

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Review of the)
Distribution Investment Rider) Case No. 14-255-EL-RDR
Contained in the Tariff of Ohio)
Power Company)

In the Matter of the Review of the)
Distribution Investment Rider) Case No. 15-66-EL-RDR
Contained in the Tariff of Ohio)
Power Company)

In the Matter of the Review of the)
Distribution Investment Rider) Case No. 16-21-EL-RDR
Contained in the Tariff of Ohio)
Power Company)

DIRECT TESTIMONY
OF
ANDREA E. MOORE
IN SUPPORT OF THE
JOINT STIPULATION AND RECOMMENDATION

Filed January 22, 2018

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ANDREA E. MOORE

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BEFORE
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ANDREA E MOORE
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JOINT STIPULATION AND RECOMMENDATION

1 **PERSONAL DATA**

2 **Q. WHAT IS YOUR NAME AND BUSINESS ADDRESS?**

3 **A.** My name is Andrea E. Moore and my business address is 700 Morrison Road, Gahanna,
4 Ohio 43230.

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

6 **A.** I am employed by Ohio Power Company, known as AEP Ohio or the Company, as
7 Director – Regulatory Services.

8 **Q. WHAT ARE YOUR RESPONSIBILITIES AS DIRECTOR- REGULATORY**
9 **SERVICES?**

10 **A.** I am responsible for directing the preparation and presentation of regulatory matters to
11 management as well as regulatory bodies. I plan, organize and direct team activities to
12 develop and support pricing structures, rider and true-up filings, maintenance of tariffs,
13 pilot programs, special contracts and other pricing initiatives depending on assigned
14 function.

15

1 **Q. WHAT IS YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND?**

2 **A.** I received my Bachelor of Science in Accounting degree from the University of Rio
3 Grande and a Master of Business Administration degree from Franklin University. In
4 addition, I have completed the Basic Concepts on Rate Making class through New
5 Mexico State University.

6 I joined American Electric Power Service Corporation in 2001 as an Accountant
7 and joined the Regulatory Tariffs department as a Regulatory Analyst III in 2004. I
8 progressed through various positions before being promoted to my current position of
9 Director – Regulatory Services. My duties within the Regulatory Tariffs department
10 have included preparing cost-of-service studies for regulatory filings, preparing cost
11 based formula rates for wholesale customers, preparing rider filings and rate designs, and
12 maintaining tariff books, as well as other projects related to regulatory issues and
13 proceedings, individual customer requests, and general rate matters.

14 **Q. HAVE YOU PREVIOUSLY TESTIFIED IN A REGULATORY PROCEEDING?**

15 **A.** Yes. I have testified before the Public Utilities Commission of Ohio in Case Nos. 13-
16 1939-EL-RDR, 13-2385-EL-SSO, 13-419-EL-RDR and 14-1158-EL-ATA.

17 **PURPOSE OF TESTIMONY**

18 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN SUPPORT OF THE**
19 **JOINT STIPULATION AND RECOMMENDATIONS IN THIS PROCEEDING?**

20 **A.** The purpose of my testimony is to sponsor, summarize, and support the Joint Stipulation
21 and Recommendation (Stipulation) submitted on December 17, 2017 for the

1 Commission's consideration. The Stipulation provides the basis for resolving the annual
2 audits of the Company's Distribution Investment Rider (DIR) for 2013, 2014 and 2015.

3 My testimony discusses the criteria that the Commission uses when considering
4 settlement agreements and explains how the Stipulation in this proceeding meets those
5 criteria. Specifically, my testimony supports the conclusion that the Stipulation:

6 (1) Is the product of serious bargaining among capable, knowledgeable, parties;

7 (2) As a package, benefits ratepayers and the public interest, and

8 (3) Does not violate any important regulatory principle of practice.

9 **SIGNATORY PARTIES**

10 **Q. WHO ARE THE SIGNATORY PARTIES TO THE STIPULATION?**

11 A. The Signatory Parties, who represent a variety of diverse interests, include the Company,
12 the Staff of the Public Utilities Commission of Ohio (Staff), and the Ohio Manufacturers'
13 Association Energy Group. The Kroger Company has also signed the Stipulation as a
14 non-opposing party, and it is my understanding that the Office of the Ohio Consumers'
15 Counsel is also a non-opposing party.

16 **OVERVIEW OF THE STIPULATION**

17 **Q. PLEASE EXPLAIN THE STIPULATION.**

18 A. On August 8, 2012 in Case No. 11-346-EL-SSO, et. al. ("*ESP II*"), the Commission
19 approved AEP Ohio's DIR. As part of that decision, the Commission ordered the DIR to
20 be reviewed annually for accounting accuracy, prudence and compliance with the DIR
21 plan developed by the Staff and AEP-Ohio. *ESP II*, Opinion and Order at 47. The DIR

1 was again approved and extended through May 2018 in *ESP III*, Case Nos. 13-2395-EL-
2 SSO, et al. The Stipulation in this case addresses the annual review of the DIR for the
3 years 2013, 2014, and 2015.

4 **Q. PLEASE EXPLAIN HOW THE STIPULATION ADDRESSES THE 2013 DIR**
5 **AUDIT.**

6 A. The Auditor in the 2013 DIR audit made two recommendations. The first
7 recommendation was that the Company reconcile capital spending to DIR electric plant
8 in service. The Auditor also recommended that the Company no longer include
9 forecasted capital spending at Wheeling Power in the DIR budget. The Company has
10 since implemented the Auditor's recommended reconciliation based on its internal
11 auditors making the same recommendation. As such, no further action is necessary. The
12 Company also removed the Wheeling Power forecasted capital spending from the report,
13 and no further action is required to satisfy that recommendation.

14 The Signatory Parties also agree that there is no requirement in the *ESP II* case,
15 which authorized the DIR, that the DIR be based on a cost-benefit analysis.

16 The Signatory Parties also agree that the data related to the DIR plan provided by
17 the Company to the Commission Staff and the DIR plan as implemented through
18 collaboration of Staff and the Company were reasonable and no further changes or
19 actions are required.

20

1 **Q. PLEASE EXPLAIN HOW THE STIPULATION ADDRESSES THE 2014 DIR**
2 **AUDIT.**

3 A. The Auditor in the 2014 DIR audit made a few recommendations mainly around
4 clarification of the values submitted in the Company's quarterly DIR filings. Because the
5 recommendations were for clarification and would assist in the ease of future audit, the
6 Company has implemented some of these suggestions and does not feel that any
7 additional action is necessary. The Company did not include the suggestion in 4.1a of the
8 audit report, and the suggestion in 4.1C of that report was a clarification for that quarterly
9 filing only, so no additional action was needed. The Signatory Parties agree that the
10 Company has implemented the necessary clarification items and that no further action is
11 required.

12 The Stipulation resolves the recommendation made by the Auditor as it relates to
13 the adjustments to the meter data as discussed on page 12 of the audit report.

14 The Stipulation resolves that the property tax rate used by the Company was
15 appropriate and ordered by the Commission upon approval of the DIR.

16 The Signatory Parties agree that the implementation of the tax accounting changes
17 pursuant to the tangible property regulations is progressing in a timely manner and that
18 the Company will provide for the Commission's review the quantification of these
19 changes once the value has been recognized for tax purposes. The Company agrees to a
20 one-time reduction in the revenue requirement of \$2,142,337.62 to fully and finally
21 resolve disagreements regarding the timing of the capital repairs deduction.

1 The Signatory Parties agree that the data provided by the Company related to the
2 2014 DIR plan was sufficient to address the directives of the Commission's Order in the
3 *ESP II* case.

4 The Signatory Parties agree that the capitalization change that occurred in 2014
5 was permissible within the GAAP rules. The Signatory Parties further agree that the
6 Company will clearly state any impending capitalization policy changes in its quarterly
7 filings going forward, including the quantification if possible, and working with Staff on
8 alternative calculations if quantification is not possible. Such changes shall be subject to
9 the Commission's approval.

10 **Q. PLEASE EXPLAIN HOW THE STIPULATION ADDRESSES THE 2015 DIR**
11 **AUDIT.**

12 A. The Stipulation resolves the issues of capitalization policy changes, the tax repair
13 deductions and that the Company has implemented the Commission's directive to adjust
14 the property tax in the DIR from the *ESP III* filing, the same as the 2014 audit. In
15 addition, the Signatory Parties agree that the audit recommendations one through five and
16 seven through ten have been resolved through the Auditor's report in the 2016 DIR filing,
17 Case No. 17-038-EL-RDR.

18 The Signatory Parties also recommend that the Auditor's recommendation
19 number six from page thirteen of the audit report not be adopted. The Signatory Parties
20 agree that there was no such adjustment to the base rates in the Company's last filing
21 Case No. 11-351-EL-AIR and that a base distribution case is better to address these types
22 of recommendations.

23

1 **CRITERIA FOR CONSIDERING APPROVAL OF A STIPULATION**

2 **Q. WHAT IS THE STANDARD THAT THE COMMISSION HAS USED WHEN**
3 **CONSIDERING APPROVAL OF A STIPULATION AMONG PARTIES TO**
4 **PROCEEDINGS?**

5 A. My understanding is that a stipulation must satisfy a three-part test. The questions that
6 the Commission considers are: Is the stipulation the product of serious bargaining among
7 capable, knowledgeable parties? (2) As a package, does the stipulation benefit ratepayers
8 and the public interest? and (3) Does the stipulation violate any important regulatory
9 principle or practice?

10 **Q. IS THE STIPULATION SUBMITTED IN THIS CASE THE PRODUCT OF**
11 **SERIOUS BARGAINING AMONG CAPABLE AND KNOWLEDGEABLE**
12 **PARTIES?**

13 A. Yes. The Stipulation was the product of meetings and negotiations involving
14 experienced counsel as well as the technical experts from each represented party. All
15 parties were invited to participate in settlement discussions regarding the Stipulation. All
16 parties participated in multiple meetings and communications to discuss resolution of the
17 case.

18 **Q. DOES THE STIPULATION AS A PACKAGE BENEFIT CUSTOMERS AND THE**
19 **PUBLIC INTEREST?**

20 A. Yes. The Stipulation provides for a reasonable resolution of the 2013, 2014 and 2015
21 DIR audits and reflects a package of commitments and agreements that benefit customers
22 and the public interest. The purpose of the Stipulation is to assure that the Company is

1 adhering to the Commission’s directives when approving the DIR, which includes
2 quantifying reliability improvements expected, ensure no double recovery, and including
3 a demonstration of DIR expenditures over projected expenditures and recent spending
4 levels. The Commission has determined that “although a primary objective of the DIR is
5 to enable AEP Ohio to improve or maintain its service reliability, the DIR also provides
6 the Company with a timely cost recovery mechanism for its prudently incurred
7 distribution infrastructure investment costs and is expected to reduce the frequency of
8 base distribution rate cases.” Case No. 12-3129-EL-UNC, Finding and Order at 12 (May
9 29, 2013). There is a benefit to customers and the public interest when settlements can be
10 reached in general as it is less costly.

11 In addition, the Company has agreed to provide actual SAIFI and CAIDI
12 reliability performance for 2011 and 2012 for the combined Columbus Southern Power
13 and Ohio Power Company electric utilities both including and excluding major events
14 pursuant to Ohio Admin. Code 4901:1-10-01(T) so that reliability performance pre-DIR
15 and post-DIR can be more accurately compared.

16 The Signatory Parties agree that in preparing its Annual DIR Work Plan, the
17 Company will continue to prioritize to the extent practical and reasonable programs that
18 are intended to reduce outage events, customers interrupted and customer minutes
19 interrupted based on the causes that each represent at least ten percent of the customers
20 interrupted as reflected in the Annual Reliability Report pursuant to Ohio Admin. Code
21 4901:1-10-10(C)(3)(a). Separate and apart from the Company’s normal interactions with
22 Staff, the Company agrees to meet annually with the Signatory Parties and non-opposing
23 parties to explain the extent in which the DIR Work Plan is being adapted to address

1 causes within the Company's control that each represent at least ten percent of the
2 outages in the Annual Reliability Report and/or to explain the rationale for why this is not
3 practical or reasonable. In addition, the Company will also provide annual updates to the
4 Signatory Parties and non-opposing parties demonstrating the quantifiable impact that
5 those DIR programs have had on customer reliability performance. These concessions
6 increase the transparency of the DIR plan, provide customer benefits, and are in the
7 public interest.

8 The Company has agreed to a one-time reduction to the DIR revenue requirement
9 of \$2,142,337.62 as a compromise in these proceedings to fully and finally resolve
10 disagreements between the parties regarding the timing of the Company's
11 implementation of the capital repairs deduction. This reduction to the revenue
12 requirement will be recorded and reflected in the DIR quarterly update following
13 Commission approval of the Stipulation. The reduction will be shown separately on the
14 over/under schedule of the quarterly filings for transparency in future audits.

15 **Q. DOES THE STIPULATION VIOLATE ANY IMPORTANT REGULATORY**
16 **PRINCIPLE OR PRACTICE?**

17 A. No. The Stipulation is a settlement balancing the interest of the customers and
18 complying with the Commission's order approving the DIR. The Stipulation provides a
19 reasonable settlement of the components addressed in each of the annual audits for 2013,
20 2014, and 2015. The Stipulation is a reasonable outcome to the application of the DIR as
21 approved by the Commission.

22 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

23 A. Yes.

CERTIFICATE OF SERVICE

In accordance with Rule 4901-1-05, Ohio Administrative Code, the PUCO's e-filing system will electronically serve notice of the filing of this document upon the following parties. In addition, I hereby certify that a service copy of the foregoing *Direct Testimony of Andrea E. Moore* was sent by, or on behalf of, the undersigned counsel to the following parties of record this 22nd day of January 2018, via electronic transmission.

/s/ Christen M. Blend
Christen M. Blend

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Summary: Testimony - Direct Testimony of Andrea E. Moore in Support of the Joint Stipulation and Recommendation electronically filed by Ms. Christen M. Blend on behalf of Ohio Power Company