

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

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

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

SUPPLEMENTAL TESTIMONY
OF
ANDREA E. MOORE
ON BEHALF OF
OHIO POWER COMPANY

Filed: July 15, 2019

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ANDREA E. MOORE

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BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO
DIRECT TESTIMONY OF
ANDREA E MOORE
ON BEHALF OF
OHIO POWER COMPANY

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 (AEP Ohio or the Company) as Director –
7 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 **Q. WHAT IS YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND?**

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

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

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

14 A. Yes. I have testified before the Public Utilities Commission of Ohio (Commission) in
15 several cases.

16 **PURPOSE OF TESTIMONY**

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

19 A. The purpose of my testimony is to sponsor and summarize the provisions of the Joint
20 Stipulation and Recommendation submitted on July 2, 2019 (Stipulation) for the

1 Commission's consideration. The Stipulation provides the basis for resolving the 2016
2 Audit and the 2017 Audit of the Company's Distribution Investment Rider (DIR).
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: (1) Is
6 the product of serious bargaining among capable, knowledgeable, parties; (2) As a
7 package, benefits ratepayers and the public interest; and (3) Does not violate any
8 important regulatory principle of practice.

9 **OVERVIEW OF THE STIPULATION**

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

11 A. In addition to the Company, the Staff of the Public Utilities Commission of Ohio (Staff)
12 has signed the Stipulation.

13 **Q. PLEASE EXPLAIN THE BACKGROUND OF THE STIPULATION.**

14 A. On August 8, 2012 in Case No. 11-346-EL-SSO et. al., the Commission approved AEP
15 Ohio's DIR. As part of the order, the Commission ordered the DIR to be reviewed
16 annually for accounting accuracy, prudence and compliance with the DIR plan developed
17 by the Staff and AEP Ohio (Order at Page 47). The Commission later approved the
18 continuation of the DIR in Case No. 13-2385-EL-SSO. The Stipulation in this case
19 addresses the annual review of the DIR for the years 2016 and 2017.

20 **Q. PLEASE EXPLAIN HOW THE STIPULATION ADDRESSES THE 2016 DIR**
21 **AUDIT.**

1 A. The auditor in the 2016 Audit made twelve recommendations on the DIR. Subsequently,
2 as part of the 2017 Audit, the auditor concluded that no additional work was required for
3 recommendations one through three, five, six and twelve, with recommendation one also
4 being deferred to the upcoming base distribution case. The other recommendations, four
5 and seven through eleven, are detailed below, followed by a section of indented language
6 from the Stipulation referencing the Signatory Parties' applicable recommendation.

7 Recommendation four – Blue Ridge recommended that the Company, in compliance with
8 the Commission's order, provide the reconciliation of the DIR account balances to the
9 FERC Form 1 within the DIR filings as ordered by the Commission.

10 The Signatory Parties agree that to the extent there is a difference between the
11 FERC FORM 1 and the DIR filings that the Company will state such difference in
12 the letter accompanying the quarterly DIR filings or state that no such difference
13 exists if that is the case.

14 Recommendation seven – Blue Ridge recommended the issue of the Company's
15 inclusion of capital spares in the DIR be given further review. The Company should look
16 into borrowing capital spares, if it makes economic sense, or at a minimum, perform an
17 analysis to compare renting versus the purchase of a capital asset.

18 The Signatory Parties agree that a further review by the next DIR auditor of the
19 capital spares activity will be conducted in a future DIR audit.

20 Recommendation eight – Blue Ridge recommended that the Company, in order to
21 complete the project justification, document all alternatives (operation and/or economic),

1 providing the reason(s) one alternative is better than another and, if savings are estimated,
2 indication how those savings are to be realized. If no alternatives were considered,
3 document the reason(s) as well.

4 The Signatory Parties agree with this recommendation that the Company continue
5 its current practice and no changes to that practice are necessary at this time. The
6 documentation in the Alternatives Considered project justification will be again
7 reviewed in a future audit to determine if AEP is consistently conducting an
8 alternatives review.

9 Recommendation nine – Blue Ridge recommended that the company continue to manage
10 to the budget and document reasons for overage or underage of actual charges whether
11 those reasons are outside or within the direct control of the Company in order to
12 demonstrate that the budget variance did not result from lack of budget management
13 control.

14 The Signatory Parties agree with this recommendation that the Company continue
15 its current practice and no changes to that practice are necessary at this time.

16 Recommendation ten – Blue Ridge recommended that when large projects are developed,
17 the Company place a greater emphasis on ensuring the work plan is complete and that the
18 contractors performing the work understand the requirements from both work and safety
19 perspectives.

20 The Signatory Parties support this recommendation but do not believe that
21 specific changes to AEP Ohio's processes are needed at this time.

1 Recommendation eleven – Blue Ridge recommended the Company continue to monitor
2 inactive work orders that appear on the report, striving to resolve outstanding issues
3 within a reasonable time frame of six months to reduce the total dollar value of inactive
4 work orders.

5 The Signatory Parties agree with this recommendation that the Company continue
6 its current practice and no changes to that practice are necessary at this time.

7 **Q. PLEASE EXPLAIN HOW THE STIPULATION ADDRESSES THE 2017**
8 **DIR AUDIT.**

9 A. The auditor in the 2017 Audit made five recommendations on the DIR. Each audit
10 recommendation is listed below (with the exception of number two which is the same as
11 2016 Audit recommendation four), followed by a section of indented language from the
12 Stipulation referencing the Signatory Parties’ applicable recommendation.

13 Recommendation one – Blue Ridge recommends that the Company, in its
14 vegetation management policy, better define capital and expense work associated with
15 clearing the Rights of Way (ROW) so as to be in accordance with the FERC Code of
16 Accounts for those activities. Specially, any vegetation management activity on an
17 existing right of way, other than what may come about because of storm restoration,
18 should be considered expense.

19 Regarding recommendation #1 in the 2017 Audit, the Signatory Parties agree to
20 the following:

1 a. AEP Ohio will start expensing inside and outside ROW tree removals
2 starting with the new base rates becoming effective after the upcoming
3 AIR case.¹ The period between the date of this settlement and the date the
4 new rates become effective as a result of the AIR filing will be referred to
5 as the “transition period.” The Company will continue its current
6 accounting approach for tree removal during the transition period. During
7 the transition period, outside ROW tree work will only be capitalized if it
8 involves removal of danger trees. In this context, a danger tree is a tree
9 that is structurally unsound (*e.g.*, has signs of disease, extreme leaning, or
10 other defects such as splits, etc.) and could strike the power lines when it
11 falls.

12 b. For initial clearing of ROW and for widening projects, tree removal for
13 the expanded ROW portion may still be capitalized during and beyond the
14 transition period. Initial clearing shall be defined as the activity to remove
15 vegetation from a company ROW when that ROW is first established
16 (including tree growth regulator and first herbicide application). When a
17 ROW is permanently expanded beyond the previously established ROW,
18 the activity to remove vegetation from the area necessary to widen the

¹ If FERC issues accounting guidance in the future that supports a different result, the Signatory Parties reserve the right to request Commission approval of a new capitalization policy to supersede this agreement.

1 existing ROW to the newly expanded ROW may be capitalized. The
2 Company will document the circumstances when it is necessary to
3 permanently expand a ROW.

4 c. During the transition period, the Company will, through a mutually
5 acceptable process, periodically work with Staff to update and coordinate
6 on danger tree program activity and anticipated funding levels.

7 d. The Company will provide baseline data for outside ROW tree outages for
8 the relevant circuits in a timely manner. During the transition period, the
9 Company will provide data showing outside ROW tree outages for each
10 circuit where danger tree work was performed for each year following
11 completion of such work.

12 e. The Company commits to achieving an improvement in the outside ROW
13 tree outages based on danger tree removal work done during the transition
14 period, as compared to the baseline outage data for the period prior the
15 transition period. The improvement will be measured by the Company-
16 wide number of outside ROW outages caused by danger trees for each
17 year during the transition period and for the two years subsequent to the
18 transition period (this is the measurement period). The Company may
19 exclude outages during the measurement any outside ROW tree outage
20 that was caused by a tree falling onto the line that was not a danger tree

1 (e.g., a lightning strike or storm caused the tree to fall). If there is not an
2 improvement for a given year during measurement period, the Company
3 will submit a written report to the Signatory Parties analyzing and
4 explaining why there was no measured improvement for that circuit and
5 submit a new plan for achieving an improvement. For example, one such
6 explanation might be that the areas where danger tree work was completed
7 improved while other areas where work has not yet been completed
8 deteriorated.

9 Recommendation two – This recommendation is the same as number recommendation
10 four from the 2016 Audit.

11 Recommendation three – Blue Ridge recommends that the Commission consider the
12 capital status of cost element 148 along with the other incentive-associated cost elements
13 in the next base distribution case. In the DIR, audit’s report in Docket 17-0038-EL-RDR,
14 Blue Ridge recommended that certain cost elements associated with incentive
15 compensation be removed from the DIR report. In considering Blue Ridge’s
16 recommendation, the Commission approved the Stipulation that this issue would be better
17 addressed as part of the base distribution case to be filed by June 2020.

18 The Signatory Parties agree that this issue should be addressed in the rate case.

19 The Signatory Parties agree that the Commission approved Stipulation in Case
20 Nos. 14-255-EL-RDR, 15-66-EL-RDR and 16-21-EL-RDR provided that this

1 issue is better addressed as part of the base distribution case to be filed by June 1,
2 2020.

3 Recommendation four – Blue Ridge recommends that large projects be more closely
4 scoped out in the field to try to mitigate potential impediments that could increase the
5 project estimate or increase the schedule, delaying the project completion.

6 The Signatory Parties support this recommendation but do not believe that
7 specific changes to AEP Ohio’s processes are needed at this time.

8 Recommendation five – Blue Ridge recommends that the next DIR audit review the
9 compliance of that filing with the Commission’s final decision in the Company’s
10 requested AEP Ohio-specific tax reform docket (Case No. 18-1007-EL-UNC) to facilitate
11 the Company’s implementation of the TCJA.

12 The Signatory Parties agree with this recommendation.

13 **Q. ARE YOU PROVIDING TESTIMONY SUPPORTING ALL OF THE**
14 **STIPULATION PROVISIONS ADDRESSING RECOMMENDATION ONE**
15 **FROM THE 2017 DIR AUDIT?**

16 A. I am generally supporting Paragraphs III.B.6.a and b of the Stipulation relating to 2017
17 Audit recommendation one, while AEP Ohio witness Kratt is providing testimony
18 supporting Paragraphs III.B.6.c, d and e of the Stipulation as well as the background
19 about the danger tree program referenced in Paragraph III.B.6.a.

1 **Q. IS THERE AN ADDITIONAL PROVISION IN THS STIPULATION THAT DOES**
2 **NOT RELATE DIRECTLY TO ONE OF THE AUDITOR**
3 **RECOMMENDATIONS?**

4 A. Yes, Paragraph III.B.7 of the Stipulation provides as follows:

5 In Paragraph III.J.17 of the ESP IV stipulation (adopted by the Commission),
6 several issues relating to the ESR are to be revisited in conjunction with the AIR
7 case (*e.g.*, continuation, level of base rate funding, and whether there is an ESP
8 cap). That exercise as part of the AIR case will also consider going forward
9 danger tree expense levels at that time. None of those issues are being resolved in
10 the current settlement.

11 This paragraph provides clarifications and reservations involving the Company's
12 Enhanced Service Reliability rider since the provisions involving 2017 Audit
13 recommendation one relate to expenses and accounting matters, in part, related to the
14 ESR.

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

16 **Q. WHAT IS THE STANDARD THAT THE COMMISSION HAS USED WHEN**
17 **CONSIDERING APPROVAL OF A STIPULATION AMONG PARTIES TO THE**
18 **PROCEEDINGS?**

19 A. My understanding is that a stipulation must satisfy a three-part test. The questions that
20 the Commission considers are: (1) Is the stipulation the product of serious bargaining
21 among capable, knowledgeable parties? (2) As a package, does the stipulation benefit

1 ratepayers and the public interest? and (3) Does the stipulation violate any important
2 regulatory principle or practice?

3 **Q. IS THE STIPULATION SUBMITTED IN THIS CASE THE PRODUCT OF**
4 **SERIOUS BARGAINING AMONG CAPABLE AND KNOWLEDGEABLE**
5 **PARTIES?**

6 A. Yes. The Stipulation was the product of meetings and negotiations involving
7 experienced counsel as well as the technical experts from each party. All parties were
8 invited to participate in settlement discussions regarding the Joint Stipulation. All parties
9 participated in multiple meetings and communications to discuss resolution of the case.

10 **Q. DOES THE STIPULATION AS A PACKAGE BENEFIT CUSTOMERS AND THE**
11 **PUBLIC INTEREST?**

12 A. Yes. The Stipulation provides for a reasonable resolution of the 2016 and 2017 DIR
13 Audits. There is a benefit to customers and the public interested when settlements can
14 be reached in general as it is less costly. Through the Stipulation, each of the audit
15 recommendations is considered and implemented in an efficient manner.

16 In addition, as discussed by AEP Ohio witness Kratt, the Company has agreed to provide
17 additional transparency on outside of ROW activity. The Stipulation allows the
18 Company to focus on reliability by performing necessary removal of outside of ROW
19 trees which has trended to be the number one cause of customer minutes of interruption
20 in 2018. The Company has agreed to provide additional information in order to better
21 track improvement on trees outside the ROW. All of these activities are designed to

1 drive a reduction in outages and improve the customer experience, which helps confirm
2 the DIR investments continue to favorably impact reliability.

3 **Q. DOES THE STIPULATION VIOLATE ANY IMPORTANT REGULATORY**
4 **PRINCIPLE OR PRACTICE?**

5 A. No. The Stipulation is a settlement balancing the interest of the customers and
6 complying with the Commission's order approving the DIR. The Stipulation provides a
7 reasonable settlement of the components addressed in each of the annual audits for 2016
8 and 2017. The Stipulation is a reasonable outcome to the application of the DIR as
9 approved by the Commission.

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

11 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 was sent by, or on behalf of, the undersigned counsel to the following parties of record this 15th day of July, 2019, via electronic transmission.

/s/ Steven T. Nourse _____

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Summary: Testimony - Supplemental Testimony of Andrea E. Moore on Behalf of Ohio Power Company electronically filed by Mr. Steven T Nourse on behalf of Ohio Power Company