

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the 2016 Review of the            )  
Distribution Investment Rider Contained        ) Case No. 17-38-EL-RDR  
in the Tariff of Ohio Power Company        )

In the Matter of the 2017 Review of the            )  
Distribution Investment Rider Contained        ) Case No. 18-230-EL-RDR  
in the Tariff of Ohio Power Company        )

**TESTIMONY IN SUPPORT OF THE STIPULATION**

**OF**

**DORIS MCCARTER  
RATES AND ANALYSIS DEPARTMENT  
CAPITAL RECOVERY AND FINANCIAL ANALYSIS DIVISION  
PUBLIC UTILITIES COMMISSION OF OHIO**

STAFF EXHIBIT\_\_\_

**July 15, 2019**

1 1. Q. Please state your name and business address.

2 A. My name is Doris McCarter. My business address is 180 East Broad  
3 Street, Columbus, Ohio 43215.

4

5 2. Q. By whom are you employed and in what capacity?

6 A. I am employed by the Public Utilities Commission of Ohio (PUCO or  
7 Commission). I am Chief of the Capital Recovery and Financial Analysis  
8 Division within the Rates and Analysis Department.

9

10 3. Q. Please briefly describe your educational and professional background.

11 A. I received a Masters in Public Administration from Columbia University. I  
12 have been employed by the PUCO since December, 1989 in various  
13 capacities; Commissioner Aide to Commissioner Richard M. Fanelly,  
14 Utility Specialist 2 in the Telecommunications Division of the Utilities  
15 Department, and Deputy Director of the Service Monitoring and  
16 Enforcement Department.

17

18 4. Q. Please describe your responsibilities.

19 A. I have oversight of the distribution investment riders. My duties also  
20 include establishing policies, practices, and procedures for the Division's  
21 regulatory analysts who conduct audits and investigations of public utility  
22 companies subject to the jurisdiction of the PUCO. I have overall

1 responsibility for certain aspects of the Staff's revenue requirement  
2 determination during rate setting investigations. The calculation of  
3 depreciation expense, accumulated depreciation reserve and cost of capital  
4 are under my purview. I also have overall responsibility for management  
5 and operations reviews, corporate separation compliance, financing  
6 approvals, and the administration of the significantly excessive earnings  
7 test for electric distribution companies.

8  
9 5. Q. Have you testified in previous cases at the PUCO?

10 A. Yes. I have testified in numerous cases before the PUCO.

11  
12 6. Q. What is the purpose of your testimony?

13 A. I am supporting the Stipulation and Recommendation (Stipulation) filed in  
14 this proceeding on July 2, 2019 by showing that it meets the Commission's  
15 three-part test for determining a stipulation's reasonableness.

16  
17 7. Q. What are the components of the Commission's three-part test?

18 A. A stipulation before the Commission must: (i) be the product of serious  
19 bargaining among capable, knowledgeable parties; (ii) not violate any  
20 important regulatory principles or practice; and (iii) as a package, benefit  
21 ratepayers and the public interest.

1 8. Q. Do you believe the Stipulation filed in this case is the product of serious  
2 bargaining among knowledgeable parties?

3 A. Yes. This agreement is the product of an open process in which all parties  
4 were represented by able counsel and technical experts experienced in  
5 regulatory matters before the Commission, and the decisions made were  
6 based upon thorough analysis of complex issues. The Stipulation represents  
7 a comprehensive compromise of issues raised by parties with diverse  
8 interests. Overall, I believe that the Stipulation that the parties are  
9 recommending for Commission adoption presents a fair and reasonable  
10 result.

11  
12 9. Q. Were all of the parties (including Staff) to this proceeding present at  
13 negotiations that resulted in the Stipulation?

14 A. Settlement meetings were noticed to all parties and all parties were present  
15 either in person or by phone or they chose not to participate. Staff was  
16 present at all of the negotiations.

17  
18 10. Q. In your opinion, does the Settlement benefit ratepayers and promote the  
19 public interest?

20 A. Yes. The Stipulation benefits customers and the public interest and  
21 represents a just and reasonable resolution of all issues in this proceeding.  
22 The settlement is in the public interest for the following reasons:

- 1           •           The Stipulation results in an acknowledgement that several  
2                           operational areas will continue to be examined in the next audit  
3                           to determine AEP Ohio’s adherence to good business practices.  
4                           The continued focus upon the examination of these areas will  
5                           allow the Commission to ensure that customers are paying for  
6                           expenditures by AEP Ohio that are well controlled.
- 7           •           The Stipulation provides for an agreement with the Company to  
8                           change its policy with respect to the capitalization of vegetation  
9                           management costs, particularly with respect to the removal of  
10                          trees. The accounting change will take effect with the next rate  
11                          case order. The rate case is to be filed by June 1, 2020. This  
12                          accounting treatment will result in customers paying overall less  
13                          for this activity.
- 14          •           The Stipulation results in a commitment by AEP Ohio to provide  
15                          information which shows the reduction of outages caused by the  
16                          removal of trees outside of the right-of-way and an explanation  
17                          for any circuit on which there has not been an improvement. The  
18                          provisioning of this information will permit the Commission to  
19                          monitor and confirm that these expenditures are benefitting AEP  
20                          Ohio customers by reducing outages caused by outside the right-  
21                          of-way tree failures.

1 11. Q. Does the Stipulation violate any important regulatory principle or  
2 practices?

3 A. No. Based on my experience, involvement in this proceeding, and review of  
4 the Stipulation, Staff concludes that it complies with all relevant and  
5 important regulatory principles and practices.

6

7 12. Q. Are you recommending its adoption by the Commission?

8 A. Yes. I believe the Stipulation represents a fair and reasonable compromise  
9 of diverse interests and provides a fair result for all Ohio customers.

10

11 13. Q. Does this conclude your testimony?

12 A. Yes it does. However, I reserve the right to submit supplemental testimony  
13 as described herein, as new information subsequently becomes available or  
14 in response to positions taken by other parties.

## CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the Testimony of Doris McCarter in Support of the Stipulation has been served upon the below-named counsel via electronic mail, this 15<sup>th</sup> day of July, 2019.

*/s/ Steven L. Beeler*

\_\_\_\_\_  
**Steven L. Beeler**

### **Parties of Record:**

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**This foregoing document was electronically filed with the Public Utilities**

**Commission of Ohio Docketing Information System on**

**7/15/2019 2:32:03 PM**

**in**

**Case No(s). 17-0038-EL-RDR, 18-0230-EL-RDR**

Summary: Testimony in Support of the Stipulation of Doris McCarter electronically filed by Ms. Tonna Scott on behalf of PUC