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2 American Electric Power Service Corporation
3 By Steven T. Nourse, Esq.
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6 On behalf of Ohio Power Company.

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8 By Terry Etter, Esq.
9 Assistant Consumers' Counsel
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11 Columbus, Ohio 43215-3485

12 Carpenter, Lipps & Leland, LLP
13 By Kimberly W. Bojko, Esq.
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15 280 North High Street
16 Columbus, Ohio 43215

17 On behalf of the Office of the Ohio
18 Consumers' Counsel.

19 Michael DeWine, Ohio Attorney General
20 By Werner L. Margard, III, Esq.
21 (via speakerphone)
22 Assistant Attorney General
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24 Columbus, Ohio 43215

25 On behalf of the Staff of the PUCO.

26 Colleen L. Mooney, Esq. (via speakerphone)
27 Ohio Partners for Affordable Energy
28 231 West Lima Street
29 Findlay, Ohio 45840

30 On behalf of Ohio Partners for
31 Affordable Energy.

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1 APPEARANCES (Continued):

2

ALSO PRESENT:

3

Andrea E. Moore, Ohio Power Company;

4

James Williams, Sr. Utility Consumer

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Policy Analyst, Office of the Ohio

Consumers' Counsel;

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Wilson Gonzalez, President, Tree House

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Energy & Economics Consulting, LLC;

Peter Lanzalotta, OCC Consultant

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(via speakerphone);

James Schweitzer, PUCO (via speakerphone).

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1 Thursday Morning Session,
2 July 28, 2016.

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4 STIPULATIONS

5 It is stipulated by and among counsel
6 for the respective parties that the deposition of
7 Scott S. Osterholt, a witness called by the Office of
8 the Ohio Consumers' Counsel under the applicable
9 Rules of Civil Procedure, may be reduced to writing
10 in stenotype by the Notary, whose notes thereafter
11 may be transcribed out of the presence of the
12 witness; and that proof of the official character and
13 qualification of the Notary is waived; and that the
14 examination, reading, and signature of the said
15 witness to the transcript of his deposition are
16 waived by counsel and the witness; said deposition to
17 have the same force and effect as though signed by
18 the said Scott S. Osterholt.

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1 Thursday Morning Session,
2 July 28, 2016.

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4 (Witness placed under oath.)

5 MS. BOJKO: At this time, we'll take
6 appearances.

7 MR. ETTER: For OCC, Terry Etter.

8 MS. BOJKO: Kim Bojko with the law firm
9 of Carpenter, Lipps & Leland, on behalf of the Ohio
10 Consumers' Counsel. We also have with us Wilson
11 Gonzalez and Jim Williams, and on the phone Peter
12 Lanzalotta.

13 MR. NOURSE: And on behalf of Ohio Power
14 Company, Steven T. Nourse. Do you want my address?
15 You already have it. We also have Andrea Moore
16 attending in addition to the deponent.

17 MR. MARGARD: On behalf of the staff of
18 the Public Utilities Commission, Werner Margard,
19 Assistant Attorney General. Also on the phone is
20 James Schweitzer, witness for the staff.

21 MS. MOONEY: And this is Colleen Mooney
22 on behalf of Ohio Partners for Affordable Energy, and
23 I'm by myself.

24 MS. BOJKO: Anybody else on the phone?

25 (No response.)

1 MS. BOJKO: All right. I think we're
2 ready to begin.

3 - - -

4 SCOTT S. OSTERHOLT,
5 being by me first duly sworn, as hereinafter
6 certified, deposes and says as follows:

7 EXAMINATION

8 BY MS. BOJKO:

9 Q. Good afternoon, Mister -- is it
10 Osterholt?

11 A. It's Osterholt.

12 Q. Great. Could you please state your name
13 and business address for the record?

14 A. Sure. My name is Scott Osterholt,
15 business address is 850 Tech Center Drive, Gahanna,
16 Ohio 43230.

17 Q. And, Mr. Osterholt, have you ever been
18 deposed before?

19 A. This is my first time.

20 Q. So one thing with regard to the
21 deposition is that we need for you to have a verbal
22 response. It's difficult for the court reporter to
23 take down nods or uh-huhs; so if you could give us a
24 verbal response that would be great.

25 At any time if you feel you need a

1 break, if you could just finish the answer -- or the
2 response to the question that's posed and then we'll
3 be happy to take a break, but we can't have a
4 question pending while you take a break. So just let
5 us know if you need a restroom break or some other
6 kind of break.

7 A. Okay.

8 Q. Do you have any questions before we get
9 started?

10 A. I do not.

11 Q. Are you the Scott Osterholt whose
12 testimony was filed in this case on April 20th, 2016?

13 A. Yes, I am.

14 Q. And this case, meaning In the Matter of
15 the Application of Ohio Power Company to Initiate
16 Phase 2 of Its gridSMART Project and to Establish the
17 gridSMART Phase 2 Rider, and that's Case
18 No. 13-1939-EL-RDR; is that correct?

19 A. That is correct.

20 Q. Okay. Did you have any assistance in
21 preparing your testimony that you filed on April
22 20th?

23 A. I was a primary author with assistance
24 from a team of people that support me.

25 Q. And the team that you're referencing, is

1 it a department at AEP? Who is the team?

2 A. There's a large group of people from
3 AEP, AEP Ohio that supports my efforts in drafting
4 that response.

5 Q. And would those efforts be in the
6 Distribution Risk and Project Management Department,
7 or what is the department?

8 A. So gridSMART is operated as a
9 matrix-style project; so there is resources that are
10 outside of my direct responsibility that have helped
11 along with my individual team that I'm responsible
12 for.

13 MS. BOJKO: And at this time I'd like to
14 mark as Depo Exhibit 1, the Notice to Take Deposition
15 and Request for Production of Documents by the Office
16 of Ohio Consumers' Counsel.

17 (EXHIBIT MARKED FOR IDENTIFICATION.)

18 BY MS. BOJKO:

19 Q. Here you go. Have you seen the Notice
20 of Deposition before?

21 A. I do not think that I have read it.

22 Q. If you look on Page 2 of the deposition
23 notice, there are two items listed regarding
24 workpapers that you were asked to bring with you or
25 documents that you used in responding to any data

1 requests. Do you have any documents with you today?

2 A. I do.

3 Q. And what did you bring with you today?

4 A. I brought all of the OCC data requests,
5 and I brought the original filed application, the
6 signed Stipulation agreement, and I think it's all
7 written testimony for this case.

8 Q. And all written testimony meaning of all
9 intervening parties, as well as the AEP witnesses?

10 A. I have written testimony from Osterholt,
11 Moore, Schweitzer, Direct Energy, Williams,
12 Lanzalotta, and Gonzalez.

13 MR. NOURSE: Counsel, I brought all the
14 discovery for his reference if he needs it.

15 MS. BOJKO: Thank you.

16 BY MS. BOJKO:

17 Q. Do you have a second binder that's
18 discovery responses to OCC; is that correct?

19 A. That is correct.

20 Q. All discovery responses, not just the
21 ones you were responsible for?

22 A. That's a very good point. It is the
23 ones that I was responsible for.

24 Q. Okay. You can put the notice aside.

25 What is your title at AEP?

1 A. I am director of Risk and Project
2 Management.

3 Q. And what are your duties as director?

4 A. I have two major responsibilities; one
5 is overseeing the company's assessment and
6 remediation or risk activities, as well as overseeing
7 the gridSMART efforts.

8 Q. And you said you had your testimony in
9 front of you; is that correct?

10 A. I do.

11 Q. Could you turn to your testimony? We'll
12 be referring to that quite often throughout today.
13 On Page 1, Line 11 of your testimony, you mentioned
14 that your work involves planning and organizing
15 activities to reduce risk associated with AEP Ohio's
16 operations. Do you see that?

17 A. I do.

18 Q. What risk are you referring to there?

19 A. Typically those are operational risks,
20 things like how could we reduce the risk of poles
21 falling and injuring humans, things such as that.

22 Q. And let's back up one more minute.
23 For -- you're director of Distribution Risk and
24 Project Management. Is that a director for AEP Ohio?

25 A. That is correct.

1 Q. And so you're employed by AEP Ohio?

2 A. That is correct.

3 Q. And in addition to poles falling, what
4 are some of the activities you're referring to in
5 your testimony on Line 11?

6 A. So we do assessments of all operational
7 processes and assets. We look at which of those
8 assets and processes involve the most risk. We look
9 at what remediation is currently in place. We look
10 at what remediation could be put in place. We
11 prioritize those, and we work to reduce risk on our
12 system.

13 Q. And on Line 12 you mention that you
14 manage projects and various project implementation
15 activities. What projects are you referring to?

16 A. So projects could be risk-based
17 projects. So let's say we decide hypothetically to
18 expand our pole inspection program, we would be
19 responsible for ensuring that that gets completed.

20 Also on a project management
21 perspective, we also are responsible for all
22 project -- all project activities essentially with
23 the gridSMART Phase 1 and Phase 2 effort if we move
24 forward.

25 Q. So what implementation activities have

1 you managed?

2 A. I was directly responsible for the
3 entire AEP Ohio gridSMART Phase 1 effort.

4 Q. Is that the only one?

5 A. No. I was responsible for many project
6 management activities in my career, including I was a
7 manager of project management for one of the AEP
8 subsidiary companies at one point in my career.

9 Q. And which subsidiary was that?

10 A. AEP Communications.

11 Q. On Line 13 you state you're responsible
12 for day-to-day management of AEP's gridSMART program
13 that you just mentioned, including the implementation
14 of Advanced Metering Infrastructure, AMI,
15 Distribution Automation Circuit Reconfiguration,
16 DACR, and Volt/VAR Optimization. Can you elaborate
17 on what your day-to-day responsibilities are?

18 A. So for those three projects, I had
19 ultimate overall responsibility. So from an AMI
20 perspective, responsible for selecting a vendor,
21 selecting contractors, ordering material, deploying
22 the meters, maintaining the meters, et cetera.

23 For Distribution Automation, I was
24 responsible for putting out an RFP to select the
25 vendors, purchasing the material, developing the plan

1 for deployment, overseeing deployment, managing
2 associated maintenance.

3 The same is true for Volt/VAR; so
4 responsible for the vendor selection, the contract
5 selection, deployment activities, and associated
6 ongoing maintenance activities.

7 Q. And when you say deployment activities
8 and ongoing maintenance, with regard to those two
9 items, you're referring to the overseeing of those
10 two; is that right? You don't actually physically go
11 out in the field and do those activities?

12 A. I do not. I oversee those activities,
13 that's correct.

14 Q. On Page 1 -- let's back up. Will you
15 understand what I mean if I refer to Advanced
16 Metering Infrastructure as AMI?

17 A. Yes, I would.

18 Q. And the same with regard to DACR?

19 A. That's great.

20 Q. And VVO?

21 A. Perfect.

22 Q. Okay. On Line 18 still on Page 1, and
23 it goes over to Page 2, you state that you've
24 interacted with many customers in AEP's gridSMART
25 Phase 1 territory. Do you see that?

1 A. I do see that.

2 Q. How many customers in Phase 1 territory
3 have you interacted with?

4 A. I do not have a definitive answer to the
5 quantity.

6 Q. Could you give me a magnitude?

7 A. I would say somewhere between 200 and
8 600.

9 Q. And how many meters were deployed in
10 Phase 1?

11 A. For Phase 1 we installed originally
12 110,000 meters, we added another 22,000, for a total
13 of 132,000 AMI meters.

14 Q. And the 200 to 600 customers that you
15 referenced, are those residential or business
16 customers?

17 A. That would be a mix.

18 Q. More residential or more business?

19 A. More residential.

20 Q. In what ways did you interact with these
21 customers?

22 A. We had outreach events, outreach and
23 education events. So we have a gridSMART mobile
24 display unit. The primary focus of that unit is to
25 go out and educate the community about our gridSMART

1 project. We went to various events, including the
2 Ohio State Fair, the Parade of Homes, we did some
3 events including a safety day at the City of
4 Whitehall. All three of those events that I
5 mentioned, I personally staffed the gridSMART mobile
6 to talk to customers for small periods of time during
7 those events.

8 Q. Any other ways that you interacted with
9 customers?

10 A. We also had some focus groups, so those
11 were small quantities. So we interacted with them
12 behind glass; so I was more of a -- you know,
13 listening to what they had to say, not actually
14 speaking to them.

15 Q. So you observed the focus group, you
16 didn't interact in the focus group?

17 A. That is correct, yep. Helped oversee
18 the questions to be asked, but not the person that
19 was in the room actually asking the questions.

20 Q. And the mobile van, I think you called
21 it, were you only in it on those three occasions?

22 A. So there was multiple days at the fair,
23 I think it was two; and the Parade of Homes was also
24 two; and the City of Whitehall was one day.

25 Q. And over what period of time --

1 A. That was over --

2 Q. -- is this a year or two years?

3 A. -- a two-year period.

4 Q. But it was just those three events that
5 you mentioned?

6 A. Based on my recall at this time, that is
7 all that I recall.

8 Q. Okay. And as I understand the mobile
9 van, because I've been in the mobile van, it is a
10 series of interaction of either trivia pursuit kind
11 of games or information about smart meters; is that
12 correct?

13 A. I'd be happy to describe it. So when
14 you walk into the mobile unit, the first unit is a
15 video that does a great job of demonstrating the DACR
16 technology, it's an interactive video where there is
17 a lightboard up on the left of the video screen that
18 shows kind of a circuit map of lights going off, the
19 DACR system reconfiguring and bringing lights back
20 on, but the video also gives a greater review of the
21 entire gridSMART program.

22 Going behind that video, there is an AMI
23 meter display, shows an actual AMI meter and a
24 traditional meter, describes some of the benefits.

25 Going to the next unit, we have a

1 display regarding the consumer programs; so we show
2 some of the in-home technology. We also have --
3 behind that we have a slider program; so it's kind of
4 like a -- a display that you would normally see like
5 in a kids' museum more focused towards kids. It's
6 got two handles on it, you slide it back and forth,
7 and as you go over the gridSMART technology, it
8 describes it, again, more oriented towards kids.

9 We also have another module that looks
10 at the web portal, describes how the web portal can
11 show AMI -- does show AMI interval data.

12 Then the last unit in the back is a
13 trivia kind of game where you compete against up to
14 three other people for a total of four, and it goes
15 through both energy efficiency type questions and
16 gridSMART questions.

17 Q. And employees of AEP, such as yourself,
18 are there to answer questions that customers might
19 have; is that correct?

20 A. We also employ an event marketing group
21 called Event Marketing Strategies. They are
22 responsible for getting the mobile unit to the -- the
23 locations. They also have staff that man it, they
24 train to support our project.

25 But typically at all times we'll have

1 one to two additional AEP resources there to answer
2 the more complex questions, and that's -- you know,
3 when I described me being there, I was filling one of
4 those roles.

5 Q. Okay. And you mentioned focus groups.
6 So the AEP focus groups that you mentioned, were
7 those on gridSMART issues?

8 A. So we had some focus groups very, very
9 early in the project, and then we had one at the end
10 of the project that was tied to a DOE study looking
11 more at privacy. And the initial ones were more
12 looking at, you know, how should we best brand the
13 program, how should we best position the program,
14 things like that.

15 Q. So is -- do you believe that those focus
16 groups were about gridSMART?

17 A. They were definitely about gridSMART.

18 Q. Okay. And your role in the gridSMART
19 focus groups was that of the observer behind the
20 glass that you explained to me earlier?

21 A. That is correct.

22 Q. And are you aware if any focus group
23 participant expressed that the company should fund
24 its gridSMART project with the project savings?

25 A. I do not recall that.

1 Q. Are you aware that some focus group
2 participants had concerns about the cost of
3 gridSMART?

4 A. I am not aware of any comments like
5 that. I am -- yes, I'm not aware of any comments.

6 Q. Did you look at the results of the focus
7 group -- focus group participants that you observed?

8 A. Close to the time of the focus group, I
9 did look at those results. I have not refreshed my
10 memory of those results recently.

11 Q. So you're just saying at this time you
12 can't recall what the comments were or were not?

13 A. That's correct. I can say that they
14 were generally enthusiastic about the technology, but
15 I cannot recall specifics on individual comments at
16 this point.

17 Q. Do you recall concerns about costs?

18 A. I do recall customers generally being
19 concerned with costs in general. I don't recall
20 specific comments about customers being concerned
21 about gridSMART costs.

22 Q. Do you believe the results of focus
23 groups are confidential to the company?

24 A. I'm not sure I'm qualified to answer
25 that confidentiality.

1 Q. You just don't know?

2 A. I don't -- I do not know.

3 Q. Let's turn to Page 2 of your testimony.

4 On Line 2, you state that you have firsthand
5 experience with the benefits regarding AMI, DACR, and
6 VVO. Do you see that?

7 A. I do.

8 Q. What do you mean by "firsthand"? Is it
9 just everything you explained to me before about the
10 overseeing of the projects?

11 A. So when I was at those events, I did
12 hear firsthand knowledge from customers who had
13 experienced the benefits of those three programs and
14 have shared with us or me directly their appreciation
15 of these technologies.

16 Q. And, again, did you hear in the -- in
17 that context -- we talked about the focus group, but
18 in the context of the mobile van, did you hear
19 concerns about costs from customers at that time?

20 A. I do not recall any concerns specific
21 about costs to the consumer program from those
22 events.

23 Q. So the benefits that you're referencing
24 on Line 2 are those that you just stated with regard
25 to the new technology associated with gridSMART?

1 A. Yep. So a good example of those is AMI.
2 So one of the things I do recall is customers saying
3 they love the idea that they can see more granular
4 usage information on the web portal, and that
5 information has helped them change or modify their
6 behavior in a way to save energy and save money.

7 Q. And in that context in the mobile
8 vehicle, do you engage customers in the cost analysis
9 of AMI or SMART Grid deployment?

10 A. If that question was asked, we would
11 address it, but I do not recall any customers asking
12 that question.

13 Q. And there's nothing displayed in the van
14 that explains the costs associated with the gridSMART
15 program; is that correct?

16 A. I cannot recall any location inside the
17 vehicle or on any displays that state the costs, but
18 there could be costs mentioned in videos, but I am
19 not certain if it is or is not.

20 Q. And then going on Line 5, still on
21 Page 2, you state you have a Bachelor's Degree in
22 Business Administration from Mt. Vernon Nazarene. In
23 what year did you receive that degree?

24 A. I am unsure of the exact year, but it
25 was in the '90s.

1 Q. And you don't have a master's or
2 doctorate; is that correct?

3 A. That is correct.

4 Q. You mention on Line 6 that you had
5 employment with an electric cooperative. Which co-op
6 was that?

7 A. Pioneer Rural Electric in Piqua, Ohio.

8 Q. How long did you work there?

9 A. '90 to '94.

10 Q. What was your position and job duties
11 with the co-op?

12 A. I was working in the Engineering Group.
13 I was first employed as a co-op student in the
14 Engineering Group and held various roles, small
15 co-op, 55 employees total; so did numerous jobs from
16 traditional engineering work to meter reading to I
17 was responsible for the storeroom for about six
18 months due to the storeroom person being injured,
19 multitude of different responsibilities.

20 Q. So during that four-year period, did
21 that include -- the four-year period you referenced,
22 was that part as a student?

23 A. Part as a student, yes.

24 Q. Do you know how long you worked there
25 after you graduated?

1 A. I do not recall the date that I went
2 full-time, but it was in the '92 timeframe, '93
3 timeframe.

4 Q. On Page 2, Line 6, you also mention
5 working with AEP under a contracting arrangement.
6 What do you mean by a contracting arrangement?

7 A. I was a staff augmentation contractor
8 employed by a synergetic design assigned to do
9 engineering projects in the southern Ohio -- AEP Ohio
10 southern Ohio region.

11 Q. So was that after you worked at the
12 co-op --

13 A. That's right.

14 Q. -- or at the same time?

15 A. It's after the co-op. I left the co-op
16 to come to AEP Ohio in Chillicothe, Ohio under that
17 synergetic staff augmentation role.

18 Q. So you left the co-op in '94, and then
19 went to work on that contract for AEP?

20 A. That's correct.

21 Q. And which unit of AEP were you working
22 under contract?

23 A. Back then it was called the Southern
24 Ohio Region Engineering.

25 Q. And then did you do the synergetic work

1 for approximately two years, and then joined AEP in
2 '96?

3 A. That is correct, June of '96.

4 Q. And in '96 you joined AEP Ohio in the
5 Distribution Region Engineering Group?

6 A. That is correct.

7 Q. What was your position in the
8 Distribution Region Engineering Group?

9 A. Engineering technician or technologist.

10 Q. And what were your job duties as an
11 engineering tech?

12 A. I was responsible for designing the
13 large distribution pole line upgrades.

14 Q. Were you based in Ohio?

15 A. I was based in Chillicothe, Ohio.

16 Q. And then in 1997 you transferred to AEP
17 Ohio's affiliate, Appalachian Power Company; is that
18 right?

19 A. That's correct.

20 Q. And there you led the engineering
21 activities for Lynchburg, Virginia district?

22 A. Yes.

23 Q. And what was your title at that time?

24 A. Distribution -- distribution engineering
25 supervisor.

1 Q. And what were your job duties at
2 Appalachian Power?

3 A. Oversee the distribution engineering
4 design work, including pole line redesign and
5 upgrades, as well as new homes, new business.

6 Q. And were you with Appalachian Power
7 until you returned to AEP Ohio in 2006?

8 A. No. In 1999 I -- I transferred from
9 Lynchburg, Virginia to Columbus, Ohio working for AEP
10 Communications, a nonregulated telecom company owned
11 by AEP, and my role was manager of project
12 management.

13 Q. And then after AEP Communications, you
14 returned to AEP Ohio?

15 A. So in -- in the early 2000s, AEP
16 Communications was eliminated as a company. The
17 assets were transferred to our Telecom/IT Department,
18 and I transitioned to manage the remaining assets in
19 the IT/Telecom group until 2006 when I went back to
20 AEP Ohio.

21 Q. You said transitioned to our. Are you
22 referring to AEP?

23 A. Sorry, yes, AEP's.

24 Q. Not AEP Ohio; AEP Service Corp.?

25 A. Well, the assets were actually moved to

1 all of the individual operating companies whose
2 jurisdiction they fell within, but they were managed
3 essentially by an AEP Service Corp. group.

4 Q. So you were a Service Corp. employee at
5 that time?

6 A. That is correct.

7 Q. From early 2000s to 2006?

8 A. That is correct.

9 Q. Then in 2006 you came -- you went to AEP
10 Ohio as a work scheduling supervisor?

11 A. That is correct.

12 Q. And what were your job duties as a work
13 scheduling supervisor?

14 A. Responsible for scheduling all
15 distribution work in the Central Ohio area.

16 Q. The completion of maintenance and
17 infrastructure upgrades, things of that nature?

18 A. Ensuring all projects got completed both
19 from small to large, yes.

20 Q. And then in 2009 you became manager of
21 Advanced Distribution Infrastructure for AEP Ohio; is
22 that correct?

23 A. That is correct.

24 Q. And what were your job duties there?

25 A. Overseeing AEP Ohio's gridSMART Phase 1

1 demonstration project.

2 Q. Is that the only project you worked on
3 then at the time?

4 A. That -- that was my primary
5 responsibility. At one point in time I helped with
6 the Distribution Investment Rider, setting up the
7 tracking mechanisms, but generally I'd say 98 to 99
8 percent of my time was dedicated to the gridSMART
9 Phase 1 project.

10 Q. And then you took over your current
11 position this year; is that correct?

12 A. That is correct.

13 Q. When was that exactly?

14 A. In January.

15 Q. And it's my understanding that you're
16 the responsible witness for all sections of the
17 Stipulation except Sections 7 and 13; is that
18 accurate?

19 A. My list of sections that I'm sponsoring
20 is shown on Page 2 and 3 of my testimony.

21 Q. And if you look at Line 20, you
22 specifically do not address 7 and 13; is that
23 accurate?

24 A. That is correct, but there's also parts
25 of 3, parts of 6 that I do not support. Witness

1 Moore also addresses parts of Section 3 and parts of
2 Section 6.

3 Q. And it's your understanding that the
4 Stipulation adopts the application as filed except as
5 modified by the Stipulation?

6 A. That is my understanding.

7 Q. Turn to Page 4 of your testimony,
8 please, Line 21, Phase 2 benefit-to-cost ratio
9 remains the same. Do you see that? You say, "...the
10 gridSMART Phase 2 benefit-to-cost ratio remains the
11 same under the Stipulation."

12 A. I see that.

13 Q. So the cost-benefit ratio is the same as
14 proposed in the application; is that correct?

15 A. That is correct.

16 Q. And the Stipulation provisions did not
17 modify the benefit-to-cost ratio; is that correct?

18 A. The numeric output of 2.8 on a cash
19 basis and a 2.0 on a net present value basis did not
20 change, but the underlying assumptions behind those
21 conclusions were modified to reflect all changes
22 associated with the Stipulation.

23 Q. And as you state on Page 5, the
24 benefit-cost ratio shown by the Business Case remains
25 the same even with those updates that you just

1 referenced?

2 A. That is correct.

3 Q. What is the total cost to customers of
4 Phase 2 under the Stipulation?

5 A. So for Phase 2 for the 15-year Business
6 Case evaluated, we reflect that total cost estimate
7 to be \$516 million.

8 Q. And what did you just look at to obtain
9 that information?

10 A. I was looking at the Business Case
11 attached to the back of my written testimony on
12 Page No. 9 in the Cash View -- or in the table under
13 Cash View, the 15-year costs total on the left side
14 in the Cash View section is 516 million.

15 Q. And the Business Case that you just
16 referenced attached to your testimony is
17 Exhibit SSO-1, was updated the same day that you
18 filed your testimony; is that correct?

19 A. That is correct.

20 Q. And was this updated to reflect the
21 Stipulation?

22 A. It was.

23 Q. And what was the 15-year costs of
24 Phase 2 in the original application?

25 A. 465 million.

1 Q. And you are referencing Attachment A
2 that was filed to the application; is that correct?

3 A. That is correct.

4 Q. And Attachment A is the Business Case
5 that was filed with the application?

6 A. That is correct.

7 Q. So your Exhibit SSO-1 took the Business
8 Case attached to the application and updated it to
9 reflect the Stipulation provisions; is that right?

10 A. That is correct.

11 Q. Okay. And under the -- the Stipulation,
12 the DACR deployed per circuit is \$427,000; is that
13 correct?

14 A. Our current estimate is that the DACR
15 averages across the large number of deployed circuits
16 \$427,000 per circuit, yes.

17 Q. And that per-circuit cost is an increase
18 in \$37,500 per circuit from Phase 1; is that correct?

19 A. That is my understanding, yes.

20 Q. And it's also your understanding that
21 for the DACR there will also be an ongoing 3 percent
22 O&M charge pass through the rider each year for the
23 life of a circuit?

24 A. That is correct, that is our estimate.

25 Q. You know what I mean by O&M?

1 A. I do.

2 Q. Okay. Sorry, I didn't mean to cut you
3 off.

4 A. That's okay.

5 Q. Okay. On Page 5 of your testimony,
6 Line 21, you state that it's expected to take 48
7 months for completion. Is there an actual completion
8 deadline or requirement in the Stipulation?

9 A. I am not aware of a -- a requirement.

10 Q. And just for the record, I'm sorry,
11 Page 5, Line 21 is discussing AMI deployment; is that
12 correct?

13 A. That is correct.

14 Q. So would your answer be the same with
15 regard to the -- with DACR as well as VVO, that
16 there's expected completion dates, but not a required
17 completion date?

18 A. That is my understanding as well.

19 Q. On Page 6 of your testimony, you discuss
20 feasibility studies for Phase 2 deployment of AMI and
21 DACR technologies. Do you see that?

22 A. I do.

23 Q. What's the difference between the
24 feasibility study in Section 1.B of the Stipulation
25 and the full system feasibility study in Section 1.D

1 of the Stipulation?

2 A. Section 1.B of the Stipulation is
3 focused on showing how the meters were selected for
4 the AMI deployment and how the circuits were selected
5 for the DACR deployment. And, you know, that study
6 is shown to -- is supposed to show how we selected
7 those in a way that maximizes the total benefits for
8 those deployments.

9 Q. Versus the feasibility study in
10 Section 1.D, what is that to do --

11 A. So 1.D is looking at a larger
12 deployment. So if we were to go forward with the
13 gridSMART Phase 3 project after gridSMART Phase 2 is
14 completed, what other circuits, meters would be
15 advantageous to pursue.

16 Q. So the studies -- the feasibility
17 studies concern feasibility of deployment based on
18 the scope of AEP Ohio's original application; is that
19 correct?

20 A. It is looking at the original scope and
21 showing the details behind how those technologies
22 deployment areas were selected to maximize the
23 benefits.

24 Q. And the original application proposed
25 894,000 AMI meters; is that correct?

1 A. That is correct.

2 Q. And were those for residential and
3 commercial accounts?

4 A. They were.

5 Q. Small commercial accounts?

6 A. The AMI deployed would include generally
7 all customers within a defined geographic area. And
8 I say generally because there are some very complex
9 accounts that there's some unique circumstances where
10 AMI would not be feasible and we'd have to continue
11 with an even more complex metering situation, but
12 that is a very rare occurrence.

13 Q. And the original application -- oh,
14 excuse me. Let me ask one more follow-up question to
15 that.

16 So if an account already had a smart
17 meter, interval meter, that would be excluded. You
18 wouldn't put a new smart meter under this program
19 just because they were within the defined geographic
20 region; is that fair?

21 A. I guess that's a fair question, and the
22 answer would be we would -- we would typically leave
23 the gridSMART meter that was there, but I can't
24 imagine a circumstance where there is a gridSMART
25 meter in a non-gridSMART area. But if there was, we

1 would leave it there.

2 Q. Well, a large customer -- a large
3 commercial customer might already have an interval
4 meter --

5 A. They may have a --

6 Q. -- some kind of smart meter?

7 A. Do you call -- if the metering situation
8 was optimum, we would leave it in those rare, unique
9 circumstances.

10 Q. The original application proposed DACR
11 being added to 250 circuits; is that right?

12 A. That is correct.

13 Q. And then on Page 6, Line 2 of your
14 testimony, you state that that technology will be
15 included on 250 circuits, and prioritized circuits
16 that are likely to result in the greatest customer
17 reliability benefits.

18 And as I understood your prior answer,
19 that will be determined by the feasibility study
20 included in Section 1.B of the Stip?

21 A. That is correct.

22 Q. And the original application proposed
23 VVO being added to 80 circuits; is that correct?

24 A. That is correct.

25 Q. But the Stip doubled that amount to 160

1 circuits?

2 A. That is correct.

3 Q. And in Phase 1 AEP deployed 17 circuits
4 with regard to VVO; is that correct?

5 A. That is correct.

6 Q. So will the feasibility study analyze
7 VVO for the 80 or 100 circuits?

8 A. The feasibility study will address AMI
9 and DACR only.

10 Q. So how will the 160 circuits for VVO
11 technology be defined or selected?

12 A. We will select those circuits based on
13 deriving the maximum customer benefits.

14 Q. And the feasibility studies are to be
15 completed within a year after the Commission approves
16 the Stipulation?

17 A. The study will be completed no later
18 than one year -- one year after the Stipulation is
19 approved.

20 Q. So deployment of AMI and DACR will occur
21 while AEP Ohio's conducting the feasibility study?

22 A. There may be an opportunity for a phased
23 approach of the middle of the feasibility study as
24 per Section 1.B to allow some early deployment.

25 Q. But you envision the feasibility study

1 being conducted first to determine the circuits and
2 then the deployment to occur?

3 A. Yes.

4 Q. So as I understand the purpose of the
5 feasibility study -- well, what do you think the
6 purpose is of the feasibility, to select the
7 appropriate circuits to put the new technology?

8 A. To select the deployment areas so that
9 the maximum customer benefits -- the maximum benefits
10 are achieved.

11 Q. And how are those feasibility studies
12 conducted?

13 A. The -- can you state that question a
14 different way, please?

15 Q. How does the feasibility study get
16 conducted? Is it conducted internally by AEP Ohio?
17 Go through the process with me.

18 A. So we currently contemplate that we
19 would bring on a consultant that would help us
20 administer the report or, you know, draft the
21 documents, but they would engage our engineering
22 personnel to review some of the assumptions behind
23 the scene that we've already preliminarily developed.
24 Things like for DACR looking at circuits that have a
25 high opportunity for improvement; so circuits that

1 have a larger number of customer minutes of
2 interruption on the circuit today, things such as
3 that.

4 Q. So the assumptions behind the scene that
5 you just referenced, those would actually be
6 assumptions based on something you just said, like
7 high customer interruptions?

8 A. Correct.

9 Q. And how long would the feasibility study
10 take?

11 A. No more than one year.

12 Q. And will the costs associated with the
13 feasibility study be included in the rider?

14 A. Yes, it will.

15 Q. Will there be a formal PUCO review of
16 the feasibility study under the Stipulation?

17 MR. NOURSE: I'm sorry, are you still
18 talking about the 1.B feasibility study in that
19 question?

20 MS. BOJKO: Yes.

21 MR. NOURSE: Okay. Thank you.

22 THE WITNESS: I am unsure of that
23 answer. I am aware that it needs to be submitted. I
24 am unsure of the process that happens after that.

25 BY MS. BOJKO:

1 Q. And just so we're on the same page, I
2 was referring to 1.B, because 1.D would happen at the
3 end of Phase 2; is that correct?

4 A. I am not aware of a timeline associated
5 with Section 1.D of the Stipulation, with the
6 exception of there is nothing withholding our ability
7 to file for a Phase 3 while Phase 2 is under way.

8 Q. Do you believe that there will be a --
9 under the Stip a formal PUCO review of the 1.D
10 feasibility study?

11 A. I am unsure of that answer.

12 Q. Under the Stipulation, will parties have
13 an opportunity to comment on the feasibility studies?

14 A. I am unsure of that answer.

15 Q. Is it possible that the feasibility
16 studies will conclude that AMI, DACR, or VVO should
17 not be deployed as provided in the Stipulation?

18 A. Section 1.D is looking at a Phase 3 and,
19 yes, it is in theory possible that there would be no
20 further deployments that would be -- there would be
21 an advantage to move forward with.

22 Q. What about under 1.B feasibility study,
23 is it possible that that feasibility study will
24 conclude that AMI, DACR, or -- I guess you said VVO
25 is not under the study; so just AMI, DACR -- is it

1 possible that the study will conclude that AMI, DACR
2 should not be deployed as provided in the Stip?

3 A. The primary purpose of 1.B is mainly to
4 share the way that the deployment areas were selected
5 in a way that shows the benefits.

6 Q. So there's not a possibility that you
7 wouldn't go forward with implementing the number of
8 meters established in AMI or the number of circuits
9 for DACR with regard to the feasibility study?

10 A. That is my understanding.

11 Q. It will occur, it's just determining
12 where it will occur?

13 A. That is correct.

14 Q. What happens if the feasibility study
15 concludes that there should not be further AMI or
16 DACR deployment for 1.D?

17 A. Can you restate that question, please?

18 Q. Sure. What happens if the 1.D
19 feasibility study concludes that there should be no
20 further deployment of AMI and DACR?

21 A. The company would want to review that
22 report in totality evaluating the underlying
23 assumptions and determine next steps, whether a
24 Phase 3 is advantageous or not.

25 Q. At this time, are you assuming that

1 there will be a Phase 3?

2 A. At this time I would expect that 1.D
3 full system feasibility study to show that there are
4 advantageous deployments of AMI, DACR, and VVO that
5 are still remaining within the AEP Ohio service
6 territory.

7 Q. So the answer is yes, you are
8 anticipating a Phase 3?

9 A. I am anticipating a Phase 3.

10 Q. And, I'm sorry, maybe I misspoke. The
11 B.1 feasibility study's only for AMI and DACR?

12 A. That is correct.

13 Q. But the phase -- but the feasibility
14 study included in D.1 of the Stipulation is for all
15 three; AMI, DACR, and VVO?

16 A. That is correct.

17 Q. Let's go back to your testimony on --
18 who will make the determination of whether to move
19 forward with the Phase 3, do you know?

20 A. We would have to submit a separate
21 filing, and I guess that's not my area of
22 responsibility regarding what happens after that, but
23 I would assume that that is another regulatory
24 process.

25 Q. Who at the company would review the

1 feasibility study and make the decision of whether
2 it's beneficial to propose a Phase 3?

3 A. AEP Ohio would be responsible for
4 deciding whether they wanted to pursue another -- or
5 another deployment of gridSMART.

6 Q. Okay. Who at AEP Ohio would make that
7 decision?

8 A. Ultimately that would be the AEP Ohio
9 president.

10 Q. Okay. Let's turn back to Page 13 of
11 your testimony. In the paragraph beginning on
12 Line 15, you provide an estimate of the energy
13 efficiency that will be gained from VVO deployment.
14 Do you see that?

15 A. I do.

16 Q. What is the methodology used to estimate
17 the energy savings or benefits of VVO deployment?

18 A. So when we had originally deployed the
19 VVO technology in gridSMART Phase 1, we did at least
20 90 days of on/off testing during peak to evaluate
21 what the savings are associated with VVO. So said
22 another way, on day one we turned it on, we evaluated
23 the consumption; day two, we turned it off; day
24 three, we turned it on, back and forth to come up
25 with that 3 percent.

1 It was also independently reviewed by
2 Battelle, and they assessed a 3 percent as accurate.

3 Q. So was that done based on the 80
4 circuits contained in the original application?

5 A. It was based on the 17 circuits that
6 were in deployment.

7 Q. The 3 percent was based on 17 circuits?

8 A. It was based on all learning that we had
9 in AEP Ohio to that point.

10 Q. From Phase 1?

11 A. Correct.

12 Q. So you have no idea what the effect on
13 energy efficiency may or may not be with regard to
14 the 160 VVO circuits proposed in the Stipulation; is
15 that correct?

16 A. Of course we cannot know until they are
17 deployed, but we have made assumptions based on
18 historic data from Phase 1. We've also learned from
19 Phase 1.

20 Q. Is it your understanding that VVO is not
21 necessarily a SMART Grid technology?

22 A. VVO is often listed in a portfolio of
23 SMART Grid technologies, but I do agree that it can
24 be deployed as a stand-alone project as well.

25 Q. It can be deployed without smart meters

1 being deployed?

2 A. It can.

3 Q. Do you know why AEP Ohio decided to
4 deploy VVO with DACR and smart meters as opposed to
5 doing it on a stand-alone basis?

6 A. Consistent with our gridSMART Phase 1
7 deployment, we evaluated the technologies that had
8 the most benefits in total, and part and parcel of
9 moving forward with another phase, the phase we
10 reference here, Phase 2, and these three technologies
11 have the most benefits and were the reason why they
12 were selected in pursuit of this effort.

13 Q. If VVO was deployed without smart meters
14 on a stand-alone basis, you would expect it to have
15 the same energy efficiency gain that you reference in
16 your testimony; is that correct?

17 A. That is correct.

18 Q. And I know you have the Stipulation in
19 front of you because you've been referring to it; so
20 if you could turn to Page 7 of the Stipulation.

21 MS. BOJKO: Do you have a copy?

22 MR. NOURSE: Yeah.

23 BY MS. BOJKO:

24 Q. Page 7 of the Stipulation, let me find
25 the -- under Section 3 with regard to VVO states that

1 AEP will prioritize deployment timelines for company
2 selected circuits with the Ohio Hospital Association
3 members for VVO deployments over the term of the
4 Affiliate PPA, when determining the implementation
5 plan. Do you see that?

6 A. I do.

7 Q. Do you know whether AEP has implemented
8 the Affiliate PPA?

9 A. I am not aware of that answer.

10 Q. Are you familiar with the Affiliate PPA
11 case?

12 A. In -- at a very, very high level.

13 Q. Well, what if there is no Affiliate PPA,
14 how will this Stipulation provision be enacted? What
15 term will VVO be deployed over?

16 A. I'm not in a position to answer that
17 question.

18 Q. So if we go back to the -- that
19 provision on Page 7, does that mean that the circuits
20 serving OHA members will be the first to receive VVO?

21 A. Doesn't necessarily mean the first. It
22 does -- my understanding is that we would help
23 prioritize circuits that have OHA hospitals on them
24 to try to move them to a quicker deployment where
25 possible.

1 Q. Do you know how many Ohio Hospital
2 Association members there are?

3 A. I do not.

4 Q. Any idea of the magnitude?

5 A. I could guess, but --

6 Q. Five members, hundreds of members?

7 A. I think it's less than a hundred, but I
8 don't know.

9 Q. Do you know how many Ohio Hospital
10 members are AEP Ohio customers?

11 A. I am not aware of that answer, either.

12 Q. Do you know whether each hospital is
13 served through its own dedicated circuit?

14 A. I am not aware -- I'm not sure of that
15 answer.

16 Q. Could a hospital be served by more than
17 one circuit?

18 A. It could be.

19 Q. And it's your understanding that AEP
20 Ohio will collect the costs of the VVO deployment
21 through the gridSMART Rider; is that right?

22 A. That's correct.

23 Q. And customers are paying for the rider;
24 so customers are paying for the VVO deployment,
25 right?

1 A. Effectively, yes.

2 Q. And AEP will also collect loss
3 distribution revenues through a separate mechanism,
4 is that your understanding?

5 A. That's my understanding.

6 Q. And customers will pay for that loss
7 distribution revenues through that separate
8 mechanism; is that correct?

9 A. Those questions are better addressed by
10 Witness Moore.

11 Q. Do you know whether loss distribution
12 revenues have been factored into the projected costs
13 of the gridSMART Phase 2 that we talked about
14 earlier?

15 A. That's another question that would be
16 best addressed by Witness Moore.

17 Q. So I'm assuming you don't know how it's
18 calculated, is that a fair assumption?

19 A. I think that's best addressed by Witness
20 Moore.

21 Q. And on -- you discuss a gridSMART
22 Collaborative in your testimony; is that right?

23 A. I do.

24 Q. And that collaborative that you discuss
25 in your testimony is the same collaborative that's on

1 Page 7, Section 4, of the Stipulation?

2 A. It is.

3 Q. Okay. And the last sentence of
4 Section 4 of the Stipulation says, "The gridSMART
5 Collaborative shall be established and administered
6 monthly through the project deployment timeframe for
7 all stakeholders." Do you see that?

8 A. I do.

9 Q. What does that mean? Does that mean
10 that it's a timeframe for stakeholders or that
11 stakeholders are to be involved in the collaborative?
12 What does that reference mean?

13 A. I guess you could read it different
14 ways. My understanding is that a collaborative would
15 be in effect through the deployment timeline; so from
16 the time we start deploying the first meter through
17 the time we're completed with the last VVO in DACR
18 installation.

19 Q. For Phase 2?

20 A. Correct.

21 Q. And who's going to be invited on this
22 collaborative that I see you get the pleasure of
23 running, leading?

24 A. It will be a multitude of stakeholders,
25 similar to what the Energy Efficiency Collaborative

1 is currently doing today including, but not limited
2 to, the intervening parties.

3 Q. Intervening parties or signatory
4 parties?

5 A. I guess I don't know the answer to that
6 question.

7 Q. Are there any projected costs for the
8 collaborative?

9 A. We have included additional costs when
10 we did the revision of the Business Case, but I don't
11 have stand-alone costs for Section 4.

12 Q. So the answer is yes, you envision that
13 there are additional costs?

14 A. Yes.

15 Q. And those have already been incorporated
16 in the total project costs?

17 A. That is correct.

18 Q. Total Phase 2 project costs?

19 A. Revised project costs, correct.

20 Q. Included in the revised Business Case
21 attached to your testimony as Exhibit SSO-1?

22 A. That's correct.

23 Q. So given that they've been included in
24 the Business Case, I can then assume that those
25 project collaborative costs would be collected from

1 customers through the SMART Grid Rider; is that
2 correct?

3 A. That is my understanding.

4 Q. Go back to your testimony on Page 7,
5 please. You use the term -- Line 13, Page 7, Line
6 13, you use the term "significantly reduces." Do you
7 see that?

8 A. I do.

9 Q. Have you quantified the reduction?

10 A. We expect the frequency of outages to be
11 reduced by up to 30 percent.

12 Q. And how did you arrive at that number?

13 A. We arrived at that number based on
14 historical performance of the Phase 1 circuits,
15 lessons learned on how we could select circuits
16 better to potentially drive that number up, as well
17 as industry data specifically from the DOE DACR 2012
18 study.

19 Q. And that's the same study that you
20 reference on Page 11, Footnote 2?

21 A. No, it's a different study.

22 Q. Did you cite to the additional -- the
23 study you're referencing with regard to the DACR in
24 your testimony?

25 A. No, I did not in my testimony.

1 Q. Okay. So that -- it was a study
2 commissioned by the US Department of Energy?

3 A. Correct.

4 Q. And when was that completed?

5 A. So the study I'm referencing is titled
6 "Reliability Improvements from the Application of
7 Distribution Automation Technologies-Initial
8 Results." It is from December 2012. And for
9 reference it was provided to the OCC as part of their
10 request for data RPD-1-12, in the October 18th, 2013,
11 timeframe.

12 Q. Thank you.

13 Let's go to Page 10 of your testimony,
14 Line 10. Page 10, Line 10, you discuss the secondary
15 metric if AEP's unable to meet its SAIFI metric. You
16 know what I mean by SAIFI?

17 A. I do.

18 Q. Okay. Is there a penalty for not
19 meeting the SAIFI metric, the first metric?

20 A. After meeting the first time, we have an
21 obligation to file a plan. So there's two metrics.
22 There's the SAIFI metric. If that isn't met, then
23 the secondary metric applies, which is the
24 performance of the system. If neither measure is
25 met, the company must submit to the staff the reasons

1 for both measures, why they were not met, as well as
2 an action plan in order to meet the measures the
3 following year.

4 If the commitment is missed two years in
5 a row, the company's required to file a report
6 explaining its failure and show cause as to why the
7 misses should not constitute a violation of the
8 Stipulation. Thereafter, the Commission can
9 determine whether the company has violated the
10 Stipulation.

11 Q. Okay. Just for the record, you're
12 reading from the Stipulation, Section 2 on Page 6?

13 A. That is correct.

14 Q. Okay. But my question was: Is there a
15 penalty for not meeting the first metric, the SAIFI
16 metric?

17 A. It is my understanding that if the SAIFI
18 metric is missed on the first time, that there is no
19 penalty.

20 Q. And the company is proposing to base the
21 successful operation of the DACR systems on a
22 three-year rolling average after the DACR has been in
23 place for six months?

24 A. That is correct.

25 Q. So is it your understanding there's no

1 metric for three-and-a-half years?

2 A. No, that is not correct.

3 Q. Okay. So there's no metric for six
4 months, and then you'll start the three-year rolling
5 average; is that correct?

6 A. Somewhat. Let me restate it.

7 So after a DACR circuit goes in service,
8 after it's in service for the six months, that's when
9 that circuit could be evaluated as compared to its
10 three-year average. We have to submit our reports by
11 June 30th -- no, by August -- August 15th for the
12 period ending June 30th.

13 If during that one-year period from June
14 30 of the previous year to June 30th of that year, if
15 there is at least -- at least 10 circuits that are in
16 service during that period for the more than six
17 months' period, that's when the first report would be
18 due.

19 Q. But if the DACR circuit hasn't been in
20 place for longer than six months, there would be no
21 three-year rolling average to compare it to; is that
22 right?

23 A. So when we put a circuit in service and
24 it's got six months of history as performing as a
25 DACR circuit, what we're evaluating is that six-month

1 window or greater, one year if we have the full one
2 year, we're comparing that year's performance or that
3 period of that year's performance to the rolling
4 three-year average before that timeframe.

5 Q. Of the circuit without DACR?

6 A. Correct.

7 Q. Okay.

8 A. So we're comparing itself with DACR to
9 itself without DACR and seeing what the improvement
10 is.

11 Q. Going back to the Page 11, the
12 Footnote 2, this is the study commissioned by the US
13 Department of Energy that you referred to with regard
14 to customer minutes of interruption costs. Were you
15 involved in that study?

16 A. I was. Well, I was not involved in the
17 DOE study. I was involved in the application of
18 assessing what that study says in relation to what is
19 the societal value of the DACR outage improvement.

20 Q. To AEP Ohio?

21 A. That's correct.

22 Q. But I wanted to know if you were
23 actually involved in the DOE study.

24 A. I was not involved in that -- in that
25 study itself, no.

1 Q. Okay. So you didn't work for the US
2 Department of Energy at the time?

3 A. No.

4 Q. Nor did you work for the -- I guess the
5 Berkeley National Laboratory?

6 A. I did not. Sorry for the confusion on
7 that.

8 MS. BOJKO: Okay. I'm switching to a
9 different subject. I think it might be a good time
10 for a five, 10-minute break.

11 MR. NOURSE: Sure. Okay.

12 (Recess taken.)

13 BY MS. BOJKO:

14 Q. Let's go back on the record.

15 Let's discuss time-of-use rates. On
16 Page 16 of your testimony, you mention three
17 time-of-use programs that AEP is currently offering
18 customers who have AMI meters. Do you see that?

19 A. I do.

20 Q. Are those time-of-use programs only
21 offered in the Phase 1 area?

22 A. They are.

23 Q. And the customers have to have AMI
24 meters in order to participate; is that right?

25 A. That is correct.

1 Q. And how long has AEP offered these
2 time-of-use programs listed on Page 16 of your
3 testimony?

4 A. I'm uncertain of the exact timeframe,
5 but back, let's say, to the 2010, maybe '11
6 timeframe.

7 Q. How many customers does AEP have on each
8 of these programs? Let's start with SMART Shift.

9 A. I am unsure of how many customers are on
10 that program today.

11 Q. How about SMART Shift Plus?

12 A. Same answer.

13 Q. And same answer for SMART Cooling?

14 A. I do not know the specific number today.

15 Q. Do you have any magnitude?

16 A. I do. So I would say SMART Shift,
17 around 1,000; SMART Shift Plus, a couple hundred;
18 SMART Cooling, around a thousand plus or minus,
19 subject to check.

20 Q. Has AEP evaluated the results of these
21 programs?

22 A. To some extent.

23 Q. And do you have savings numbers for
24 these programs?

25 A. I do not have that data with me.

1 Q. Do you know whether AEP Ohio asked the
2 Commission to stop offering these programs?

3 A. I am aware that we have.

4 Q. And you're aware that AEP sought
5 Commission permission to stop offering the programs
6 before the Stipulation was signed in this case?

7 A. I am.

8 Q. And is it your understanding that the
9 Stipulation provides for a transition plan where CRES
10 providers would offer time-of-use plans?

11 A. I am.

12 Q. That's what the Stipulation does?

13 A. It sets up a transition from AEP Ohio to
14 the CRES providers, yes.

15 Q. So even under the Stipulation, AEP Ohio
16 would no longer be offering these programs; is that
17 correct?

18 A. There's a contingency in there if the
19 Commission deems the competitive market to not be
20 deemed significantly competitive, then we would be in
21 a position to offer a simple time-of-use program.

22 Q. And competitive market significantly
23 competitive with regard to time-of-use programs
24 specifically or in general with regard to whether
25 there are CRES offers in the -- in the market?

1 A. So within -- so it's a report -- it will
2 be a report that would be filed containing the latest
3 data available concerning CRES TOU offerings.

4 Q. And you are reading from Page 8 of the
5 Stipulation; is that right?

6 A. That is correct.

7 Q. So to answer my question, the
8 competitiveness of the market was based on
9 competitiveness for TOU offerings; is that correct?

10 A. That is a process administered by the
11 Public Utility Commission. I probably would not be
12 the best person regarding what is their
13 determinations.

14 Q. But, I mean, it's your understanding
15 that it's the -- that it's the TOU market we're
16 talking about being competitive, not the CRES
17 electric market being competitive?

18 A. That is correct.

19 Q. Okay. And the simple program that
20 you're referencing is that that's outlined in -- on
21 Page 8, and that was discussed with the Commission's
22 finding and order in 12-3151; is that correct?

23 A. What section are you referencing?

24 Q. It's Page 8, B.iii.

25 A. Yes.

1 Q. You referenced the -- if it wasn't
2 significantly competitive, the TOU market, that AEP
3 Ohio would offer a simple TOU program; is that right?

4 A. That's correct.

5 Q. And that simple TOU program is
6 consistent with 12-3151 proceeding?

7 A. That's correct.

8 Q. Initially CRES providers would offer
9 time-of-use plans similar to those that AEP offers
10 during the initial period; is that correct?

11 A. Yes, but very similar; exact programs,
12 different pricing.

13 Q. Exact programs, different pricing?

14 A. Correct.

15 Q. And the pricing would be determined by
16 the CRES providers?

17 A. That is correct.

18 Q. Do you know whether any CRES providers
19 currently offer time-of-use plans in AEP service
20 territory?

21 A. I am not aware of current offerings by
22 CRES providers -- current TOU offers by CRES
23 providers in the AEP Ohio service territory.

24 Q. So when does the CRES TOU market have to
25 be evolved to be sufficiently competitive under the

1 Stipulation?

2 A. That review would happen approximately
3 15 to 18 months after the approval of the gridSMART
4 Phase 2 Stipulation.

5 Q. So basically there are no current CRES
6 TOU offerings, and within 15 to 18 months of the
7 Stipulation there would either have to be TOU
8 offerings or the company would implement a simple TOU
9 rate?

10 A. I'd like to clarify. When I stated that
11 I wasn't aware of any CRES TOU programs in Ohio
12 service territory, that doesn't mean that there
13 aren't any. I'm just not aware of any. Everything
14 else you said appears to be correct.

15 Q. Do you know how many CRES providers
16 currently offer services in AEP service territory?

17 A. I do not have an exact number. I kind
18 of have an estimate about how many there are.

19 Q. What's your estimate?

20 A. Somewhere in the 20 to 35 range.

21 Q. And you don't have any idea of the 25 to
22 35 that -- if they have active offers currently?

23 A. Active TOU offers?

24 Q. No. Active CRES -- active CRES offers.

25 A. I am not aware of how active those CRES

1 providers are in the markets.

2 Q. What happens during the 15 to 18-month
3 period that you just referenced, that's when the CRES
4 providers would offer exact programs, but at
5 different pricing during the transition period?

6 A. Up to that 15 to 18 months, yes, that is
7 what happens during that period.

8 Q. And during that same transition period,
9 AEP Ohio would develop a single time-of-use program
10 to replace its current three programs; is that
11 correct?

12 A. It's my understanding that we are
13 required to file that within three months of
14 approval.

15 Q. So you file it within three months, but
16 then it would only go into effect if the Commission
17 does not find that the market is sufficiently
18 competitive?

19 A. That is my understanding.

20 Q. Okay. And do you know how many CRES
21 providers have committed to offer the exact programs
22 at different pricing?

23 A. I am aware of at least one.

24 Q. And who is that?

25 A. Direct Energy.

1 Q. Any other signatory parties that you're
2 aware of that plan on offering time-of-use rates?

3 A. I do not specifically recall.

4 Q. And if the Commission does determine
5 that the market is sufficiently competitive with
6 regard to the TOU programs, then AEP will not offer
7 any TOU program or rate; is that correct?

8 A. That's my understanding.

9 Q. And so when do you believe that the
10 Commission will make the determination of whether
11 there is a sufficiently competitive market?

12 A. I'm not in a position to answer that
13 question.

14 Q. Would it need to be done in this
15 proceeding?

16 A. I do not know the answer to that
17 question.

18 Q. Has there been an estimate of the costs
19 for Step One of the Transition Plan outlined on
20 Page 17 of your testimony?

21 A. Yes.

22 Q. And what is that cost?

23 A. Like the other costs we discussed, all
24 the costs associated with the Stipulation were
25 estimated in total, not in part.

1 Q. So you already estimated the costs
2 associated with the Time-of-Use Transition Plan, Step
3 One through Step Five?

4 A. Correct.

5 Q. And that's embedded in the Business Case
6 that was modified and attached to your testimony?

7 A. Yes.

8 Q. And you don't know the breakdown of the
9 costs at this time?

10 A. I do not.

11 Q. So those costs associated with the
12 Time-of-Use Transition Plans will be paid by
13 customers; is that right?

14 A. Those costs would flow through the
15 rider.

16 Q. Are CRES providers contributing any
17 funding to the costs associated with the Time-of-Use
18 Transition Plans?

19 A. I'm not aware of any CRES funding.

20 Q. And these costs associated with the
21 time-of-use program will be collected from all
22 customers through the rider regardless of whether
23 they participate in one of the time-of-use programs;
24 is that correct?

25 A. That question's best addressed by

1 Witness Moore, but that is my understanding.

2 Q. And in Step Two, AEP will develop
3 initial information technology systems and processes
4 to allow CRES providers to offer the time-of-use
5 rates; is that correct?

6 A. That is correct.

7 Q. And those systems and processes will be
8 limited to facility -- limited to facilitating CRES
9 TOU offers that are aligned with the three programs
10 that AEP already has in place?

11 A. That's correct.

12 Q. Does AEP already have in place the
13 necessary systems to facilitate CRES TOU offers?

14 A. No.

15 Q. What systems are needed to accomplish
16 that?

17 A. I'm not aware of the specific systems
18 required.

19 Q. But there would be an initial need for
20 system upgrade or changes?

21 A. There are changes to both system and
22 processes, correct.

23 Q. What if a CRES currently has a TOU
24 offering, does your system support that?

25 A. We would not be in a position to provide

1 them with the interval data from the AMI meter until
2 the CRES data portal is completed, which is listed as
3 Step No. Five.

4 Q. So what is -- what do they receive -- if
5 they have a TOU offer today, what would they be able
6 to receive data-wise?

7 A. It is my understanding that they would
8 not be able to pro- -- we would not be in a position
9 to provide them that data until the CRES data portal
10 is completed; so they would get the standard usage
11 just like in a regular meter, standard 30-day usage,
12 not the interval data.

13 Q. So meaning that even if a CRES had a TOU
14 offer today, they wouldn't be able to utilize -- or
15 the customers wouldn't be able to utilize the TOU
16 program because they can't get the data?

17 A. Again, I'm not aware of any
18 abnormalities or unique circumstances, but there
19 probably are some, I'm just not aware of such.

20 Q. So I'm right, though, that the current
21 system doesn't support a current TOU CRES offering?

22 A. I'm not positive on the answer, but I
23 think the answer is no.

24 Q. And similar to your responses when we're
25 talking about Phase 1, all of the costs associated

1 with all these programs, you don't have it separately
2 identified, but they are included in the total update
3 of the Business Case?

4 A. That is correct.

5 Q. And the total amount for all of the
6 steps will be passed through the rider to customers?

7 A. That is correct.

8 Q. And Step Three is an education piece; is
9 that correct?

10 A. Education and conversion, yes.

11 Q. If you go to Page 18, Line 1, AEP -- it
12 states that AEP will work with CRES providers to
13 educate customers about the CRES TOU offers and
14 provide existing time-of-use customers an opportunity
15 to switch to the CRES TOU offer. Do you see that?

16 A. I do.

17 Q. First AEP will work with CRES providers
18 to educate customers about the CRES TOU offers. What
19 will be the process for educating the customers about
20 those offers?

21 A. I think that is still to be determined.
22 I think we -- yes, I confirmed the company agrees to
23 seek input from interested parties in the gridSMART
24 Collaborative and develop a plan of customer
25 communications during this phase.

1 Q. So AEP will seek input and then work
2 with the CRES providers?

3 A. Correct.

4 Q. What kind of educational programs do you
5 envision?

6 A. I -- I think that is still to be
7 determined, but I would guess that it would be
8 something like a direct mail piece or something
9 similar.

10 Q. And if it is a direct mail, would the
11 costs of a direct mailing be additional to the
12 Business Case that you've already outlined and
13 incorporated the Stipulation costs for?

14 A. There are costs for the customer
15 outreach and education.

16 Q. Is already embedded?

17 A. There are costs that are included in
18 that, correct.

19 Q. So there's already a placeholder in the
20 Business Case for such costs?

21 A. That is correct.

22 Q. And, again, those costs are all paid for
23 by customers regardless of whether they participate
24 in these programs?

25 A. That is correct.

1 Q. So will customers be switched
2 automatically from their existing TOU program from
3 AEP Ohio to a CRES TOU program?

4 A. To my understanding, the answer is no.

5 Q. And would the cost of switching
6 customers from one program to the other already be
7 anticipated and contained in the updated Business
8 Case totals?

9 A. Can you ask that question differently?

10 Q. Sure, okay.

11 So there's a cost to the switch, I'm
12 assuming; is that correct?

13 A. I don't think the actual execution of a
14 conversion of that cost is embedded in the -- in the
15 rider. I think that would be handled under the
16 normal CRES operational activities.

17 Q. So the cost of the switch would flow
18 through a different rider?

19 MR. NOURSE: I'm sorry, Kim, are you
20 asking about the switch -- an individual customer
21 switching to a time-of-use tariff?

22 MS. BOJKO: That's my understanding of
23 the second part of the step is that AEP will offer
24 existing customers an opportunity to switch to the
25 CRES time-of-use rate. So I'm asking if there's a

1 cost associated with that switch.

2 THE WITNESS: From my view, and this
3 could be -- well, it's my understanding currently
4 that once the material goes out and says here's some
5 other CRES offerings of a similar TOU, that if the
6 customer decided to do that, they would do that and
7 the gridSMART team would basically be blind to it and
8 it would just happen through normal course of
9 business. That's my understanding.

10 BY MS. BOJKO:

11 Q. You're suggesting that they are
12 currently a customer with AEP Ohio, and that if they
13 wanted to take advantage of the CRES TOU program they
14 would switch to that CRES provider, and that would
15 fall under the normal switching rules?

16 A. That is my current understanding, and
17 they would have to be an AEP Ohio customer to be on
18 the gridSMART programs; so...

19 Q. Okay. If the Commission does determine
20 that the market is sufficiently competitive, AEP will
21 have no obligation to provide a TOU program, is that
22 your understanding?

23 A. That is my understanding.

24 Q. And does this mean that AEP will not
25 provide a time-of-use program or just that AEP does

1 not have to provide a time-of-use program?

2 A. It's the latter, that we would not have
3 to.

4 Q. So if an AEP customer was on one of your
5 current SMART Shift programs or SMART Cooling program
6 or SMART Shift Plus program, if they did not want to
7 transition to a CRES time-of-use program, would AEP
8 no longer retain those programs even if they still
9 had some customers on those programs?

10 A. In that scenario, did the Commission
11 deem the CRES TOU market competitive or not
12 competitive?

13 Q. Yes.

14 A. Competitive.

15 Q. They deemed it competitive.

16 A. If they deemed it competitive, that
17 means that the Commission would be -- the Stipulation
18 states that we would eliminate these programs and
19 they would -- if they made no other choice, they
20 would switch back to our standard rate.

21 Q. Your default service rate?

22 A. Yeah.

23 Q. And if the Commission did not deem the
24 market sufficiently competitive, those customers on
25 those three programs would be switched to the one

1 simple time-of-use rate offered by AEP?

2 A. I don't know if that's true. I
3 haven't -- I personally haven't thought through that
4 scenario on how that would work.

5 Q. But the intent is to either eliminate
6 completely the three programs or only offer the one
7 simple program that we talked about?

8 A. Yeah. My lack of understanding would be
9 would those customers revert to this new one or would
10 they revert to a standard service offer.

11 Q. And then have to affirmatively select
12 the new one?

13 A. I'm not sure of the rules associated
14 with that. I would have to review with our Choice
15 Operations Team.

16 Q. The goal of the -- the Stipulation,
17 assuming that the Commission deems the market
18 sufficiently competitive, would be to only have CRES
19 providers offer time-of-use rates for residential
20 customers in your service territory; is that correct?

21 A. I think that I would -- that CRES would
22 be the primary offers of those programs.

23 Q. Well, if it is sufficiently competitive,
24 you don't plan on offering any, right?

25 A. We do not currently plan on offering any

1 as of today.

2 Q. And what happens under the Stipulation
3 if in two to four years after the Commission has
4 determined that there is a market sufficiently
5 competitive, the CRES providers rescind all of their
6 time-of-use or -- or dynamic rate offerings?

7 A. I don't think that question is best
8 directed to me. That might be something best
9 directed by the Public Utility Commission.

10 Q. So the Stipulation doesn't speak to
11 that?

12 A. It does not.

13 Q. And the Stipulation doesn't speak to
14 what happens to customers if there are no time-of-use
15 offerings available; is that correct?

16 A. I mean, I think it sets up a framework
17 for maximizing opportunity for TOU programs to
18 continue on the short term. In your scenario of long
19 term, I don't know if that is addressed, but in short
20 term I think it does try to establish a process to
21 ensure that it does happen.

22 Q. And the Stipulation actually directs the
23 Commission to grant the 13-1937 application and
24 approve AEP's single time-of-use program proposed in
25 the Stipulation if the Commission determines that the

1 market's not sufficiently competitive. Is that your
2 understanding?

3 A. I don't think I'm best to answer that
4 question.

5 Q. So you aren't the person to answer what
6 happens if the Commission refuses to comply with the
7 directives set forth in the Stipulation?

8 MR. NOURSE: I would object to the
9 characterization of the directives of the Commission,
10 but if you understand you can go ahead and answer.

11 THE WITNESS: Yeah. I mean, I read
12 those words that say that. I do see that it would --
13 it does say that if it's deemed approved, such tariff
14 will be discontinued, or else I see where it says if
15 it's deemed as successful -- or sufficiently
16 competitive that it would deem the -- so, yes, I do
17 see that written out.

18 BY MS. BOJKO:

19 Q. Well, I mean, the Commission can do what
20 it wants; is that fair?

21 A. Yes. That was the nature of my pause.

22 Q. And the Commission could also direct AEP
23 to continue offering all three of the time-of-use
24 programs that it currently has in place, right?

25 A. That is my understanding.

1 Q. And does the Stipulation provide the
2 Commission with any guidance for how it's supposed to
3 determine whether the market's sufficiently
4 competitive?

5 A. I am not aware of any guidance provided
6 here within the Stipulation.

7 Q. And the Stipulation provides that AEP
8 and the staff will file a report with the Commission
9 describing the latest data available on CRES
10 time-of-use offerings; is that right?

11 A. That is correct.

12 Q. What data will be in that report?

13 A. That data has not been discussed.

14 Q. So the Stipulation doesn't specify?

15 A. It does not.

16 Q. And Step Five in your testimony talks
17 about the development of a comprehensive data portal;
18 is that correct?

19 A. That is correct.

20 Q. What's the difference between the data
21 portal and the portal described in Step Two?

22 A. Step Two I don't see the portal
23 described.

24 Q. Well, the development of the system and
25 process, you see them as two distinct items?

1 A. I do.

2 Q. And is the -- the data portal's also
3 embedded in the updated Business Case, the costs
4 associated with that; is that correct?

5 A. That is correct.

6 Q. And the data portal that you're
7 referencing in Step Five is the more comprehensive
8 AMI information that will be visible to CRES
9 providers with the customers' interval data
10 information contained in it; is that correct?

11 A. Yes.

12 Q. And that -- not even a form of that
13 exists today is my understanding from your prior
14 testimony?

15 A. That's correct.

16 Q. And I know you've provided estimates of
17 costs associated with this time of use in the updated
18 Business Case, but if the expenses or the costs
19 exceeds what you've estimated, whatever the actual
20 costs to offer the data portal and to do the -- the
21 upgrades required will be passed on through the
22 rider; is that correct?

23 A. That is my understanding.

24 Q. On Page 20 of your testimony, on Line 5,
25 you discuss gridSMART Phase 2 resulting in

1 operational savings. Do you see that?

2 A. I do.

3 Q. And you say it will result in
4 significant operational savings, correct?

5 A. That's correct.

6 Q. And you also mention savings regarding
7 meter reading. And is that physical, manual meter
8 reading that you're referencing there?

9 A. I am.

10 Q. Is meter reading the only operational
11 savings associated with the proposed gridSMART
12 program?

13 A. No, it is not.

14 Q. Have you quantified the significant
15 operational savings referenced in your testimony?

16 A. I have.

17 Q. You have? I'm sorry.

18 A. I have.

19 Q. And what is that?

20 A. We currently estimate over a 15-year
21 Business Case, the operational savings would be \$200
22 million.

23 Q. And what other operational savings
24 besides the meter reading?

25 A. Reduce truck rolls for automated service

1 orders.

2 Q. Okay.

3 A. Also included are the disconnection and
4 reconnection savings, includes reduction of bad -- of
5 collectible -- or increases collectible revenue.
6 It's also finding lost revenue associated with theft
7 and additional revenue associated with consumption on
8 inactive meters. Those are the primary ones that I
9 can think of at this time.

10 Q. You said increasing collectible
11 revenues?

12 A. Correct.

13 Q. And what is that referencing?

14 A. Versus writing off bad debt.

15 Q. Well, how does an AMI meter increase the
16 revenue customers pay?

17 A. If we are able to remotely disconnect a
18 meter quicker than we have done in the past, that
19 will allow the outstanding balances to stay lower and
20 potentially reduce the writeoff.

21 Q. So quicker disconnects you're saying
22 reduces the uncollectible expenses?

23 A. If we are able to disconnect more
24 customers electronically than we would manually, that
25 would provide that opportunity.

1 Q. And quicker disconnection, is that
2 assuming that AEP continues to receive its waiver for
3 disconnection notices that it currently has in place
4 with regard to Phase 1?

5 A. That is correct.

6 Q. And does AEP envision to continue to
7 collect disconnection and reconnection fees even in
8 light of the AMI capabilities?

9 A. The answer is best addressed by Witness
10 Moore on fees.

11 Q. Good thing she's here to hear all the
12 punting.

13 And the \$200 million, it's about 199 I
14 think is where it is in the base case, but is that
15 the 200 you're referring to in operational fees?

16 A. Also the one million right below it.
17 There's an O&M piece and a capital piece.

18 Q. And where are you looking, the page?

19 A. It's in my written testimony, the
20 attachments, Page 9, the table under Cash View,
21 15-Year Benefits.

22 Q. So the \$200 million meter reading
23 operation -- operational cost savings represents
24 roughly 39, 40 percent of the \$516 million
25 investment; is that correct?

1 A. Can you restate it so I can try to do
2 the math in my head?

3 Q. Well, now the math changed. Hold on.
4 Okay. So the 200 million in cost -- operational cost
5 savings represents 39 percent of the \$516 million
6 investment; is that right?

7 A. It does.

8 Q. Have you done an analysis to see how
9 that percentage of meter reading and operational cost
10 savings compares with other deployments of SMART Grid
11 nationwide?

12 A. We have not.

13 Q. And how is the cost savings being
14 returned to customers?

15 A. Those questions are best addressed by
16 Witness Moore.

17 Q. All questions regarding customer credits
18 best addressed to Ms. Moore?

19 A. That's correct.

20 Q. Do you know what happens to any
21 operational savings achieved that is above the amount
22 of the credit estimated for customers?

23 A. I think that varies based on the
24 activity, but that is also best addressed by Witness
25 Moore.

1 Q. Has AEP Ohio conducted any cost-benefit
2 analysis for gridSMART 2 other than the analysis
3 included with the application and the Stipulation?

4 A. No.

5 Q. Turn to Page 25 of your testimony. Here
6 you're discussing the Stipulation related to bidding
7 the VVO in the PJM capacity auction; is that correct?

8 A. Yes.

9 Q. Has AEP to date advocated inside PJM
10 that VVO become eligible to bid into capacity
11 auctions?

12 A. I am not aware if we have or have not.

13 Q. Are any third-party equipment vendors or
14 gridSMART service providers contributing any dollars
15 to the company's Phase 2 project?

16 A. No.

17 Q. What is the projected life of the
18 Phase 1 meters?

19 A. That question is best addressed by
20 Witness Moore.

21 Q. How -- Phase 1 meters were deployed
22 around 2009; is that correct?

23 A. Started in December 2009.

24 Q. How long before those meters become
25 outdated?

1 A. That calls for speculation. I'm not
2 sure. We're still using them today.

3 Q. I'm not -- I didn't hear the end of
4 your --

5 A. We're still using those same meters
6 today.

7 Q. Do you believe that the technology has
8 changed over the last seven years?

9 A. Technology always continues to evolve.

10 Q. You're not still installing the same AMI
11 meters that you did in Phase 1, are you?

12 A. We are still installing the same type,
13 different version; so the current version that's
14 available for sale today.

15 Q. And the different version would be
16 updated with regard to technology assuming; is that
17 correct?

18 A. Yes.

19 Q. How many versions have there been since
20 Phase 1 deployment?

21 A. We started with Version 210, we
22 currently can purchase a 310 or a 410.

23 Q. And do they only jump by hundreds?

24 A. With this vendor, that's what it --
25 they're doing so far.

1 Q. So -- so 210 was installed, and there
2 have been two new versions since that one?

3 A. That's correct.

4 Q. Is there a plan to replace the 210
5 version with Version 410 any time in the near future?

6 A. There's no plan systemwide changeout.

7 Q. Is Phase 2 geographic region different
8 than Phase 1 geographic region?

9 A. Yes.

10 Q. Any overlap?

11 A. No.

12 Q. If -- do you know that the Phase 1 --
13 what the depreciation was of the Phase 1 meters?

14 A. Witness Moore will address that
15 question.

16 Q. So do I take your response that you
17 intend to use the same manufacturer for Phase 2
18 meters that you used for Phase 1 meters?

19 A. Yes, with an asterisk. So the meter
20 provider that we use and had been using is a General
21 Electric, GE meter. The GE meter business was
22 purchased by Aclara. Effectively it's the same thing
23 with a different brand name now. The communication
24 provider is still SSN, Silver Spring Networks.

25 Q. Do the Phase 1 and Phase 2 meters have

1 the same functionality?

2 A. Generally it's the same functionality.

3 Like you discussed earlier, it is a newer version
4 with a little bit more advanced components, but
5 generally it effectively does the same purpose.

6 Q. Could the newer technology, newer
7 version of the meters be used for anything different
8 than the Phase 1 meters?

9 A. Not that I'm aware of.

10 Q. Do you --

11 A. Beyond being more -- have more memory on
12 board and a little bit more faster processing speed,
13 I mean, generally what happens when technology
14 evolves, just general stuff.

15 Q. And AMI meters are different than AMR
16 meters, correct?

17 A. Correct.

18 Q. And AMR meters are used for what
19 purpose?

20 A. That reduces meter reading costs.

21 Q. Because they can be read remotely; is
22 that correct?

23 A. They can be read by a driveby.

24 Q. And is it your understanding that AMR
25 meters are being -- are replacing -- what would you

1 call a non-AMR meter?

2 MR. ETTER: Traditional.

3 BY MS. BOJKO:

4 Q. Traditional meter. AMR meters are being
5 used to replace traditional meters as part of the
6 DIR -- Distribution Investment Rider program; is that
7 correct?

8 A. That is correct.

9 Q. And if the AMR -- if there's an AMR
10 meter in the geographic region of Phase 2, would you
11 replace the AMR meter with an AMI meter?

12 A. Yes.

13 Q. And even -- is that true even if the AMR
14 meter was just installed pursuant to the DIR program?

15 A. Yes.

16 Q. Would the cost of that upgrade from an
17 AMR meter to an AMI meter flow through the gridSMART
18 Rider or the DIR Rider?

19 A. Replacement of an AMR with an AMI would
20 be handled under the gridSMART Phase 2 Rider.

21 Q. Previously this morning you stated that
22 the VVO circuits would be determined on -- would
23 be -- the determination of where to replace -- or
24 where to place the VVR -- VVO would be done on those
25 circuits that could maximize customer benefit. Do

1 you recall that?

2 A. Yes.

3 Q. Sorry. Who makes that determination?

4 A. AEP Ohio.

5 Q. And how would that determination be
6 made? Because there's no feasibility study for VVO,
7 correct?

8 A. Yeah. We would look at circuits served
9 by the same station transformer that have the largest
10 average load, consideration is given to include all
11 station transformers within the same station. We
12 would look at the complexity of existing station
13 equipment, and cost to replace that equipment is part
14 of the consideration. Compatibility of existing
15 distribution line equipment and cost to replace is
16 considered.

17 Q. Okay. Where are you reading from?

18 A. OCC Data Request INT-5-072, Part A.

19 Q. I'm sorry, INT-5-?

20 A. -072.

21 Q. Thank you.

22 I want to go back to the Stipulation,
23 Section 2. You were explaining to me earlier the
24 first and second metric with regard to DACR. Do you
25 recall that?

1 A. I do.

2 Q. So if -- if both metrics are missed two
3 years in a row, you explained to me that that would
4 be a violation of the Stipulation; is that correct?

5 A. That is not correct.

6 Q. I'm sorry.

7 A. The company's required to file a report
8 explaining its failure and to show cause as to why
9 the misses should not constitute a violation of the
10 Stipulation, and the Commission could determine
11 whether the company has violated the Stipulation.

12 Q. Thank you for the clarification.

13 So what is the penalty if AEP misses its
14 commitment two years in a row?

15 A. That's where the Commission will
16 determine -- if the company has violated the
17 Stipulation, they can determine what is appropriate
18 action at that point.

19 Q. So there's no penalty defined in the
20 Stipulation?

21 A. I didn't say that. I said that the
22 Commission will determine if and what action should
23 be forthcoming.

24 Q. Well, the only penalty or consequence,
25 at least listed in the Stipulation, is that the

1 company has to file a report explaining its failure;
2 is that right?

3 A. That's what's listed here, but, again,
4 the Commission can determine what they want to do if
5 we missed it two years in a row.

6 Q. And if the Commission does find a
7 violation of the Stipulation, what happens?

8 A. That's up to the Commission.

9 Q. So is there a penalty for violating the
10 Stipulation contained within the Stipulation?

11 A. I feel that's a circular question, but
12 there is definitely no penalty listed here, but there
13 is an action for the Commission to determine what's
14 appropriate if AEP Ohio misses its commitment two
15 years in a row.

16 Q. Is the Stipulation terminated if a party
17 violates the Stipulation?

18 A. The Commission can determine what to do
19 at that point. It doesn't call out that action.

20 Q. So there's no automatic penalty or no
21 automatic termination of the Stipulation if the
22 metrics are missed two years in a row?

23 A. I do not see one.

24 Q. And you also don't see in the
25 Stipulation a typical default or termination clause

1 that might be in a contract?

2 MR. NOURSE: I object to the
3 characterization as typical, and it sounds like a
4 legal question. If you have an answer, go ahead and
5 provide it.

6 THE WITNESS: I would just add I'm
7 supporting this -- these Stipulation sections
8 referenced, not the legal boilerplate or any
9 associated similar topics.

10 BY MS. BOJKO:

11 Q. And just so we're clear, you're not an
12 attorney; is that right?

13 A. That is correct, I'm not an attorney.

14 Q. But you're not aware of anything in the
15 Stipulation that has automatic termination of the
16 Stipulation; is that fair?

17 A. I'm not aware of one, that is correct.

18 Q. And you, sitting here today, don't know
19 what would happen to the Stipulation if there -- if
20 the Commission did, in fact, deem that there was a
21 violation of the Stipulation?

22 A. I can't hypothesize on what they would
23 do.

24 Q. Well, not what they would do. I'm
25 saying if the Commission determines that there is a

1 violation of the Stipulation, you're not aware of any
2 provision of the Stipulation that would create a
3 result of a violation of the Stipulation?

4 A. I don't think I followed that question.
5 Sorry.

6 Q. Okay. You're not -- I'll try again.
7 You're not aware of any -- you are
8 supporting the provisions of the Stipulation; is that
9 fair?

10 A. That's correct.

11 Q. Okay. You're not aware of any provision
12 of the Stipulation that addresses what happens if the
13 Stipulation's violated?

14 A. I am supporting Section 2 of the
15 Stipulation covering the Distribution Automation
16 Circuit Reconfiguration reliability improvement
17 commitment. I am not aware of any associated action
18 associated with us missing our commitment two years
19 in a row beyond the Commission determining what to do
20 next.

21 Q. And in general, you are not familiar
22 with any provision of the Stipulation, the provisions
23 that you're supporting, Recommendations 1 through 18,
24 that address violations of the Stipulation?

25 A. At this time, I cannot recall any such

1 similar thing, no.

2 Q. If I may just have, like, five minutes,
3 we might be close to done.

4 A. Okay.

5 (Recess taken.)

6 BY MS. BOJKO:

7 Q. We discussed the AEP simple -- I think
8 you called it simple time-of-use program. If they
9 are -- if AEP does actually continue a time-of-use
10 program, you will offer one simple time-of-use
11 program; is that right?

12 A. That is correct.

13 Q. Okay. And does that simple time-of-use
14 program require an AMI meter?

15 A. That was the intention, yes.

16 Q. And interval meters are not necessarily
17 AMI meters; is that right?

18 A. That's correct.

19 Q. We also discussed an AMR -- the
20 operational cost savings with regard to AMR. And you
21 did agree with me that there were some operational
22 cost savings; is that correct?

23 A. There are some operational savings with
24 AMR.

25 Q. Are those operational cost savings

1 associated with AMR passed on to customers?

2 A. That's outside this case, and it's
3 outside of my area of responsibility.

4 Q. So you don't know?

5 A. I do not know.

6 MS. BOJKO: That's all I have. Thank
7 you so much for your time, sir.

8 THE WITNESS: Sure.

9 MR. NOURSE: All right. Anybody else on
10 the phone have questions?

11 MS. BOJKO: We just asked.

12 MR. NOURSE: Oh, you did, okay.

13 MS. MOONEY: No, no questions.

14 MR. NOURSE: Sorry, okay.

15 MR. MARGARD: No questions.

16 MR. NOURSE: Sounds good. We'll see you
17 all Monday.

18 THE COURT REPORTER: You're going to
19 read?

20 MR. NOURSE: Yes.

21 (Thereupon, the deposition concluded
22 at 12:38 p.m. Signature not waived.)

23 - - -

24

25

1 State of Ohio :
 : SS:
 2 County of :

3

4 I, Scott S. Osterholt, do hereby certify
 that I have read the foregoing transcript of my
 5 deposition given on Thursday, July 28, 2016; that
 together with the correction page attached hereto
 6 noting changes in form or substance, if any, it is
 true and correct.

7

8

9 _____
 Scott S. Osterholt

10

11 I do hereby certify that the foregoing
 transcript of the deposition of Scott S. Osterholt
 12 was submitted to the witness for reading and signing;
 that after he had stated to the undersigned Notary
 13 Public that he had read and examined his deposition,
 he signed the same in my presence on the ____ day of
 14 _____, 2016.

15

16

17 _____
 Notary Public

18

19

20 My commission expires _____, _____.

21

- - -

22

23

24

25

1 CERTIFICATE

2 State of Ohio :
 : SS:
 3 County of Muskingum :

4 I, Carolyn D. Ross, Registered
 Professional Reporter and Notary Public in and for
 5 the State of Ohio, duly commissioned and qualified,
 certify that the within named Scott S. Osterholt was
 6 by me duly sworn to testify to the whole truth in the
 cause aforesaid; that the testimony was taken down by
 7 me in stenotype in the presence of said witness,
 afterwards transcribed upon a computer; that the
 8 foregoing is a true and correct transcript of the
 testimony given by said witness taken at the time and
 9 place in the foregoing caption specified and
 completed without adjournment.

10
 I certify that I am not a relative,
 11 employee, or attorney of any of the parties hereto,
 or of any attorney or counsel employed by the
 12 parties, or financially interested in the action.

13 IN WITNESS WHEREOF, I have hereunto set
 my hand and affixed my seal of office at Columbus,
 14 Ohio, on this 29th day of July, 2016.

15

16

17

18 _____
 Carolyn D. Ross, Registered
 Professional Reporter and
 19 Notary Public in and for the
 State of Ohio.

20

21

My commission expires April 3, 2019.

22

(CDR-81449)

23

24

25

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Case No(s). 13-1939-EL-RDR

Summary: Transcript Deposition Transcript of Scott Osterholt Filed on Behalf of the Office of the Ohio Consumers' Counsel electronically filed by Ms. Deb J. Bingham on behalf of Etter, Terry L.