

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of Ohio Power Company's)	
Implementation of the Tax Cuts and Jobs)	Case No. 18-1007-EL-UNC
Act of 2017.)	

In the Matter of the Application of Ohio)	
Power Company to Establish the Tax)	Case No. 18-1451-EL-ATA
Savings Credit Rider)	

**DIRECT TESTIMONY OF
JONATHON L. McGEE
ON BEHALF OF
THE OHIO CABLE TELECOMMUNICATIONS ASSOCIATION**

October 3, 2018

1 **Q1. Please introduce yourself.**

2 A1. My name is Jonathon L. McGee. I am the Executive Director of the Ohio Cable
3 Telecommunications Association (“OCTA”). My business address is 172 E. State Street,
4 Suite 302, Columbus, Ohio 43215.

5
6 **Q2. What are your current job responsibilities?**

7 A2. Representing the Ohio cable industry before the Ohio General Assembly, United States
8 Congress, and various state and federal regulatory agencies, including the Public Utilities
9 Commission of Ohio, and managing the day-to-day affairs of the Association.

10

11 **Q3. What is your educational background?**

12 A3. I earned a Bachelor of Arts degree with high distinction in Political Science from Ohio
13 Northern University and a Juris Doctor degree with honors from The Ohio State
14 University College of Law. I am licensed to practice law in the State of Ohio and before
15 the federal bar, but I am not testifying today as an attorney.

16

17 **Q4. On whose behalf are you testifying today?**

18 A4. I am testifying on behalf of the OCTA.

19

20 **Q5. Please describe briefly the OCTA.**

21 A5. The OCTA is a trade association for the cable telecommunications industry in Ohio. The
22 OCTA’s members operate throughout Ohio and they provide a variety of
23 communications services including video, voice, and high-speed Internet access services

1 in the Ohio Power Company (“AEP Ohio”) service territory. Members of the OCTA
2 purchase access to AEP Ohio’s electric poles and attach their facilities to those poles.
3

4 **Q6. What is the purpose of your testimony?**

5 A6. My testimony supports the Joint Stipulation and Recommendation (“Stipulation”) filed in
6 these proceedings on September 26, 2018, specifically Section IV.E of the Stipulation
7 related to pole attachment rates.
8

9 **Q7. Can you describe Section IV.E of the Stipulation?**

10 A7. Section IV.E has four parts:

- 11 • AEP Ohio will include, when it calculates its future pole attachment rates, two
12 important changes resulting from the Tax Cuts and Jobs Act of 2017 –the amount
13 of excess accumulated deferred income taxes (“EDIT”) that has not yet been
14 returned to customers and the tax expense savings due to the law’s lower
15 corporate tax rate. The Stipulation identifies AEP Ohio’s utility accounts through
16 which the EDIT-related debits and credits will be recorded.
- 17 • AEP will provide the OCTA with certain information (listed in Section IV.E.2),
18 and will work with the OCTA regarding other additional information, so that the
19 OCTA can evaluate whether to ask AEP Ohio to change the current pole
20 attachment rate based on 2018 data and the terms of the Stipulation.
- 21 • If the OCTA makes that request, AEP Ohio agrees to seek the adjustment in its
22 pole attachment rate within 60 days by filing an application with the Public
23 Utilities Commission of Ohio.

- If the OCTA does not make that request, AEP Ohio agrees not to seek an adjustment in its pole attachment rate until after new base distribution rates are established by the Commission as a result of an application that AEP Ohio will file by June 2020.

Q8. Was the Stipulation, including Section IV.E, the product of serious bargaining?

A8. Yes. The OCTA was an active participant in settlement discussions related to the Stipulation. Each party to Case No. 18-1007-EL-UNC was invited to the discussions related to the Stipulation, which then led to the contemporaneous filing of the application in Case No. 18-1451-EL-ATA. The final language in Section IV.E of the Stipulation is the result of those negotiations as well.

Q9. Does the OCTA see a benefit to Section IV.E in the Stipulation?

A9. Yes, Section IV.E provides several benefits. Foremost, Section IV.E.1 resolves an important concern of the OCTA members related to the EDIT not being included in the calculation of future pole attachment rates (the absence of the EDIT would have the perverse impact of increasing the company's pole attachment rate even though the tax law did not intend to raise pole attachment rates). The Stipulation resolves that concern because AEP Ohio's accounting will result in all unamortized EDIT being included in the future pole rate calculations, as well as the tax expense savings caused by the new tax law. AEP's accounting is set forth in the Stipulation, allowing the Staff and the OCTA the opportunity to analyze and confirm the accounting during the EDIT amortization periods.

1 Sections IV.E.2 and IV.E.3 provide the OCTA a unique opportunity to review the
2 company's 2018 data, as well as other data, and to determine whether a pole attachment
3 rate adjustment application will be filed. If the OCTA opts to request an adjustment in
4 the pole attachment rate, a rate reduction can be implemented when one would not
5 necessarily have been be proposed by AEP Ohio. If the OCTA opts not to request a pole
6 attachment rate adjustment, Section IV.E provides rate stability for a period of time
7 because AEP Ohio will not seek to adjust its pole attachment rate until after distribution
8 rates are set in the upcoming EL-AIR case.

9
10 **Q10. Do you believe that Section IV.E supports a finding that the Stipulation is in the**
11 **public interest?**

12 A10. Yes. Section IV.E is in the public interest. It resolves the OCTA's concern and any
13 debate related to recognition of the EDIT in AEP Ohio's pole attachment rate
14 calculations for years, without protracted litigation. Additionally, Section IV.E is in the
15 public interest because pole attachers will not be harmed from artificially inflated pole
16 attachment rates based on ignoring or sidestepping the EDIT – a consequence that the
17 Tax Cuts and Jobs Act of 2017 never intended. It, in turn, avoids harmful and inflated
18 pole attachment rates being passed on to the general public. Lastly, Section IV.E is in the
19 public interest because it supports the principle of utility rates being cost-based.

20
21 **Q11. Does this conclude your testimony?**

22 A11. Yes, but I reserve the opportunity to supplement my testimony.

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/s/ Gretchen L. Petrucci
Gretchen L. Petrucci

stnourse@aep.com
cblend@aep.com
fdarr@mwncmh.com
mpritchard@mwncmh.com
mkurtz@bklawfirm.com
kboehm@bklawfirm.com
jkylercohn@bklawfirm.com
paul@carpenterlipps.com
bojko@carpenterlipps.com
dressel@carpenterlipps.com
cmooney@ohiopartners.org
christopher.healey@occ.ohio.gov
bryce.mckenney@occ.ohio.gov
jodi.bair@ohioattorneygeneral.gov

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Summary: Testimony - Direct Testimony of Jonathon L. McGee electronically filed by Mrs. Gretchen L. Petrucci on behalf of Ohio Cable Telecommunications Association