

BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Ohio Power Company for an Increase in Electric Distribution Rates.	) ) )	Case No. 20-585-EL-AIR
In the Matter of the Application of Ohio Power Company for Tariff Approval.	) ) )	Case No. 20-586-EL-ATA
In the Matter of the Application of Ohio Power Company for Approval to Change Accounting Methods.	) ) )	Case No. 20-587-EL-AAM

DIRECT TESTIMONY OF  
JASON M. YODER  
ON BEHALF OF  
OHIO POWER COMPANY

Management Policies, Practices & Organizations

X Operating Income

X Rate Base

Allocations

Rate of Return

Rates and Tariffs

X Other

INDEX TO DIRECT TESTIMONY OF  
JASON M. YODER

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1   **I.    PERSONAL DATA**

2   **Q.    PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3   A.    My name is Jason M. Yoder, and my business address is 1 Riverside Plaza, Columbus,  
4       Ohio 43215.

5   **Q.    BY WHOM ARE YOU EMPLOYED AND WHAT IS YOUR POSITION?**

6   A.    I am employed by American Electric Power Service Corporation (“AEPSC”), a subsidiary  
7       of American Electric Power Company, Inc. (“AEP”), as Director of Regulatory Accounting  
8       Services. AEP is the parent company of Ohio Power Company (“AEP Ohio” or the  
9       “Company”).

10  **Q.    WOULD YOU PLEASE DESCRIBE YOUR EDUCATIONAL AND**  
11  **PROFESSIONAL BACKGROUND?**

12  A.    I graduated with a Bachelor of Science in Accounting from The Ohio State University in  
13       1998. I became a Certified Public Accountant in 2000 and I am currently a member of the  
14       American Institute of CPAs. I was employed by PricewaterhouseCoopers from 1998  
15       through 2003 where I audited the books and records of various companies, prepared and  
16       reviewed financial statements and evaluated company controls. I joined AEPSC, in  
17       December 2003 as an Internal Auditor. I transferred to the Regulatory Accounting Services  
18       organization in 2010 as a Staff Accountant. In 2015, I was promoted to Pricing and  
19       Analysis Manager in the Regulatory Services organization. In this role, I was responsible

1 for supporting wholesale and retail ratemaking including preparing filings and other  
2 projects related to regulatory issues and proceedings. In 2018, I was promoted to my  
3 current role as Director of Regulatory Accounting Services.

4 **Q. WHAT ARE YOUR RESPONSIBILITIES AS DIRECTOR OF REGULATORY**  
5 **ACCOUNTING SERVICES?**

6 A. My primary responsibilities include providing the AEP electric operating subsidiaries, such  
7 as AEP Ohio, with regulatory and general accounting expertise in support of regulatory  
8 filings, including the preparation of cost of service adjustments, accounting schedules, and  
9 accounting testimony. Also, I monitor regulatory proceedings, settlements, orders, and  
10 legislation for accounting implications, and I participate in determining the appropriate  
11 regulatory accounting and financial reporting treatment of regulatory transactions.

12 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY IN ANY REGULATORY**  
13 **PROCEEDINGS?**

14 A. Yes. I have filed testimony before the Arkansas Public Service Commission, the Indiana  
15 Utility Regulatory Commission and the Kentucky Public Service Commission. In addition,  
16 I filed testimony before the Commission for AEP Ohio in the 2018 and 2019 Significantly  
17 Excessive Earnings Test cases.

18 **II. PURPOSE OF TESTIMONY**

19 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

20 A. The purpose of my testimony is to sponsor or co-sponsor certain required filing schedules.  
21 As part of this responsibility, I provided to Company witnesses Caudill and Multer, actual  
22 total company and functional balances as of December 31, 2019 and income statement  
23 details for the one-month ended December 31, 2019 as necessary. I am also sponsoring

1 several historical period ratemaking adjustments to the December 31, 2019 rate base as  
2 well as going-level revenue and expense adjustments related to historical period that are  
3 applicable to the twelve-month period ending November 30, 2020 test year as reflected in  
4 some of the sponsored and co-sponsored schedules listed below. I will discuss these  
5 adjustments later in my testimony.

6 **Q. WHAT IS THE TEST YEAR UPON WHICH AEP OHIO'S RATE FILING IS**  
7 **BASED?**

8 A. AEP Ohio's rate filing is based on a test year ending November 30, 2020, which includes  
9 one month of actual data and eleven months of forecasted data. The Company will make  
10 an update approximately two months after the application date which will include no less  
11 than three months of actual data. Additionally, the Company will file a comparison of the  
12 twelve-month actual income statement versus the partially forecasted income statement  
13 and any variances within three months after the end of the test year.

14 **Q. WHAT FILING SCHEDULES ARE YOU SPONSORING OR CO-SPONSORING?**

15 A. I am sponsoring or co-sponsoring the following schedules included in the Standard Filing  
16 Requirements:

17 B-2, B-2.1, B-2.2, B-2.3, B-2.4, B-3, B-3.1, B-3.2, B-3.3, B-3.4, B-5, B-5.1, B-6, C-2.1,  
18 C-3.01, C-3.02, C-3.03, C-3.04, C-3.05, C-3.06, C-3.07, C-3.08, C-3.09, C-3.10, C-3.12,  
19 C-3.16, C-3.17, C-3.18, C-3.19, C-3.20, C-7, C-9, C-9.1, C-10.1, C-10.2, C-11.1, C-11.2,  
20 C-11.3, C-11.4, C-12 and D-5.

1 **III. COMMENTS ON SCHEDULES**

2 **Q. PLEASE DESCRIBE WHAT YOU SPONSOR ON SCHEDULES B-2, B-2.1, B-3, B-**  
3 **3.2 AND B-6?**

4 A. As discussed in the Company's filing, the date certain is December 31, 2019 and the test  
5 period is the twelve months ending November 30, 2020. Therefore, for these schedules I  
6 have provided the total company plant in service, accumulated depreciation and other rate  
7 base data as of the December 31, 2019 date certain. I have also provided this data on a  
8 functional basis (Distribution and Transmission) on certain schedules to Company witness  
9 Caudill.

10 **Q. PLEASE DESCRIBE WHAT YOU SPONSOR ON SCHEDULES C-2.1, C-7, C-9**  
11 **AND C-9.1.**

12 A. These schedules require information for the twelve-month period ending November 30,  
13 2020 test year. With respect to the Standard Filing Requirements related to these  
14 schedules, my area of responsibility is primarily with the actual total company income  
15 statements for the one-month actual period (December 2019) whereas Company witness  
16 Kelso provides the total company forecasted data for the eleven-month forecasted period  
17 (January through November 2020) included in the twelve-month test year ending  
18 November 30, 2020.

19 **Q. PLEASE DESCRIBE SCHEDULE B-2.3.**

20 A. In addition to the December 31, 2019 date certain information discussed above, Schedule  
21 B-2.3 presents for the distribution function, the accumulated gross additions, retirements  
22 and transfers at the FERC 3xx plant account detail from the date certain of the last base

1 rate case to the December 31, 2019 date certain in this base rate case. The last base rate  
2 case for AEP Ohio was Case No. 11-352-EL-AIR with a date certain of August 31, 2010.

3 **Q. PLEASE DESCRIBE THE LEASED PROPERTIES INCLUDED IN SCHEDULE B-**  
4 **2.4.**

5 A. Schedule B-2.4 lists the leased properties that are treated as capital leases for book  
6 purposes. The Company primarily enters into “Master Leases” by category of assets such  
7 as computer equipment. Schedule B-2.4 contains the amounts of capital leases recorded  
8 as of December 31, 2019 and the monthly lease payments recorded in December 31, 2019.  
9 The lease payments and cost of property leased change each month due to capital lease  
10 additions and retirements. Since the Company makes monthly payments similar to  
11 operating leases which are expensed in the appropriate FERC account, the capitalized  
12 leased assets are not included in rate base, although these assets are capitalized for  
13 accounting purposes.

14 **Q. PLEASE DESCRIBE THE DATA PRESENTED IN SCHEDULE B-3.3.**

15 A. In addition to the December 31, 2019 date certain information discussed above, Schedule  
16 B-3.3 shows for the distribution function, the accumulated depreciation accruals, salvage,  
17 retirements, removal cost and transfers at the FERC 3xx plant account detail from the date  
18 certain of the last base rate case to the December 31, 2019 date certain in this base rate  
19 case.

20 **Q. PLEASE DESCRIBE SCHEDULE B-3.4.**

21 A. Schedule B-3.4 presents the Amortization Reserve for Leased Assets data reported on  
22 Schedule B-2.4. Schedule B-3.4 contains the amounts of capital leases and the related  
23 accumulated amortization as of December 31, 2019 and the amortization expense for

1 December 31, 2019. Since no leased assets are included in rate base, the accumulated  
2 amortization balance is also excluded as an offset to rate base.

3 **Q. PLEASE DESCRIBE SCHEDULE B-5, B-5.1 AND B-6.**

4 A. In addition to December 31, 2020 date certain data discussed above, Schedule B-5 is a  
5 summary of allowance for working capital, which includes cash working capital,  
6 uncollectibles, materials and supplies (“M&S”) and prepayments. Schedule B-5 excludes  
7 customer deposits, investment tax credits, deferred income taxes and prepaid pension and  
8 other post-employment benefits which are included on Schedule B-6. Additional detail for  
9 each of these items is shown on Schedule B-5.1, including the average thirteen-month  
10 balance and the actual balance as of the December 31, 2020 date certain in this proceeding.

11 **Q. HOW DID YOU DERIVE THE WORKING CAPITAL BALANCES ON**  
12 **SCHEDULE B-5.1?**

13 A. I provide the 13-month average balances on Schedule B-5.1, which were derived by using  
14 the monthly test year balances for each item. The 13-month average consisted of the one  
15 month of actual balances from December 2019 plus forecasted balances for the remaining  
16 twelve months of the test year for January 2020 through December 2020. Note that with  
17 respect to the M&S held for normal operations, the amounts represent the non-construction  
18 related M&S. These amounts were effectively derived by multiplying the normal  
19 operations 13-month average percentage based on actual M&S withdrawals (90.49%) for  
20 the period ended December 31, 2020 times the test-year balances of M&S.

21 **Q. PLEASE DESCRIBE SCHEDULE C-10.1.**

22 A. Schedule C-10.1 provides the comparative Balance Sheets for the December 31, 2019 date  
23 certain and the calendar years 2014 through 2018.



1 **Q. PLEASE DESCRIBE SCHEDULE C-10.2.**

2 A. Schedule C-10.2 provides the comparative Income Statements for the twelve-month period  
3 ending November 30, 2020 test year and the calendar years 2014 through 2019. I sponsor  
4 the one-month actual period of the test year. I also sponsor the December 31 balances for  
5 the four most recent calendar years, which is derived from AEP Ohio's FERC Form No. 1.

6 **Q. PLEASE DESCRIBE SCHEDULES C-11.1 THROUGH C-11.4.**

7 A. In addition to the one-month actual data for the test year discussed previously, I provide  
8 revenue statistics from the general ledger for the calendar years ending December 31, 2014  
9 through 2019.

10 **Q. PLEASE DESCRIBE SCHEDULE C-12.**

11 A. Schedule C-12 is an analysis of the reserve for uncollectible accounts for the recent three  
12 calendar years ending December 31, 2017 through December 31, 2019 and the one-month  
13 actual period ending December 31, 2019 that is included in the twelve-month period ending  
14 November 30, 2020 test year. This schedule shows the beginning reserve balance, the  
15 current year provision, the current year recoveries, the current year charge-offs and ending  
16 reserve balances. This schedule also calculates the ratio of net write-offs and the ratio of  
17 uncollectible expenses. Since customer electric accounts receivable are sold by AEP Ohio  
18 to AEP Credit through purchase agreements, only miscellaneous accounts receivable are  
19 included on this schedule.

20 **Q. PLEASE DESCRIBE SCHEDULE D-5.**

21 A. I sponsor portions of Schedule D-5 on page 1 and 2, which include plant in-service by  
22 functional property and capital structure balances. On page 2, I provide condensed income

1 statement data derived from the Company's SEC Form 10-K. Finally, I provide the  
2 functional composite depreciation rates on page 5 of Schedule D-5.

3 **IV. RATEMAKING ADJUSTMENTS**

4 **Q. PLEASE DESCRIBE THE ADJUSTMENT TO REMOVE PLANT IN-SERVICE**  
5 **ASSETS INCLUDED IN THE COMMISSION-APPROVED GRIDSMART PHASE**  
6 **2 RIDER AS SHOWN ON SCHEDULE B-2.2.**

7 A. Adjustment B-2.2 page 1 decreases the test year plant in-service by \$195.469 million to  
8 remove gridSMART Phase 2 assets recovered through AEP-Ohio's commission-approved  
9 gridSMART Phase 2 Rider.

10 **Q. WAS AN ADJUSTMENT MADE FOR ACCUMULATED DEPRECIATION**  
11 **RELATED TO THE CORRESPONDING ADJUSTMENT TO REMOVE**  
12 **GRIDSMART PHASE 2 ASSETS?**

13 A. Yes, Schedule B-3.1 includes an adjustment to the accumulated depreciation for  
14 gridSMART Phase 2 assets. Schedule B-3.1 page 1 decreases December 31, 2019  
15 accumulated depreciation by \$22.495 million to remove the impact of gridSMART Phase  
16 2 assets recovered in the gridSMART Phase 2 Rider.

17 **Q. DO YOU SPONSOR OR CO-SPONSOR OTHER RATEMAKING ADJUSTMENTS**  
18 **THAT IMPACT THE COST OF SERVICE?**

19 A. Yes. The table below is a list of the adjustments AEP Ohio included in its cost of service  
20 that I sponsor.

1

**Table JMY-1**

<b>Schedule</b>	<b>Description</b>	<b>Impact</b>
C-3.1	Universal Service Fund (USF) Rider	Remove Rider Revenues and Expenses
C-3.2	KWh Tax Rider	Remove Rider Revenues and Expenses
C-3.3	Energy Efficiency/Peak Demand Reduction Rider (EE Rider)	Remove Rider Revenues and Expenses
C-3.4	Economic Development Cost Recovery Rider (EDR Rider)	Remove Rider Revenues and Expenses
C-3.6	ICP adjustment	Adjust the actual test year period to a 1.0 target
C-3.9	Pension Expense	Adjust pension expense to a going level
C-3.10	Other Post Employment Benefit (OPEB) Expense	Adjust OPEB expense to a going level
C-3.12	Annualize Depreciation Expense	Annualize depreciation expense based on date certain plant and projected intangible plant
C-3.13	Depreciation Rate Adjustment	Adjust depreciation expense based on proposed rates
C-3.15	gridSMART Phase 2 Rider	Remove Rider Revenues and Expenses
C-3.16	DIR	Remove Rider Revenues and Expenses
C-3.17	PTBAR	Remove Rider Revenues and related rider amounts
C-3.20	Smart City Rider	Remove Rider Revenues and Expenses
C-3.24	Misc. Bad Debt Expense	Adjust miscellaneous bad debt expense to normalized level

2 In addition, I co-sponsor several adjustments by providing actual data. The co-sponsored  
3 adjustments are shown in the table below.

4

**Table JMY-2**

<b>Schedule</b>	<b>Description</b>	<b>Impact</b>	<b>Co-Sponsor</b>
C-3.5	Enhanced Service Reliability Rider (ESRR)	Adjust test year vegetation management costs	Moore
C-3.7	Payroll	Annualize payroll	Kelso
C-3.8	EE PDR Labor Cost	Include EE Labor and Fringes in base rates	Moore
C-3.18	Storm Damage Recovery Rider	Adjust base line	Moore
C-3.19	Tax Savings Credit Rider	Remove Rider Revenues and Expenses	Multer

1 **Q. PLEASE DESCRIBE THE PURPOSE OF THE RIDER ADJUSTMENTS THAT**  
2 **YOU CO-SPONSOR IN THE TABLE ABOVE.**

3 A. Schedules C-3.1 through C-3.4; Schedules C-3.15 through C-3.17; and Schedule C-3.20  
4 remove various commission-approved riders. Company witness Roush supports the  
5 revenue removal while I have removed the rider-related expenses from the distribution cost  
6 of service. Revenues and expenses for riders have been removed from the distribution cost  
7 of service because these revenues and expenses are collected and recovered separately  
8 through the various approved Commission riders. The expenses for these riders consist of  
9 actual expense for one-month ended December 31, 2019 (actual expenses) and forecasted  
10 expense for the eleven months ended November 30, 2020 (forecasted expenses). I provided  
11 the actual expense amounts necessary for the adjustments while Company witness Kelso  
12 provided the forecast amounts.

13 **Q. PLEASE EXPLAIN SCHEDULE C-3.6 TO ADJUST ICP TO A GOING LEVEL.**

14 A. The adjustment on Schedule C-3.6 adjusts incentive compensation expense in the cost of  
15 service to a level consistent with the forecast and reduced incentive compensation expense  
16 to a target payout factor of 1.0, as discussed by Company witness Carlin. This adjustment  
17 decreases the jurisdictional cost of service by \$2.9 million.

18 **Q. WHAT IS THE IMPACT OF THE ADJUSTMENTS ON SCHEDULE 3.9 AND**  
19 **SCHEDULE 3.10 TO ADJUST EMPLOYEE BENEFITS?**

20 A. Schedule 3.9 and Schedule 3.10 reduce the jurisdictional cost of service by \$1.2 million to  
21 reflect going level Pension and OPEB expense using the most recent actuarial estimates.

1 **Q. WHAT ADJUSTMENTS ARE THE COMPANY PROPOSING RELATED TO**  
2 **DEPRECIATION EXPENSE?**

3 A. Schedule C-3.12 decreases jurisdictional depreciation expense by \$8.0 million for  
4 distribution and general plant to reflect depreciation expense at the level based on the date  
5 certain of December 31, 2019. In addition Schedule C-3.12 increases jurisdictional  
6 amortization expense by \$1.5 million to reflect the level of amortization based on estimated  
7 intangible plant at September 30, 2020. Schedule C-3.12 is a net decrease of \$6.5 million.

8 **Q. DOES THE ADJUSTMENT INCLUDE DEPRECIATION EXPENSE**  
9 **ASSOCIATED WITH THE GRIDSMART PHASE 2 RIDER?**

10 A. No. I removed depreciation expense associated with gridSMART Phase 2 assets from the  
11 test year and the going level because gridSMART expenses are recovered separately.

12 **Q. EXPLAIN WHY YOU UTILIZED THE ESTIMATED INTANGIBLE PLANT**  
13 **BALANCE AT SEPTEMBER 30, 2020 TO CALCULATE THE GOING LEVEL**  
14 **AMORTIZATION.**

15 A. Incremental investment post December 31, 2019 for distribution will be recovered through  
16 the DIR while a portion of general plant investment is recovered through the gridSMART  
17 Phase 2 Rider. This adjustment to increase intangible plant amortization reflects forecasted  
18 intangible plant balances as of September 30, 2020 that are not separately recovered  
19 through the DIR and the gridSMART Phase 2 Rider. I used forecasted intangible plant  
20 additions net of retirements provided by Company witness Kelso to determine the  
21 amortization level.

1 **Q. WHAT ADJUSTMENT IS INCLUDED ON SCHEDULE C-3.13 RELATED TO**  
2 **DEPRECIATION EXPENSE?**

3 A. This adjustment decreases depreciation expense by \$4.5 million to reflect Company  
4 witness Cash's proposed depreciation rates.

5 **Q. PLEASE EXPLAIN SCHEDULE C-3.24.**

6 A. Schedule C-3.24 increases the jurisdictional cost of service by \$0.8 million to reflect going  
7 level miscellaneous bad debt expense. The adjustment annualized actual bad debt recorded  
8 in account 904 in January and February 2020. The monthly amounts are based on the 12  
9 month rolling average of actual write-offs.

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 *Direct Testimony of Jason M. Yoder* was sent by, or on behalf of, the undersigned counsel to the following parties of record this 15<sup>th</sup> day of June 2020, via electronic transmission.

/s/ *Steven T. Nourse* \_\_\_\_\_

Steven T. Nourse

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

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**in**

**Case No(s). 20-0585-EL-AIR, 20-0586-EL-ATA, 20-0587-EL-AAM**

Summary: Testimony -Direct Testimony of Jason M. Yoder on Behalf of Ohio Power Company electronically filed by Mr. Steven T Nourse on behalf of Ohio Power Company