

OCC EXHIBIT NO. _____

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Ohio)
Power Company for Authority to Establish a) Case No. 16-1852-EL-SSO
Standard Service Offer Pursuant to Section)
4928.143, Revised Code, in the Form of an)
Electric Security Plan.)

In the Matter of the Application of Ohio)
Power Company for Approval of Certain) Case No. 16-1853-EL-AAM
Accounting Authority.)

**DIRECT TESTIMONY
OF
MICHAEL P. HAUGH**

On Behalf, of
The Office of the Ohio Consumers' Counsel
10 West Broad Street, Suite 1800
Columbus, Ohio 43215-3485

MAY 2, 2017

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ATTACHMENTS

Attachment MPH-1

1 **I. OVERVIEW**

2

3 ***Q1. PLEASE STATE YOUR NAME, TITLE, AND BUSINESS ADDRESS.***

4 ***A1.*** My name is Michael P. Haugh. I am employed as the Assistant Director of
5 Analytical Services for the Office of the Ohio Consumers' Counsel ("OCC"). My
6 business address is 10 West Broad Street, Suite 1800, Columbus, Ohio 43215.

7

8 ***Q2. PLEASE BRIEFLY SUMMARIZE YOUR EDUCATION AND***
9 ***PROFESSIONAL EXPERIENCE.***

10 ***A2.*** I have a Bachelor of Science in Business Administration from the Ohio State
11 University with a major in Finance. I have also attended the Institute of Public
12 Utilities Advanced Regulatory Studies at Michigan State University. I have over
13 20 years working in the energy industry with experience in wholesale and retail
14 energy trading, risk management, natural gas purchasing and scheduling, and
15 regulatory affairs. I started with Enron Energy Services in 1995 as an Energy
16 Trader and then moved on to American Electric Power Energy Services in 1998
17 where I worked in Risk Management and Wholesale Energy Trading. In January
18 2004 I went to work for MidAmerican Energy Services as a Senior Product
19 Manager. In October 2004 I began work as a Senior Regulatory Analyst with the
20 OCC. I left the OCC in September 2007 and joined Integrys Energy Services as a
21 Regulatory Affairs Analyst. I joined Just Energy in 2009 and held the position of
22 Manager of Regulatory Affairs before becoming Manager of Market Relations in
23 2011. I was again hired at the OCC in June 2014 in my current position.

1 ***Q3. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY IN UTILITY CASES***
2 ***BEFORE REGULATORY COMMISSIONS?***

3 **A3.** Yes, I have testified before the Public Utilities Commission of Ohio ("PUCO")
4 and the Michigan Public Service Commission. The complete list of cases in
5 which I have testified is attached as Attachment MPH-1.

6
7 **II. PURPOSE OF TESTIMONY**

8
9 ***Q4. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS***
10 ***PROCEEDING?***

11 **A4.** On November 23, 2016, Ohio Power Company ("Ohio Power" or "AEP") filed an
12 Application to amend its current Electric Security Plan ("ESP"). In this
13 Application AEP has requested to extend its current ESP and include a number of
14 changes. My testimony evaluates the Competition Incentive Rider ("CIR"), the
15 Sub-Metering Rider, the Interruptible Power-Discretionary Rider ("IRP-D"), the
16 Automaker Credit, the OVEC recovery mechanism, and the statutory test for
17 ESPs.

18
19 ***Q5. WHAT ARE YOUR RECOMMENDATIONS?***

20 **A5** The PUCO should reject the ESP extension because it does not pass the statutory
21 test for an ESP. Additionally, the riders should be denied because they are either
22 not necessary or do not follow proper ratemaking rules. Finally, the OVEC

1 addition to the Standard Service Offer auction, if allowed, should be
2 competitively bid and not automatically awarded to OVEC.

3

4 **III. COMPETITION INCENTIVE RIDER**

5

6 ***Q6. WHAT IS THE COMPETITION INCENTIVE RIDER?***

7 ***A6.*** The CIR was initially introduced in PUCO Case No. 14-1693-EL-RDR as part of
8 a wide ranging stipulation (“PPA Settlement”). The PPA Settlement provided
9 that AEP file and advocate for a pilot program that will provide an additional
10 charge (addor) to the SSO. This additional charge is meant to represent costs
11 relating to SSO supply that are being recovered through distribution base rates.
12 The CIR will be charged only to SSO customers but will be credited back to all
13 customers.

14

15 ***Q7. HOW WAS THE CIR CHARGE CALCULATED?***

16 ***A7.*** According to AEP Witness Allen, after negotiation among signatory parties of the
17 PPA Settlement, the Commission Staff determined that the addor would be
18 \$0.00062/kWh.

19

20 ***Q8. WAS THE OCC INVITED TO ANY NEGOTIATIONS REGARDING THE***
21 ***CIR CHARGE?***

22 ***A8.*** No.

1 ***Q9. DID THE PUCO APPROVE THE CIR IN THE PPA SETTLEMENT?***

2 ***A9.*** No, in the Opinion and Order for the PPA Settlement the PUCO stated that the
3 proposed CIR is subject to further review in a future proceeding. The
4 Commission recognized that there could be possible benefits in the proposal, but
5 such recognition should not be construed as predetermining the outcome of the
6 future proceeding.¹

7
8 ***Q10. SHOULD THE CIR CHARGE BE APPROVED AS PROPOSED?***

9 ***A10.*** No, the CIR charge should not be approved as proposed. The proper way to
10 determine if a CIR is necessary is to fully evaluate the costs and revenues of the
11 SSO process and the Choice programs. If there is a subsidy then those costs
12 should be removed from base distribution rates and properly allocated to the
13 customers on the SSO.

14
15 The proper way to do this is through a base distribution rate case where the costs
16 can be fully examined and properly allocated. This evaluation should include
17 examining the costs associated with providing SSO service to customers along
18 with any costs associated with the CRES providers that are being covered in
19 distribution rates. The latter costs should be charged to the Marketers. These
20 costs could include items such as call center personnel who answer questions
21 about Marketers, any mailings issued regarding Choice, and verifications that the

¹ Opinion and Order dated March 31, 2016 at page 84.

1 billing costs incurred by AEP Ohio for utility consolidated billing are correct.
2 Basically, if there is going to be a decoupling of these costs then it needs to be
3 comprehensive and accurate. It should not be set through a negotiated settlement.
4 The process in the proposed Settlement does not follow traditional ratemaking
5 principles.

6

7 **IV. SUB-METERING RIDER**

8

9 ***Q11. PLEASE DESCRIBE THE PROPOSED SUB-METERING RIDER***

10 ***A11.*** The Sub-Metering Rider is a placeholder for the possibility of future sub-metering
11 legislation that may occur. AEP Ohio is seeking approval of this rider with a zero
12 cost until such legislation is enacted.

13

14 ***Q12. SHOULD THE PUCO APPROVE ZERO BASED RIDERS IN AN ESP***
15 ***PROCEEDING?***

16 ***A12.*** No, a rider that is initially set at zero then later given a value, creating a charge to
17 customers, should not be approved in an ESP. An ESP needs to be compared
18 against a market rate offer to determine if the electric security plan is more
19 favorable in the aggregate to customers. A rider that is proposed and given a zero
20 value when the ESP v. MRO comparison is conducted but later imposes costs on
21 customers, within the ESP term, does not allow for a full evaluation that is called
22 for in the law.

1 ***Q13. WHAT ARE YOUR OTHER CONCERNS WITH THE PROPOSED SUB-***
2 ***METERING TARIFF?***

3 ***A13.*** The Sub-Metering tariff is based upon possible legislation that would allow AEP
4 Ohio to purchase the assets of sub-metering companies. This should not be
5 included in an ESP. It should be a standalone filing **if** such legislation is ever
6 signed into law. Additionally, AEP Ohio is speculating first that a law will be
7 passed and second that AEP Ohio will be allowed to earn a return on and of any
8 additional investment. This proposed tariff is unnecessary and should be removed
9 from the Application.

10
11 Currently there are 25 riders in the AEP tariff. This placeholder only adds
12 complexity and confusion for customers attempting to evaluate their charges.

13
14 **V. INTERRUPTIBLE POWER-DISCRETIONARY RIDER AND**
15 **AUTOMAKER CREDIT**

16
17 ***Q14. WHAT IS THE IRP-D RIDER?***

18 ***A14.*** The IRP-D Rider was approved in PUCO Case No. 13-2385-EL-SSO and
19 provides payments to eligible customers for reducing consumption during peak
20 times. Currently, customers enrolled in the program are paid \$8.21 per kW per
21 month. Customers are required to also enroll in the PJM Interconnect (“PJM”)
22 demand response program where they are compensated based upon the results of
23 the PJM annual capacity auction. PJM compensates demand response

1 participants at a rate of \$1.81 per kW per month for 2016/2017 and at a rate of
2 \$3.65 per kW per month for 2017/2018.² These amounts are subtracted from the
3 \$8.21 credit provided through the tariff. The IRP-D Rider is recovered through
4 AEP Ohio's Energy Efficiency/Peak Demand Reduction ("EE/PDR") Rider.

5

6 ***Q15. PLEASE DESCRIBE THE PROPOSED CHANGES TO THE IRP-D***
7 ***RIDER?***

8 ***A15.*** The Application proposes to change the IRP-D Rider by increasing the IRP-D
9 load by 250 MW and increasing the payment to \$9.00 per kW per month for
10 parties that signed or did not oppose the PPA Settlement. Additionally, 50% of
11 the IRP will continue to be recovered through the EE/PDR Rider and the other
12 50% will be recovered through the Economic Development ("ED") Rider.

13

14 ***Q16. WHAT ARE YOUR CONCERNS WITH THE PROPOSED CHANGES TO***
15 ***THE IRP-D RIDER?***

16 ***A16.*** While interruptible load may provide benefits at times of peak usage, the problem
17 with this provision is that the IRP-D customers are already participating in the
18 PJM Demand Response program. Under that program they already receive
19 adequate payments from PJM for these efforts. So the IRP-D is giving these
20 customers additional funds (in the form of reduced rates) for a program in which
21 they are already participating. This program is not increasing demand response

² BRA clearing price of \$59.37 per MW per day for 2016/2017 and \$120.00 per MW per day converted to kW per month.

1 participation but just giving additional payments to parties that signed or did not
2 oppose a settlement. The PPA Settlement states the change in the collection of
3 the IRP-D Rider is to “more accurately reflect the economic development benefits
4 of these credits.”³ If this is an economic development credit and not a demand
5 response credit it should be properly named. The PUCO should treat this as an
6 economic development credit and follow the rules for economic development set
7 out in Ohio Revised Code 4905.31.

8

9 ***Q17. WHAT IS THE PROPOSED AUTOMAKER CREDIT?***

10 ***A17.*** The automaker credit is a \$10/MWh credit for all kWh consumption above an
11 automaker facility’s 2009 calendar year usage (baseline). This credit is paid by
12 all customers through the Economic Development Cost Rider (“Rider EDR”).

13

14 ***Q18. WHAT ARE YOUR CONCERNS WITH THE PROPOSED AUTOMAKER***
15 ***CREDIT?***

16 ***A18.*** First, there is no justification as to why 2009 was used as a baseline for the
17 consumption. However, a look at the automotive industry in Ohio over the past
18 nine years may give some insight. The Ohio Development Services Agency
19 released a report titled “The Ohio Motor Vehicle Report” for December 2016.⁴ In
20 this report it shows a decrease in light vehicle production of 43% between 2008

³ PPA Stipulation at page 16.

⁴ <https://development.ohio.gov/files/research/B1002.pdf>

1 and 2009.⁵ The light vehicle production in 2015 was higher than 2008 and an
2 82% increase over 2009. Essentially, 2009 was the lowest point of auto
3 production in Ohio over the nine-year period evaluated. It should not be utilized.
4 If the PUCO approves this credit, which I do not condone, the baseline should be
5 a more recent year to demonstrate actual increases in production.

6
7 More importantly this type of credit should be considered part of an economic
8 development project. If the customers eligible for this credit are in need of a
9 reduction in their electric bills they should apply for a reasonable arrangement
10 under O.R.C. 4905.31.

11

12 ***Q19. WHY SHOULD IRP-D AND AUTOMAKER CUSTOMERS APPLY FOR***
13 ***REASONABLE ARRANGEMENTS UNDER O.R.C 4905.31?***

14 ***A19.*** Under the current laws for reasonable arrangements there are rules that govern the
15 process. In any type of economic development arrangement, the applicant must
16 file detailed information to allow parties to assess whether the application appears
17 to be just and reasonable.

18

19 The application must include information on all associated incentives, estimated
20 annual electric billings without incentives, and the annual estimated delta
21 revenues for the term of the incentives. The rules also require the customer to

⁵ Light Vehicles Assembled in Ohio at Plants Operating Throughout 2007-2015. Report at page 23.

1 describe its status in the community and how the arrangement furthers the policy
2 of the state. The applicant must also provide verifiable information detailing, how
3 the following criteria are met: (1) the arrangement permits at least 25 new full
4 time jobs to be created or retained for the term of the arrangement; (2) the
5 customer shall demonstrate financial viability; the customer shall identify all
6 existing local, state or federal support; the customer shall identify potential
7 benefits from its project; and (3) the customer agrees to maintain operations at the
8 project site for the term of the incentives. The customer also bears the burden of
9 proof that the arrangement is reasonable and is not discriminatory.

10

11 Parties are able to file comments on the application and can seek an evidentiary
12 hearing if the PUCO determines the arrangement may be unjust and unreasonable.
13 Economic development applications are evaluated on a case-by-case basis and the
14 PUCO weighs all of the positive aspects against the costs to customers. This
15 process allows for a comprehensive examination of the customer and does not just
16 hand out credits to customers based upon if they signed a settlement or not.
17 Here, although the credits may lower the operating costs for these facilities, there
18 are no commitments that there will be any increase in jobs or investment in Ohio.

1 **VI. OVEC COST RECOVERY**

2

3 ***Q20. HOW DOES AEP OHIO PLAN TO RECOVER THE COST ASSOCIATED***
4 ***WITH OVEC?***

5 ***A20.*** In its Application AEP Ohio proposes to utilize OVEC to supply SSO load and
6 recover the costs associated with OVEC through bypassable SSO charges. The
7 Company will reduce the SSO auction load by the MW provided by OVEC and
8 auction the remaining load through the auction process AEP Ohio has been using
9 to procure the required generation.

10

11 ***Q21. DO YOU THINK INCLUDING OVEC IN THE SSO PRICE WILL PRODUCE***
12 ***A REASONABLY PRICED PRODUCT?***

13 ***A21.*** Not necessarily. The current auction process has been very successful in
14 producing reasonable prices by forcing suppliers to lower their offers to the
15 lowest price to satisfy the needs of AEP Ohio customers. Including a specific
16 generator without the benefit of a competitive bid would not be a prudent way to
17 procure generation for AEP Ohio customers.

18

19 Further, the PPA Settlement states that the filing for the extension of the ESP will
20 include “a proposal to extend the competitive bidding schedule”. Although the
21 current Application does include an extension of the current auction process, it
22 adds a significant change – using OVEC to supply SSO load without a
23 competitive bidding process -- that was not in the original auction process.

1 ***Q22. SHOULD THE COMMISSION ALLOW FOR A UNIT SPECIFIC***
2 ***PRODUCT IN THE AUCTION?***

3 **A22.** If the Commission believes it would provide a reasonable price to consumers then
4 they could include unit specific generation in the SSO auction. The one caveat I
5 would add is that it should be competitively bid just as the rest of the generation is
6 procured through the auctions. A competitive bid would allow for the lowest
7 priced generator to provide service. A competitive bid process would require the
8 generator to run its plant in the most efficient manner. It is my opinion that
9 allowing a specific generator to serve customers without a competitive bid will
10 not lead to a reasonable price for AEP Ohio customers. If the Commission truly
11 considers this a hedge to market volatility it should competitively bid a product to
12 provide so as to obtain the lowest possible price for SSO customers.

13
14 Additionally, a unit specific hedge may not be the best way to truly hedge the
15 SSO load. A better hedge would be a fixed price hedge where a portion of the
16 SSO load is set at a long term fixed price. This would allow for a fixed price at
17 current market rates and let the remaining load be served at market prices. OVEC
18 has variable costs and in theory could move with the market and not provide a
19 clean hedge.

VII. ESP VS MRO TEST

Q23. WHAT IS THE ESP VS MRO TEST?

A23. The comparison the PUCO makes between the results of a utility's ESP and the results that would be expected under a Market Rate Offer ("MRO") is the statutory test,"⁶ sometimes also referred to as the "MRO vs. ESP test." It is my understanding, confirmed by counsel, that under Section 4928.143(C)(1) of the Ohio Revised Code, the Commission cannot approve, or modify and approve, an ESP unless it finds that the ESP "including its pricing and all other terms and conditions, including any deferrals and future recovery of deferrals, is more favorable in the aggregate [to customers] as compared to the expected results that would otherwise apply under section 4928.142 of the Revised Code." Section 4928.142 of the Revised Code pertains to a Standard Service Offer ("SSO") under an MRO.

In conducting the statutory test the Commission has generally evaluated three parts - comparing the results of these elements under the proposed ESP to the results expected under an MRO:

1. The SSO price of generation to customers,
2. Other quantifiable provisions, and

⁶ Duke Energy Ohio, Case No. 11-3549-EL-SSO, et al., Opinion and Order at 46 (November 22, 2011), Columbus Southern Power and Ohio Power, Case No. 11-346-EL-SSO, et al., Opinion and Order at 73 (August 8, 2012) and Dayton Power & Light, Case No. 12-426-EL-SSO, et al., Opinion and Order at 48-52 (September 3, 2013).

1 3. Other qualitative provisions.⁷

2 The Utility bears the burden of proving the ESP is more favorable in the
3 aggregate to customers than a market rate option.

4
5 ***Q24. WHAT IS YOUR RECOMMENDATION TO THE PUCO REGARDING***
6 ***THE MRO VS ESP TEST FOR AEP'S PROPOSED ESP EXTENSION?***

7 ***A24.*** The first part of the test is to compare the SSO price to customers between the
8 proposed ESP and what would be achieved under an MRO. AEP has proposed to
9 continue a Competitive Bid Process to procure part of the SSO load while
10 dedicating the OVEC entitlement to serve the rest. As I stated above, if AEP
11 desires to hedge a portion of the SSO load it should competitively bid that hedge.
12 It is my opinion that a competitive auction would produce a lower price for the
13 hedge and a lower price for SSO customers. Thus, the ESP is likely to cost
14 customers more than an MRO with respect to this aspect of the statutory test.

15
16 The second part of the MRO vs ESP test evaluates the quantifiable provisions of
17 AEP's proposed ESP. There are a number of new riders and increases to existing
18 riders under the ESP that add over \$1.5 billion in costs to customers with little to
19 no value to customers. These riders would not be included in a MRO because an
20 MRO merely sets the standard offer price. There are no other provisions under an
21 MRO which allow the utility to include charges to customers for numerous and

⁷ AEP Ohio ESP, Case No. 11-346-EL-SSO et al., Opinion and Order at 73 (August 8, 2012) and Entry on Rehearing at 13-14 (January 30, 2013) and Dayton Power & Light, Case No. 12-426-EL-SSO, et al., Opinion and Order at 48-52 (September 3, 2013).

1 varied riders. With these riders customers would pay \$1.5 billion more in costs
2 under the ESP than under an MRO.

3
4 The third part of the test considers the qualitative provisions of the ESP. While I
5 am not recommending that the PUCO consider qualitative factors under the MRO
6 versus ESP test, AEP's qualitative arguments are unpersuasive. And, the asserted
7 qualitative benefits for customers cannot begin to offset in any meaningful way
8 any the quantitative cost of the ESP, let alone the more than \$1.5 billion cost of
9 this ESP.

10
11 I find that AEP's ESP likely to be more harmful to customers than a MRO.

12
13 ***Q25. PLEASE SUMMARIZE AEP OHIO WITNESS ALLEN'S ESP VS MRO TEST***
14 ***EVALUATION.***

15 ***A25.*** In his testimony AEP Ohio Witness Allen states that the proposed ESP extension
16 is more favorable from both a quantitative and qualitative viewpoint. He states
17 that the quantitative benefits include the Distribution Investment Rider ("DIR")
18 providing a streamlined approach to make distribution improvements, the
19 Distribution Technology Rider ("DTR") allowing for *rapid* investment in
20 advanced technology, the extension of the Residential Distribution Credit Rider
21 ("RDCR") through May 31, 2024 providing credits to residential customers, and
22 the OVEC entitlement providing a price stabilizing benefit to the SSO.

1 AEP Ohio Witness Allen states that qualitative benefits include rate stability
2 through the Renewable Generation Rider (“RGR”) and OVEC, distribution
3 investment, economic development, the transmission pilot program, and the CIR.

4

5 ***Q26. DO YOU AGREE WITH AEP WITNESS ALLEN’S QUANTITATIVE***
6 ***BENEFITS?***

7 ***A26.*** No. AEP Ohio Witness Allen does not provide any concrete quantitative benefits
8 regarding DIR or DTR. He only generally states that the “streamlined recovery
9 mechanism” will allow the company to “rapidly invest in advanced technology”.
10 These attributes appear to be more appropriately characterized as non-quantifiable
11 benefits or qualitative benefits.

12

13 On the other hand we know there are specific costs associated with DTR. AEP
14 Witness Osterholt states that the DTR will incur \$187.4 million in capital
15 expenditures and \$4.8 million per year in O&M for a total of \$207.5 million in
16 charges to customers over four years. OCC Witness Alexander’s testimony
17 addresses the DTR and states that the DTR plan lacks detail and does not provide
18 concrete benefits to customers. Hence, the PUCO should not find quantitative (or
19 qualitative) benefits to the DTR.

1 According to AEP Ohio Witness Dias the DIR will cost \$1.35 billion.⁸ OCC
2 Witness Williams states that the DIR provides little to no value to the reliability of
3 AEP Ohio's distribution system. Given OCC Witness Williams' testimony, the
4 PUCO should not consider quantitative (or qualitative) benefits from the proposed
5 DIR.

6
7 Additionally, the RDCR was set up in AEP Ohio's last distribution rate case
8 (PUCO Case No. 11-351-EL-AIR, et. al.) as a mechanism to credit back a double
9 recovery of dollars from both the DIR set up in case 11-346-EL-SSO and base
10 distribution rates. The extension of the RDCR is not a benefit but instead a
11 requirement to prevent double recovery. Additionally, the RDCR would not be
12 included in a MRO.

13
14 Finally, AEP Ohio provided no data regarding the costs and benefits of OVEC
15 being included in the SSO. It only touts the purported "price stabilizing benefit".
16 As I stated above, awarding OVEC the right to serve SSO load without a
17 competitive bid process is not the most prudent way to obtain the best price for
18 AEP Ohio's customers. By including OVEC in the SSO, customers likely will be
19 furnished higher prices as compared to not including OVEC. Customer
20 subsidization of uneconomic generation certainly cannot be considered a benefit.

⁸ AEP Witness Dias at page 14: DIR will increase capital expenses by \$225 million per year from 2018-2024. \$225,000,000*6 years = \$1,350,000,000.

1 The proper way to obtain the best price for customers is to competitively bid any
2 hedging mechanism.

3

4 ***Q27. DO YOU AGREE WITH AEP WITNESS ALLEN'S QUALITATIVE***
5 ***BENEFITS?***

6 ***A27.*** No. As stated above, there are much more prudent ways to provide a
7 hedging mechanism for SSO customers (if the PUCO desires a hedge)
8 than using OVEC (or, for that matter, the RGR). In addition, as I stated
9 above, economic development can and should be addressed through
10 reasonable arrangement cases. The CIR, along with the SSOCR, should
11 be addressed in a distribution rate case. The alleged qualitative benefits
12 simply are not there and cannot be considered here.

13

14 ***Q28. DOES THIS APPLICATION FOR AN EXTENSION OF AEP OHIO'S***
15 ***CURRENT ESP PASS THE ESP VS MRO TEST?***

16 ***A28.*** No. The tables below outline AEP Ohio's alleged qualitative and
17 quantitative benefits.

1 Table 1 Quantitative Evaluation

Description	ESP Alleged Quantitative Benefits	ESP Costs	MRO Costs
DTR		\$207.5 million	\$0
DIR		\$1.35 billion	\$0
RDCR	\$14.7 million	\$0 this should be removed from base rates if the credit is discontinued.	\$0
OVEC		Unknown cost to customers due to no competitive solicitation.	\$0
Total	\$14.7 million	\$1.56 billion	\$0

2

3 Assuming the RDCR provides a \$14.7 million benefit that is not available
4 through a MRO, then the ESP is less favorable in the aggregate than an
5 MRO by \$1.54 billion considering the quantitative factors.

6

7 Table 2 Qualitative Evaluation

Description	ESP Alleged Qualitative Benefits	MRO
DTR	Streamlined recovery of costs	N/A
DIR	Streamlined recovery of costs	N/A
RDCR	N/A	N/A
OVEC	Price stabilizing benefit	N/A

8

9 The qualitative factors, even if accepted, do not outweigh the \$1.54 billion
10 detriment to consumers.

1 **VIII. CONCLUSION**

2

3 ***Q29. PLEASE SUMMARIZE YOUR RECOMMENDATIONS.***

4 ***A29.*** The Application does not pass the MRO vs ESP test and should be denied by the
5 PUCO. If AEP Ohio desires to extend its current ESP it should do it through an
6 MRO.

7

8 ***Q30. DOES THIS CONCLUDE YOUR TESTIMONY?***

9 ***A30.*** Yes. But I reserve the right to incorporate new information that may subsequently
10 become available.

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing *Direct Testimony of Michael P. Haugh on Behalf of the Office of the Ohio Consumers' Counsel* was served via electronic transmission upon the parties below this 2nd day of May 2017.

/s/ William J. Michael

William J. Michael
Assistant Consumers' Counsel

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MPH – ATTACHMENT-1

Public Utilities Commission of Ohio

Monongahela Power Company, Case No. 04-1047-EL-ATA

American Electric Power Company, Case No. 05-376-EL-UNC

Dayton Power and Light Company, Case No. 05-276-EL-AIR

Dominion East Ohio Company, Case No. 05-474-EL-ATA

Dominion East Ohio Company, Case No. 05-219-GA-GCR

Columbia Gas of Ohio, Case No. 05-221-GA-GCR

Duke Energy Ohio, Case No. 03-93-EL-ATA

American Electric Power, Case No. 07-63-EL-UNC

Eramet Marietta, Inc., Case No. 09-516-EL-AEC

TimkenSteel Corporation, Case No. 15-1857-EL-AEC

American Electric Power Company, Case No. 14-1693-EL-RDR

Columbia Gas of Ohio, Case No. 16-1309-GA-UNC

American Electric Power, Case No. 10-2929-EL-UNC

Dayton Power and Light, Case No. 16-395-EL-SSO

Michigan Public Service Commission

Michigan Consolidated Gas Company, Case No. U-17131

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Case No(s). 16-1852-EL-SSO, 16-1853-EL-AAM

Summary: Testimony Direct Testimony of Michael P. Haugh on Behalf of the Office of the Ohio Consumers' Counsel electronically filed by Ms. Deb J. Bingham on behalf of Michael, William J. Mr.