

AEP OHIO EX. NO. _____

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application Seeking)	
Approval of Ohio Power Company's)	
Proposal to Enter into an Affiliate)	
Power Purchase Agreement for)	Case No. 14-1693-EL-RDR
Inclusion in the Power Purchase)	
Agreement Rider)	
In the Matter of the Application of)	
Ohio Power Company for Approval of)	Case No. 14-1694-EL-AAM
Certain Accounting Authority)	

DIRECT TESTIMONY OF
STEVEN M. FETTER
IN SUPPORT OF AEP OHIO'S
AMENDED APPLICATION

Filed: May 15, 2015

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO
DIRECT TESTIMONY OF
STEVEN M. FETTER
ON BEHALF OF
OHIO POWER COMPANY

1 **PERSONAL DATA**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Steven M. Fetter. My business address is 1240 West Sims Way, Port
4 Townsend, Washington 98368.

5 **Q. ON WHOSE BEHALF ARE YOU PROVIDING DIRECT TESTIMONY?**

6 A. I am testifying on behalf of the Ohio Power Company (“AEP Ohio” or “Company”).

7 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

8 A. I am President of Regulation UnFettered, a utility advisory firm I started in April 2002.
9 Prior to that, I was employed by Fitch, Inc. (“Fitch”), a credit rating agency based in New
10 York and London. Prior to that, I served as Chairman of the Michigan Public Service
11 Commission (“Michigan PSC”).

12 **Q. PLEASE BRIEFLY DESCRIBE YOUR EDUCATIONAL BACKGROUND.**

13 A. I graduated with high honors from the University of Michigan with an A.B. in
14 Communications in 1974. I graduated from the University of Michigan Law School with
15 a J.D. in 1979.

16 **Q. PLEASE DESCRIBE YOUR SERVICE ON THE MICHIGAN PUBLIC SERVICE**
17 **COMMISSION.**

1 A. I was appointed as a Commissioner to the three-member Michigan PSC in October 1987
2 by Democratic Governor James Blanchard. In January 1991, I was promoted to
3 Chairman by incoming Republican Governor John Engler, who reappointed me in July
4 1993. During my tenure as Chairman, timeliness of commission processes was a major
5 focus and my colleagues and I achieved the goal of eliminating the agency's case backlog
6 for the first time in 23 years. While on the Michigan PSC, I also served as Chairman of
7 the Board of the National Regulatory Research Institute ("NRRI"), the research arm of
8 the National Association of Regulatory Utility Commissioners, which was then located at
9 The Ohio State University. After leaving regulatory service, I was appointed to the NRRI
10 Board as a public member.

11 **Q. WHAT WAS YOUR ROLE IN YOUR EMPLOYMENT WITH FITCH?**

12 A. I was Group Head and Managing Director of the Global Power Group within Fitch. In
13 that role, I served as group manager of the combined 18-person New York and Chicago
14 utility team. I was originally hired to interpret the impact of regulatory and legislative
15 developments on utility credit ratings, a responsibility I continued to have throughout my
16 tenure at the rating agency. In April 2002, I left Fitch to start Regulation UnFettered.

17 **Q. HOW LONG WERE YOU EMPLOYED BY FITCH?**

18 A. I was employed by Fitch from October 1993 until April 2002. In addition, Fitch retained
19 me as a consultant for a period of approximately six months shortly after I resigned.

20 **Q. PLEASE DESCRIBE YOUR ROLE AS PRESIDENT OF REGULATION**
21 **UNFETTERED.**

22 A. I formed a utility advisory firm to use my financial, regulatory, legislative, and legal
23 expertise to aid the deliberations of regulators, legislative bodies, and the courts, and to

1 assist them in evaluating regulatory issues. My clients have included investor-owned and
2 municipal electric, natural gas and water utilities, state public utility commissions and
3 consumer advocates, non-utility energy suppliers, international financial services and
4 consulting firms, and investors.

5 **Q. HOW DOES YOUR EXPERIENCE RELATE TO YOUR TESTIMONY IN THIS**
6 **PROCEEDING?**

7 A. My experience as Chairman and Commissioner on the Michigan PSC and my subsequent
8 professional experience with financial analysis and ratings of the U.S. electric and natural
9 gas sectors – in jurisdictions involved in restructuring activity as well as those still
10 following a traditional regulated path – have given me solid insight into the importance of
11 a regulator’s role vis-à-vis regulated utilities, both in setting their rates as well as the
12 appropriate terms and conditions for the service they provide.

13 **Q. HAVE YOU PREVIOUSLY GIVEN TESTIMONY BEFORE REGULATORY**
14 **AND LEGISLATIVE BODIES?**

15 A. Since 1990, I have testified on numerous occasions before the U.S. Senate, the U.S.
16 House of Representatives, the Federal Energy Regulatory Commission, federal district
17 and bankruptcy courts, and various state and provincial legislative, judicial, and
18 regulatory bodies on the subjects of credit risk and cost of capital within the utility sector,
19 electric and natural gas utility restructuring, fuel and other energy cost adjustment
20 mechanisms, regulated utility mergers and acquisitions, construction work in progress
21 and other interim rate recovery structures, utility securitization bonds, and nuclear
22 energy. I have previously filed testimony before the Public Utilities Commission of Ohio
23 (“Commission”) on behalf of Vectren Energy Delivery of Ohio, Inc. in Case Nos. 04-

1 571-GA-AIR and 04-794-GA-AAM (related to decoupling), and Cinergy/Cincinnati Gas
2 & Electric Company and Duke Energy Corporation in their Merger Case Nos. 05-732-
3 EL-MER/05-733-EL-AAM.

4 My full educational and professional background is presented in AEP Ohio
5 Exhibit SMF-1.

6 **PURPOSE OF TESTIMONY**

7 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

8 A. AEP Ohio has asked me to review its affiliated power purchase agreement (“Affiliated
9 PPA”) proposed in this case, as well as the inclusion of the OVEC entitlements in the
10 PPA Rider (together, “PPA Rider Units” or “PPAs”), and the resulting benefits received
11 by customers through operation of the PPA Rider, and, utilizing my past experience as a
12 state utility commission chairman, head of a major utility credit rating practice, and
13 utility consultant to regulated utilities, utility commissions, and consumer advocates,
14 offer an opinion as to whether the PPAs align with the public interest here in Ohio.

15 **Q. COULD YOU BEGIN BY EXPLAINING HOW YOU WENT ABOUT THAT**
16 **EXERCISE?**

17 A. Yes. I have reviewed the filings in this proceeding as well as this Commission’s
18 February 25, 2015 order in Case No. 13-2385-EL-SSO (“February Order”). Based on
19 that review, I came to conclusions as to the benefits that would be provided by
20 Commission approval of the proposed PPAs, and then balanced them against any
21 potential negatives, which here relate to any potential costs that might be added onto AEP
22 Ohio customer bills.

1 **Q. DO YOU AGREE WITH THE COMMISSION’S DECISION IN CASE NO. 13-**
2 **2385-EL-SSO REGARDING THE PPA RIDER MECHANISM?**

3 A. Yes. I find that the Commission’s decision approving the PPA Rider represents
4 constructive regulatory policy. However, in reading the February Order, I was sorry
5 that the Commission did not see the beneficial cost-benefit balance of the inclusion of
6 the OVEC entitlements in the PPA Rider. I believe it was appropriate for the
7 Commission to permit AEP Ohio to present additional analysis supporting the OVEC
8 component of its proposal in this case.

9 **Q. BASED ON YOUR REVIEW OF THE COMPANY’S AMENDED APPLICATION,**
10 **WHICH INCLUDES BOTH THE OVEC ENTITLEMENTS AS WELL AS THE**
11 **AFFILIATED PPA, DO YOU BELIEVE IT IS IN THE BEST INTEREST OF**
12 **UTILITY CUSTOMERS FOR THE COMMISSION TO APPROVE THIS**
13 **APPLICATION?**

14 A. Yes. Based on the information presented through the testimony of Company witnesses, I
15 believe the Commission should move forward with the approval of including the
16 Affiliated PPA and the OVEC entitlements in the PPA Rider beginning October 1, 2015.

17 **Q. PLEASE EXPLAIN.**

18 A. I found the potential benefits in the PPA Rider with the inclusion of the OVEC
19 entitlements and Affiliated PPA to be significant. But my assessment did not end there.
20 Based on the analysis of AEP Ohio witness Dr. Kelly D. Pearce, it appears that, while the
21 inclusion of the proposed PPA Rider Units would likely result in higher costs for
22 customers early on, due to extremely low PJM market levels in its western market, over
23 time there would be a strong possibility that prices in the PJM western market would rise

1 during the term of the proposed PPAs to levels sufficient to reverse that earlier financial
2 customer cost, potentially resulting in an overall positive financial impact on AEP Ohio
3 customers. Of course, that financial benefit would be accompanied by the other non-rate
4 benefits that would result under the PPAs and PPA Rider.

5 **Q. WOULD YOU DISCUSS THOSE BENEFITS?**

6 A. Yes. While they have been fully discussed and explained by the AEP Ohio witnesses --
7 testimony with which I am in accord and which I do not intend to repeat -- I will focus on
8 several of those benefits for which my specific background can further illuminate their
9 significance. Let me start with one potential benefit that carries unique importance for
10 me owing to my time as a utility regulator. Back during my commission tenure, my
11 mindset was that I never wanted to order a regulatory action that would rob the Michigan
12 PSC of control if that policy judgment later proved to be faulty. I see such a potential
13 concern here if inclusion of the proposed PPAs in the PPA Rider were to be rejected.
14 The evidence put forward by the Company makes clear that, on a going forward basis, it
15 will be virtually impossible for many of its existing generation plants to compete with the
16 extremely low capacity and energy prices in the PJM western market. The Company
17 indicates that, if its proposal here were to be rejected, many of the plants at issue could
18 end up being retired early or sold to a third party. Added to that is AEP Ohio's worry
19 that there will not exist an easy path ahead for generation construction, whether by itself
20 or by third-party merchant plant developers.

21 Either of these results would have a negative effect vis-a-vis the Commission's
22 concerns about future reliability and supply diversity as explicitly expressed in its
23 February Order. Far better would be a portfolio of supply choices, using various types of

1 fuel, spanning the spectrum from long-term in-ground cost-based generation
2 commitments all the way to market-based alternatives that can at times provide more
3 attractively priced options, but come bearing price, fuel, and supply volatility that cannot
4 always be remedied through regulatory channels. For example, in my prior leadership
5 role at Fitch, close interaction with utility managements and investors made clear that
6 they could not justify long-term investment decisions based upon short-term price
7 signals. Thus, if several of AEP Ohio's generation plants end up being retired, PJM's
8 three-year planning horizon is likely insufficient to easily attract new generation
9 investment to the state for the foreseeable future. The result: customers in Ohio could
10 become totally at the mercy of the capacity and energy markets, and as industry observers
11 have seen, the market can be an unforgiving punisher, whether due to fuel source
12 anomalies, weather abnormalities, catastrophic events, or even market manipulation.
13 While no one can predict the future aberrational events that could impact the utility sector
14 (other than the certainty that there *will be* some such events), the maintenance of multiple
15 avenues of response for utilities and their regulators clearly can play a role in limiting any
16 negative reliability or financial effects on customers and investors.

17 **Q. CAN YOU FURTHER EXPLAIN THOSE POTENTIAL NEGATIVE IMPACTS**
18 **ON MARKET PRICES?**

19 A. Yes. Clearly, the regulated utility industry and its regulators are fully aware of potential
20 fuel supply disruptions (whether driven by current or future environmental regulations,
21 storm events, or the normal supply and demand ups and downs), weather abnormalities
22 (the polar vortex here or Hurricane Katrina and Superstorm Sandy elsewhere), and
23 impact from terrorism (as faced by Consolidated Edison of New York on September 11).

1 Let me add to those risks an example of the totally unforeseen and unexpected. The early
2 electricity restructuring effort in California was predicated on the concept of generation
3 divestment, followed by utilities being subject to procuring the large bulk of their
4 electricity supply needs from the wholesale markets. It did not work out as policymakers
5 had planned.

6 **Q. WOULD YOU EXPLAIN WHAT HAPPENED IN CALIFORNIA?**

7 A. Yes. As with many commissions at that time, the California Public Utilities Commission
8 apparently held the view that electricity restructuring could only result in lower wholesale
9 prices, and thus it put into place a retail rate freeze. As we know now, Enron and other
10 ill-acting entities subjected the wholesale markets to substantial manipulation, driving
11 wholesale prices to a level that forced the state's two largest regulated electric utilities
12 into or near bankruptcy. While California long ago retrenched from that flawed structure
13 (and we have seen years of post-hoc expert analyses), I am struck by a statement from the
14 US Congressional Budget Office's very early analysis of the "Causes and Lessons of the
15 California Electricity Crisis" published in September 2001:

16 Having a large reserve of generating capacity could ease the transition from a
17 regulated to a competitive market structure. Indeed, if California had implemented
18 its plan in the early 1990s, when the state's utilities still possessed more capacity
19 than they needed, the market could have better handled the stresses that arose in
20 the summer of 2000. That improved response could in turn have masked some of
21 the faults of the restructuring plan. (at 32)

22
23 **Q. AND THE LESSON FOR OHIO?**

24 A. To me, it all comes down to preserving optionality to deal with unknown future
25 developments. No one can predict how the capacity and energy markets will progress
26 anywhere in the country, much less within PJM where conditions and price levels vary so
27 much between regions. No one can know if circumstances will evolve to a point where

1 merchant generation development can become a “sure thing.” Accordingly, I am very
2 much attracted to the aspect of the PPAs and PPA Rider that continues to arm the
3 Commission with the ability to react to market volatility or other anomalies, whatever the
4 cause, as well as take steps if reliability were to be jeopardized by future events. It is
5 interesting to note that Ohio’s neighboring regulators in Indiana, West Virginia, and
6 Kentucky all continue to provide regulated recovery of generation investment. And in
7 my former home state of Michigan, after access to choice was opened up to all customers
8 in 2000 (fortunately without a utility generation divestment requirement), the Legislature
9 pulled that policy back significantly in 2008, resulting in most customers continuing to
10 receive service on a regulated cost-of-service basis. Today Michigan has a regulatory
11 structure that includes competitive elements and cost-of-service elements for generation
12 service. The traditional cost-based regulatory frameworks in four of Ohio’s neighboring
13 states go far toward affording the certainty that investors require before providing their
14 funds for infrastructure enhancement. There is value for regulators to maintain a degree
15 of control in what I would describe as a “fail-safe” fashion.

16 **Q. CAN YOU DISCUSS OTHER ATTRACTIVE ASPECTS OF THE COMPANY’S**
17 **PROPOSAL BASED UPON YOUR PAST EXPERIENCES?**

18 A. Yes. Clearly, the PPAs will provide a baseline cost for sale of generation output into the
19 PJM western market, with customers receiving a charge or credit for the differences. By
20 its very nature, this framework will serve as a hedge against market stresses, albeit with
21 customers bearing a relatively small cost at the outset for protection throughout the term
22 of the PPAs. Indeed, that concept should not be foreign to regulators and utility
23 customers when they consider what a hedge does: a small payment upfront guards against

1 larger (potentially difficult to pay) costs later. This is the very definition of “insurance,”
2 the likes of which virtually every customer in AEP Ohio’s service territory already
3 subscribes to in the form of automobile, homeowner, or life insurance. And the idea that
4 the PPAs, operating as a hedge, will help tamp down market volatility and lend greater
5 price stability to AEP Ohio’s customers in the PJM western market is consistent with the
6 aims of Ohio policymakers when they initiated the state’s movement to a more
7 competitive, but still highly reliable, electricity landscape.

8 **Q. BUT DO YOU SEE THE PPAS SKEWING THAT EVOLVING COMPETITIVE**
9 **ENVIRONMENT?**

10 A. No I do not. The improved stability that the PPAs will bring to AEP Ohio’s customers
11 will benefit all participants within those markets, regardless of whether they access their
12 electricity through competitive retail electric service (“CRES”) or standard service offer
13 (“SSO”). The PPAs and PPA Rider are structured to be nonbypassable, so that every
14 customer will be subject to the charge or credit resulting from PJM capacity and energy
15 market levels. Accordingly, the dynamic between CRES customers and those subject to
16 the SSO auction price will not be skewed by the presence of the proposed PPAs – and the
17 positive non-rate aspects of the PPAs should accrue to the benefit of both sets of
18 customers.

19 **Q. PLEASE EXPLAIN.**

20 A. The Company has stressed the importance that the generation plants covered by its
21 proposal play within the local regions across Ohio. I find that position to be wholly
22 defensible. I talked about my prior service as Chairman of the Michigan PSC. In that
23 role, I did not view that our commission was merely looking at the financial aspects of

1 return on investment and cost recovery for O&M and other prudently-incurred expenses.
2 I viewed the role as operating in the interests of the state as a whole – thus, balancing the
3 concerns of customers, utilities, their shareholders, and even at times factoring in
4 economic development, property rights, and the environment. And a regulator need only
5 be placed in the midst of heated positions put forward by a widely diverse set of
6 stakeholders relating to a special economic development rate for a General Motors or a
7 National Steel to appreciate that regulatory disputes do not always occur between
8 regulated utilities and their customers: customer interests can diverge as well. So, in
9 carrying out my regulatory responsibilities, I, and my colleagues, would often consider
10 the types of broad economic issues raised here by AEP Ohio in support of the PPAs and
11 PPA Rider – specifically, jobs and the local community economies that wages from those
12 jobs support, along with the significant property taxes that accompany the presence of
13 such major assets.

14 **Q. YOU MENTIONED EARLIER, THE FINAL STEP IN YOUR ANALYSIS WAS A**
15 **FINANCIAL ONE – THE POTENTIAL POSITIVE OR NEGATIVE IMPACT ON**
16 **CUSTOMER RATES. WHAT DID YOU FIND?**

17 A. AEP Ohio witness Dr. Pearce prepared Exhibit KDP-2 to forecast the PPA Rider impacts
18 over the forecast period through 2024. Utilizing 5% plus or minus sensitivities, Dr.
19 Pearce forecasts an upside (5% higher load) positive impact on customer rates at \$2.074
20 billion, and a downside (5% lower load) negative impact on customer rates of \$927
21 million. These sensitivities address annual fluctuations in weather and economic
22 conditions. Dr. Pearce also calculated another case based on the average of the high and
23 low forecasts (reflecting a more realistic potential sequence of annual outcomes) which

1 resulted in a positive customer rate impact of \$574 million through 2024. In addition, Dr.
2 Pearce carried forward a weather normalized case (with no forecasted change in load),
3 which resulted in a small positive impact on customers of \$31 million through 2024.

4 **Q. WHAT OBSERVATIONS DO YOU HAVE REGARDING DR. PEARCE’S**
5 **FORECASTED DATA?**

6 A. I found it to be very encouraging. I have participated as an expert witness in dozens of
7 regulatory proceedings since the global financial crisis began to reverse its negative
8 freefall during 2009, and I cannot recall any party putting forward evidence of an
9 expectation that the US or world economy would suffer a *further significant* drop going
10 forward. Accordingly, I place much greater reliance on Dr. Pearce’s average high/low
11 forecast or even the potential that the Ohio economy would support load growth
12 expanding toward his 5% upside sensitivity. On the downside, at worst, I would expect
13 that it would be safe for the Commission to accept Dr. Pearce’s weather normalized no-
14 load change case which ends up with the small positive impact on customer rates of \$31
15 million. Even the negative cost figure for the (unlikely in my view) 5% lower load case
16 does not necessarily mean a substantial rate hit for customers. As Company witness
17 Robert W. Bradish notes, if the plants are retired, significant investment of \$1.6 billion
18 (*or more*) will be needed for transmission upgrades to assure reliability going forward,
19 with a large part of that cost ending up in AEP Ohio customer rates, as further explained
20 in the testimony of Company witness Allen.

21 **Q. BASED ON THE ABOVE DISCUSSION DO YOU RECOMMEND APPROVAL**
22 **OF THE PPAS?**

1 A. Yes. I conclude that approval of the PPAs, as proposed, and their inclusion in the PPA
2 Rider would likely provide a positive rate benefit to customers, in addition to all of the
3 non-rate benefits discussed in my and other Company witnesses' testimonies. Indeed,
4 even if an unexpected negative rate impact on customers were to occur, and would not
5 have been fully offset by necessary transmission investment, I expect that those residual
6 negative effects would be relatively small compared to the significant non-rate benefits
7 that approval of the PPAs and their inclusion in the PPA Rider would provide for AEP
8 Ohio customers and the State of Ohio as a whole.

9 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

10 A. Yes it does.

STEVEN M. FETTER

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Education University of Michigan Law School, J.D. 1979
Bar Memberships: U.S. Supreme Court, New York, Michigan
University of Michigan, A.B. Media (Communications) 1974

April 2002 – Present

President - Regulation UnFettered- Port Townsend, Washington

Founder of advisory firm providing regulatory, legislative, financial, legal and strategic planning advisory services for the energy, water and telecommunications sectors, including public utility commissions and consumer advocates; federal and state testimony; credit rating advisory services; negotiation, arbitration and mediation services; skills training in ethics, negotiation, and management efficiency.

Service on Boards of Directors of: Central Hudson (Fortis Inc. subsidiary) (Chairman, Governance and Human Resources Committee); and Previously CH Energy Group (Lead Independent Director; Chairman, Audit Committee, Compensation Committee, and Governance and Nominating Committee); National Regulatory Research Institute (Chairman); Keystone Energy Board; and Regulatory Information Technology Consortium; Member, Wall Street Utility Group; Participant, Keystone Center Dialogues on RTOs and on Financial Trading and Energy Markets.

October 1993 – April 2002

Group Head and Managing Director; Senior Director -- Global Power Group, Fitch IBCA Duff & Phelps -- New York / Chicago

Manager of 18-employee (\$15 million revenue) group responsible for credit research and rating of fixed income securities of U.S. and foreign electric and natural gas companies and project finance; Member, Fitch Utility Securitization Team.

Led an effort to restructure the global power group that in three years time resulted in 75% new personnel and over 100% increase in revenues, transforming a group

operating at a substantial deficit into a team-oriented profit center through a combination of revenue growth and expense reduction.

Achieved national recognition as a speaker and commentator evaluating the effects of regulatory developments on the financial condition of the utility sector and individual companies; Cited by Institutional Investor (9/97) as one of top utility analysts at rating agencies; Frequently quoted in national newspapers and trade publications including The New York Times, The Wall Street Journal, International Herald Tribune, Los Angeles Times, Atlanta Journal-Constitution, Forbes and Energy Daily; Featured speaker at conferences sponsored by Edison Electric Institute, Nuclear Energy Institute, American Gas Assn., Natural Gas Supply Assn., National Assn. of Regulatory Utility Commissioners (NARUC), Canadian Electricity Assn.; Frequent invitations to testify before U.S. Senate (on C-Span) and House of Representatives, and state legislatures and utility commissions.

Participant, Keystone Center Dialogue on Regional Transmission Organizations; Member, International Advisory Council, Eisenhower Fellowships; Author, "A Rating Agency's Perspective on Regulatory Reform," book chapter published by Public Utilities Reports, Summer 1995; Advisory Committee, Public Utilities Fortnightly.

March 1994 – April 2002

Consultant -- NYNEX -- New York, Ameritech -- Chicago, Weatherwise USA -- Pittsburgh

Provided testimony before the Federal Communications Commission and state public utility commissions; Formulated and taught specialized ethics and negotiation skills training program for employees in positions of a sensitive nature due to responsibilities involving interface with government officials, marketing, sales or purchasing; Developed amendments to NYNEX Code of Business Conduct.

October 1987 - October 1993

Chairman; Commissioner -- Michigan Public Service Commission -- Lansing

Administrator of \$15-million agency responsible for regulating Michigan's public utilities, telecommunications services, and intrastate trucking, and establishing an effective state energy policy; Appointed by Democratic Governor James Blanchard; Promoted to Chairman by Republican Governor John Engler (1991) and reappointed (1993).

Initiated case-handling guideline that eliminated agency backlog for first time in 23 years while reorganizing to downsize agency from 240 employees to 205 and eliminate top tier of management; MPSC received national recognition for fashioning incentive plans in all regulated industries based on performance, service quality, and infrastructure improvement.

Closely involved in formulation and passage of regulatory reform law (Michigan Telecommunications Act of 1991) that has served as a model for other states; Rejuvenated dormant twelve-year effort and successfully lobbied the Michigan Legislature to exempt the Commission from the Open Meetings Act, a controversial step that shifted power from the career staff to the three commissioners.

Elected Chairman of the Board of the National Regulatory Research Institute (at Ohio State University); Adjunct Professor of Legislation, American University's Washington College of Law and Thomas M. Cooley Law School; Member of NARUC Executive, Gas, and International Relations Committees, Steering Committee of U.S. Environmental Protection Agency/State of Michigan Relative Risk Analysis Project, and Federal Energy Regulatory Commission Task Force on Natural Gas Deliverability; Eisenhower Exchange Fellow to Japan and NARUC Fellow to the Kennedy School of Government; Ethics Lecturer for NARUC.

August 1985 - October 1987

Acting Associate Deputy Under Secretary of Labor; Executive Assistant to the Deputy Under Secretary -- U.S. Department of Labor -- Washington DC

Member of three-person management team directing the activities of 60-employee agency responsible for promoting use of labor-management cooperation programs. Supervised a legal team in a study of the effects of U.S. labor laws on labor-management cooperation that has received national recognition and been frequently cited in law reviews (U.S. Labor Law and the Future of Labor-Management Cooperation, w/S. Schlossberg, 1986).

January 1983 - August 1985

Senate Majority General Counsel; Chief Republican Counsel -- Michigan Senate -- Lansing

Legal Advisor to the Majority Republican Caucus and Secretary of the Senate; Created and directed 7-employee Office of Majority General Counsel; Counsel, Senate Rules and Ethics Committees; Appointed to the Michigan Criminal Justice Commission, Ann Arbor Human Rights Commission and Washtenaw County Consumer Mediation Committee.

March 1982 - January 1983

Assistant Legal Counsel -- Michigan Governor William Milliken -- Lansing

Legal and Labor Advisor (member of collective bargaining team); Director, Extradition and Clemency; Appointed to Michigan Supreme Court Sentencing

Guidelines Committee, Prison Overcrowding Project, Coordination of Law Enforcement Services Task Force.

October 1979 - March 1982

Appellate Litigation Attorney -- National Labor Relations Board -- Washington DC

Other Significant Speeches and Publications

The "A" Rating (Edison Electric Institute Perspectives, May/June 2009)

Perspective: Don't Fence Me Out (Public Utilities Fortnightly, October 2004)

Climate Change and the Electric Power Sector: What Role for the Global Financial Community (during Fourth Session of UN Framework Convention on Climate Change Conference of Parties, Buenos Aires, Argentina, November 3, 1998)(unpublished)

Regulation UnFettered: The Fray By the Bay, Revisited (National Regulatory Research Institute Quarterly Bulletin, December 1997)

The Feds Can Lead...By Getting Out of the Way (Public Utilities Fortnightly, June 1, 1996)

Ethical Considerations Within Utility Regulation, w/M. Cummins (National Regulatory Research Institute Quarterly Bulletin, December 1993)

Legal Challenges to Employee Participation Programs (American Bar Association, Atlanta, Georgia, August 1991) (unpublished)

Proprietary Information, Confidentiality, and Regulation's Continuing Information Needs: A State Commissioner's Perspective (Washington Legal Foundation, July 1990)

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of Ohio Power Company's *Pre-Filed Direct Testimony of Steven M. Fetter* have been served upon the below-named counsel and Attorney Examiners by electronic mail to all Parties this 15th day of May, 2015.

/s/ Steven T. Nourse
Steven T. Nourse

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