ATTORNEY EXAMINER: Thank you.

21 MR. HUTCHINSON: I would just like
22 to so show support for this AEP Ohio plan. It
23 looks like on average there will be a 9 percent
24 decrease for customers. They are proposing to
25 hire more line people, they are proposing to

1 hire more construction support staff, which is
 2 always good for the economy.

3 I represent the local building
 4 trades and the local area unions in the area.
 5 We work many, many thousands and thousands of
 6 hours with AEP. And it's a great stimulus for
 7 the local area. Brings money into the area. It
 8 helps out on everything.

9 I believe if they are given
 10 permission to do this that it will be able to
 11 continue their efforts to stimulate the economy
 12 in the State of Ohio, attract and retain
 13 business to our state, and create even more job
 14 opportunities.

15 So with that we would like to show
 16 our support. Thank you.

17 ATTORNEY EXAMINER: Thank you. Any
 18 questions from counsel?

19 MR. SERIO: No.

20 MR. NOURSE: No.

21 ATTORNEY EXAMINER: Thank you very
 22 much, Mr. Hutchinson. Our next witness is I
 23 believe Charlotte Hatfield.

24 (WITNESS SWORN)

25 - - -

1 CHARLOTTE HATFIELD

2 called as a witness, being first duly sworn,
3 testified as follows:

4 ATTORNEY EXAMINER: Name and address
5 for the record.

6 MS. HATFIELD: Charlotte Hatfield,
7 426 5th Street, Marietta, Ohio. And I bring
8 testimony from John Molinaro, who is the
9 President and Chief Executive Officer of the
10 Appalachian Partnership for Economic Growth in
11 the form of a letter dated May 20th, to Chairman
12 Thomas W. Johnson.

13 Dear Chairman Johnson and
14 Commissioners. As the JobsOhio Partner for
15 Appalachian Ohio, the Appalachian Partnership
16 for Economic Growth would like to express it's
17 support for AEP Ohio's Energy Security Plan III
18 ESP. APEG'S mission to promote widely shared
19 prosperity across Appalachian Ohio could not be
20 accomplished without AEP Ohio continuing to
21 serve as a strong and healthy principal electric
22 supplier and partner in the region's
23 development.

24 As of June 2012 Derecho event amply
25 demonstrated, a robust energy security plan is

1 critically important to the economic health of
2 Appalachian Ohio. AEP's hard work to repair
3 storm damage and increase reliability is a
4 credit to the company. Its continued work to
5 increase reliability through the Distribution
6 Investment Rider and Enhanced Service
7 Reliability Rider is necessary to support the
8 region's current economy and encourage its
9 economic growth.

10 The ESP proposal also supports
11 other areas of partnership between APEG and AEP
12 Ohio that advance the region's economic health.

13 With the aging of the region's
14 workforce and so many skilled workers nearing
15 retirement, AEP Ohio's Sustained and Skilled
16 Workforce Rider is essential to allow the
17 company to recover incremental costs associated
18 with the creation of new jobs.

19 AEP Ohio's Energy Efficiency Rider
20 and Alternative Energy Rider provide important
21 tools for supporting economic development in the
22 region.

23 Programs made available through the
24 Energy Efficiency Rider have been important
25 components in making a "Why Ohio" case with

1 companies looking at investing in Ohio
2 operations. They provide a necessary set of
3 tools to demonstrate that Ohio can provide
4 companies with a low-cost operating environment.

5 The Alterative Energy Rider
6 supports APEG's efforts to attract foreign
7 direct investment from companies headquartered
8 in regions sensitive to environmental concerns,
9 especially the E.U. The rider demonstrates that
10 the region's energy supplies are sourced in ways
11 that address company sustainability goals.

12 The Economic Development Riders
13 supports essential components of APEG and its
14 partners' work in the region. Examples of just
15 a few of the many ways this rider has returned
16 real value to the region and its residents
17 include:

18 AEP Ohio has financially supported
19 APEG, helping meet costs associated with
20 promoting development in the region that have
21 not been eligible for support through other
22 funding mechanisms. These critical, flexible
23 dollars have been essential to APEG's success in
24 attracting more than 3,000 jobs to the region
25 since 2011.

1 AEP Ohio is collaborating with the
2 Appalachian Partnership to create a Community
3 Economic Development Academy. The academy is
4 currently working with teams of leaders from 17
5 Appalachian Ohio counties to improve essential
6 skills and enhance community readiness to pursue
7 effective company attraction and expansion
8 efforts.

9 AEP Ohio, along with APEG and other
10 partners, sponsors a Utica Shale Region Real
11 Estate project at the Eastern Ohio Development
12 Alliance. The project connects site consultants
13 and commercial real estate brokers with
14 commercial and industrial development sites in
15 the eastern Ohio Utica Shale Region. This
16 effort has provided significant benefits to the
17 region and state's efforts to attract investment
18 related to shale energy development.

19 AEP Ohio's Local Economic
20 Advancement Program grants have provided dozens
21 of local communities and development
22 organizations with financial assistance for
23 efforts that prepare them to operate successful
24 economic development programs or support
25 specific development projects.

1 AEP provides further non-financial
2 support for APEG's efforts through the generous
3 contribution of its staff and expertise. Mark
4 James, Vice President Economic and Business
5 Development, serves on APEG's Board of
6 Directors. AEP's economic development and
7 community affairs staff provide essential
8 assistance to economic development efforts in
9 the region, including help with site
10 identification and inventory efforts, capacity
11 building, and assistance to local and regional
12 programs. Its technical and engineering staff
13 provides essential technical support for
14 specific economic development projects.

15 AEP Ohio's Rate Stabilization Plan
16 Grant Program provides financial assistance to
17 new and existing industries for expansion
18 projects that create new jobs, retain existing
19 jobs, and generate new investment within the AEP
20 Ohio service territory. These funds which are
21 designated to assist with the cost of utility
22 infrastructure, have been a major factor and
23 sometimes the deciding factor in the decisions
24 of companies to locate or expand in Appalachian
25 Ohio. They have also been critical to

1 preserving jobs that may otherwise have been
 2 lost to the region.

3 We are particularly pleased to see
 4 that AEP's proposed ESP further benefits
 5 the region and its ratepayers by proposing an
 6 estimated nine percent reduction over the
 7 three-year term for customers that receive there
 8 generation rate through AEP Ohio. The
 9 combination of outstanding service, support for
 10 economic development, and substantial rate
 11 reduction is a win for both the region's economy
 12 and its ratepayers.

13 We recommend approval of AEP's case
 14 and ask that this testimony be docketed with
 15 Case No. 13-2385-EL-SSO.

16 Sincerely, John A. Molinaro,
 17 president and CEO.

18 ATTORNEY EXAMINER: Thank you. Any
 19 questions?

20 Thank you, Ms. Hatfield. The next
 21 witnesses is Michael Boster.

22 (WITNESS SWORN)

23 - - -

24 MICHAEL L. BOSTER

25 called as a witness, being first duly sworn,

1 testified as follows:

2 ATTORNEY EXAMINER: Name, address
3 for the record, please.

4 MR. BOSTER: Michael L. Boster. My
5 office address is 515 Park Avenue, Ironton, Ohio
6 45638.

7 ATTORNEY EXAMINER: Thank you.

8 MR. BOSTER: And I represent the
9 Lawrence County Emergency Management Agency in
10 Ironton.

11 Good evening ladies and gentlemen.
12 I am Michael Boster, Director of Lawrence County
13 Emergency Management Agency in Ironton, Ohio.
14 Thank you for the opportunity to speak in
15 regards to the American Electric Power Electric
16 Security Plan, ESP, which was filed on December
17 20th, fulfilling the Commission's objective for
18 AEP Ohio's full transition to market-based rates
19 for generation supply.

20 I want to speak briefly this evening
21 about my experiences with AEP both on a personal
22 and professional level. I will give examples of
23 AEP's dedication to maintaining a viable power
24 distribution delivery system as well as their
25 commitment to community safety.

1 As both a personal consumer of and a
2 professional partner with AEP Ohio I am
3 privileged to witness and experience excellence
4 in customer service from both perspectives. AEP
5 leaders clearly recognize their roles in citizen
6 and responder safety, economic injury mitigation
7 for business customers, and the criticality of
8 maintaining open communications with partner
9 agencies.

10 Routinely throughout the year AEP
11 Ohio's Community Affairs Manager out of
12 Chillicothe, Mr. Jon Buck, and his office staff
13 provides to or discusses with EMA director such
14 as weather information, outage restoration
15 updates, critical infrastructure information,
16 special needs population information, electrical
17 safety information, or fire law and EMS
18 responders and other information crucial to a
19 rapid and effective response during an outage
20 event.

21 Here are two examples of AEP's
22 commitment to Lawrence County. First, in the
23 aftermath of the July 2012 Derecho that resulted
24 in massive electrical infrastructure damages in
25 Ohio and much of the eastern U.S. AEP Ohio

1 quickly sent line crews into our county working
2 with the county engineer and local officials as
3 roads were cleared and access opened to restore
4 power as quickly and possible.

5 In the life-threatening heat in the
6 days following AEP Ohio also offer to fund
7 the purchase of ice and water for our citizens.

8 Additionally, AEP maintained and
9 promoted an updated list of cooling stations and
10 shelters in our county. Throughout the event
11 Mr. Jon Buck maintained regular contact with the
12 EMA office providing updates on restoration
13 efforts and assuring that critical facilities
14 would be restored as a high priority.

15 Secondly, on March 2, 2014, a more
16 recent event, the National Weather Service
17 forecast for Lawrence County called for heavy
18 ice with widespread utility impacts, including
19 the potential for extensive power outages.

20 Weather models of the impending ice
21 storm closely resembled those of the President's
22 Day ice storm of 2003 which resulted in major
23 utility infrastructure devastation and long-term
24 utility outages for many people in the county.

25 Various response agencies were busy

1 preparing for the storm and agency leaders met
2 that Sunday afternoon for a pre-event briefing
3 at the Lawrence County Emergency Operations
4 Center. Mr. Jon Buck joined the briefing via
5 teleconference to inform our county of AEP's
6 preparations to address potential outages and
7 including the pre-staging of AEP resources,
8 mutual aid crews in and around our county. In
9 fact, Mr. Buck and AEP within had begun reaching
10 out to our county and other EMA directors in the
11 southeast Ohio area several days before that
12 briefing, keeping us informed of changing
13 weather conditions and AEP's preparedness
14 activities and actions. Fortunately, the ice
15 storm did not have the impact expected and our
16 power infrastructure was spared major damage.

17 These are a few examples of many
18 that demonstrate AEP Ohio's lean-forward
19 approach in working with local jurisdictions to
20 assure that our citizens remain safe and healthy
21 as possible, a goal shared by the Lawrence
22 County Emergency Management Agency.

23 According to AEP, as they continue
24 to invest in our community the proposed ESP 3
25 would yield some positive benefits for AEP

1 customers as follows:

2 Customer rates will be decrease.
3 The plan projects an average 9 percent decrease
4 in rates over the three-year term for customers
5 who receive their generation rate through AEP
6 Ohio. The average residential customer using
7 1,000 kilowatt hours per month could see a
8 decrease in total monthly bills of approximately
9 \$9 or eight percent starting in June of 2015.

10 Customers will experience increased
11 reliability. By continuing to invest in the
12 distribution infrastructure AEP Ohio will
13 further its incremental work to continue
14 improvements and increase reliability across
15 the system.

16 Third, customers will benefit from
17 additional employment growth within AEP. AEP
18 Ohio is proposing to hire 150 line mechanics and
19 construction support personnel with a focus on
20 veterans, to address a projected shortfall of
21 internal resources needed for long-term improved
22 reliability and infrastructure investment.

23 In Lawrence County AEP is committed
24 to the strategic centralization of their offices
25 and is moving forward with building a new

1 facility at the Point Industrial Park in South
2 Point.

3 Enhancement of available budget and
4 payment options and simplified one entity
5 billing. Through the purchase of receivables
6 program, AEP Ohio will be able to attract more
7 providers by alleviating credit issues that
8 smaller providers may have. Customers who shop
9 will be able to be placed on budget and average
10 monthly payment programs not currently
11 available. Also customers will have to deal
12 with only one entity on billing.

13 5. Statewide and local economic
14 impacts. Economic Development Rider allows AEP
15 to continue it's efforts to stimulate the
16 economy in the state by attracting new business,
17 retaining and expanding existing businesses and
18 helping to create new jobs.

19 In conclusion, AEP has demonstrated
20 a commitment to the individual consumer, to
21 the local community, and to the State of Ohio.
22 The proposed ESP demonstrates that AEP Ohio is
23 willing to continue current investments into our
24 state while seeking to maintain the reliable
25 infrastructure, emphasize community investment

1 through hiring additional employees into the
2 workforce, and seeking to maintain lower costs
3 for customer. Because of their continued
4 efforts I recommend that the Public Utilities
5 Commission of Ohio approve the American Electric
6 Power ESP 3.

7 If you have any questions you can
8 address those to me. Thank you.

9 ATTORNEY EXAMINER: Any questions?

10 MR. SERIO: No.

11 ATTORNEY EXAMINER: Thank you very
12 much, Mr. Boster. That concludes the witnesses
13 on the sign-up sheet. Is there anyone else in
14 the audience at this time that would like to
15 testify?

16 Okay. Seeing no one, this will
17 conclude this evening's public hearing.
18 Testimony that has been offered on the record
19 will be presented to the Commission for its
20 consideration in this case.

21 If you have any questions about the
22 case process or how to file additional comments
23 in the docket please see one of us as you leave
24 this evening.

25 And we thank you very much for your

1 attendance tonight. Have a good night.

2 (At 6:35 P.M. the hearing was
3 concluded)

4 - - -

5 CERTIFICATE

6 I do hereby certify that the foregoing
7 is a true and correct transcript of the
8 proceedings taken by me in this matter on May
9 20, 2014, and carefully compared with my
10 original stenographic notes.

11 _____
12 Michael O. Spencer,
13 Registered Professional
14 Reporter.

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This foregoing document was electronically filed with the Public Utilities

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in

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

Summary: Transcript in the matter of Ohio Power Company hearing held in Marietta on 05/20/14 electronically filed by Mrs. Jennifer Duffer on behalf of Armstrong & Okey, Inc. and Spencer, Michael O. Mr.