



Legal Department

March 22, 2021

The Honorable Sarah J. Parrot  
Attorney Examiner  
Public Utilities Commission of Ohio  
180 East Broad Street  
Columbus, Ohio 43215-3793

Re: *In the Matter of the Application of Ohio Valley  
Electric Corporation for Approval of Termination of  
Service*, Case No. 15-892-EL-AEC

Steven T. Nourse  
Vice President - Legal  
(614) 716-1608 (P)  
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stnourse@aep.com

Dear Examiner Parrot:

Today, the Signatory Parties, Ohio Power Company (AEP Ohio), United States Department of Energy (DOE) and the Ohio Valley Electric Corporation (OVEC), are submitting an Amended Joint Stipulation and Recommendation (Amended Stipulation) for the Commission's consideration in resolving this case. The proposed resolution satisfies the Commission's three-part test for evaluation of settlements as endorsed by the Supreme Court of Ohio.<sup>1</sup> As outlined in this cover letter and further explained in the Supplemental Testimony of AEP Ohio witness Andrea E. Moore, the Amended Stipulation also addresses the concerns expressed by the Commission in its September 9, 2020 Finding and Order (Finding and Order) relating to the prior Stipulation of the Signatory Parties. On behalf of the Signatory Parties, I am submitting the Amended Stipulation (and supporting exhibits) and requesting that the Commission approve the Amended Stipulation.

In dismissing the prior proposal without prejudice, the Finding and Order concluded that the Commission did not have sufficient information upon which to conclude that the proposal was reasonable under R.C. 4905.31, does not violate the provisions of R.C. 4905.33 and 4905.35, and furthers the policy of the state set forth in R.C. 4928.02. In support of that conclusion, the Finding and Order (at ¶13) expressed the Commission's concern about the net negative financial benefit associated with the prior proposal and found that the parties had not sufficiently explained the steps

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<sup>1</sup> The three-part test asks: (1) Is the settlement a product of serious bargaining among capable, knowledgeable parties? (2) Does the settlement, as a package, benefit ratepayers and the public interest? (3) Does the settlement package violate any important regulatory principle or practice? *In re Application Seeking Approval of Ohio Power Co.'s Proposal to Enter into an Affiliate Power Purchase Agreement for Inclusion in the Power Purchase Agreement Rider*, 155 Ohio St. 3d 326, 335, 121 N.E.3d 320, 331–32 (2018) (citing *Consumers' Counsel v. PUCO*, 64 Ohio St. 3d 123, 126, 592 N.E.2d 1370 (1992))

taken to maximize the net benefit for other customers. As outlined in this overview, the Amended Stipulation resolves the concerns identified in the Finding and Order.

Most notably, based on an updated analysis of the Amended Stipulation using current rates, Ms. Moore's Supplemental Testimony demonstrates that the net cost to other customers that was associated with the original proposal has been eliminated under the Amended Stipulation. This result is achieved by increasing DOE's Contribution in Aid of Construction (CIAC) obligation to \$5.1 million (up from \$1.8 million) and incorporation of a new facilities charge to be paid by DOE (totaling approximately \$5.5 million over 11 years). Through these payment mechanisms, the DOE bears its share of the cost of necessary upgrades, and in fact DOE begins to make a net positive contribution after year 11. Further, as explained in Ms. Moore's testimony, the benefits to the bulk transmission system under the proposed system configuration are significant. Ms. Moore's testimony demonstrates the qualitative advantages of the new interconnection arrangement. The new configuration relieves OVEC of its obligation to serve the DOE Portsmouth facility as that service obligation will be transferred to AEP Ohio. Moreover, the proposal promotes Ohio energy policies in R.C. 4928.02 as discussed by Ms. Moore in her Supplemental Testimony. Finally, the proposal meets the requirements of R.C. 4905.33 and 4905.35, since the increased CIAC and facilities charges are included to help ensure that other customers are not subsidizing the cost to serve DOE under the proposed terms of service.

Please note that the contracts for resolving the underlying retail service matters are Exhibits to the Stipulation and have been executed by DOE and AEP Ohio, subject to the Commission's approval of the Amended Stipulation. While the Staff is not a Signatory Party, the Signatory Parties did consult with Staff and seek input concerning the Amended Stipulation prior to filing it. Accordingly, the Signatory Parties request consideration and approval by the Commission and await your further direction on the next procedural steps toward that goal.

Thank you for your attention to this matter.

Respectfully Submitted,

*/s/ Steven T. Nourse*

cc: Parties of Record

**BEFORE THE  
PUBLIC UTILITIES COMMISSION OF OHIO**

<b>In the Matter of the Application of</b>	)	
<b>Ohio Valley Electric Corporation</b>	)	<b>Case No. 15-892-EL-AEC</b>
<b>for Approval of Termination of</b>	)	
<b>Service.</b>	)	

**AMENDED JOINT STIPULATION AND RECOMMENDATION**

**I. Introduction**

Rule 4901-1-30 of the Ohio Administrative Code provides that any two or more parties to a proceeding may enter into a written stipulation covering the issues presented in such a proceeding. This document sets forth the understanding and agreement of the parties who have signed below (“Signatory Parties”) and jointly present to the Public Utilities Commission of Ohio (“Commission”) this Joint Stipulation and Recommendation, which includes Exhibits A, B, C, D, and E, attached (herein referred to collectively as “Stipulation”) in order to resolve all of the issues raised in this proceeding through the application filed by Ohio Valley Electric Corporation (“OVEC”) on May 7, 2015.

This Stipulation is a product of lengthy, serious, arm’s-length bargaining among the Signatory Parties (all of whom are capable, knowledgeable parties), which negotiations were undertaken by the Signatory Parties to settle this proceeding. All intervenors were invited to discuss and negotiate this Stipulation and it was openly negotiated among those stakeholders who responded and chose to participate. This Stipulation is supported by adequate data and information. As a package, the Stipulation benefits customers and the public interest, provides direct benefits to residential and low income customers, represents a just and reasonable resolution of all issues in this proceeding, violates no regulatory principle or

practice, and complies with and promotes the policies and requirements of Title 49 of the Ohio Revised Code. This Stipulation represents an accommodation of the diverse interests represented by the Signatory Parties and, though not binding on the Commission, is entitled to careful consideration by the Commission. For purposes of resolving the issues raised by these proceedings, the Signatory Parties agree to fully support adoption of the Stipulation without modification in this proceeding and stipulate, agree, and recommend as set forth below.

## **II. Recitals**

WHEREAS, OVEC is a public utility as defined by R.C. 4905.02;

WHEREAS, OVEC has a power supply agreement with the United States of America, Department of Energy (“DOE”);

WHEREAS, the DOE has an ongoing multiyear decommissioning and decontamination (“D&D”) project at the former Portsmouth Gaseous Diffusion Plant funded through annual congressional appropriations for which funding of replacement electrical infrastructure was not included in current budget requests;

WHEREAS, OVEC filed an Application on May 7, 2015 to terminate service to DOE and establish retail service from Ohio Power Company (“AEP Ohio”);

WHEREAS, the Industrial Energy Users – Ohio (“IEU”) moved to intervene in the proceeding on November 3, 2017;

WHEREAS, the Staff of the Commission expressed an interest in discussing the Application;

WHEREAS, all parties engaged in settlement discussions concerning the issues identified in comments concerning the Application;

WHEREAS, the Signatory Parties believe that the agreements herein represent a fair and reasonable resolution of the issues raised in these cases;

WHEREAS, this Stipulation represents a serious compromise of complex issues and involves substantial benefits that would not otherwise have been achievable, and it is not intended to reflect the views or proposals which any individual party may have advanced acting unilaterally; and

WHEREAS, the Signatory Parties have amended their prior agreement to address the concerns outlined by the Commission in its September 9, 2020 Finding and Order as further explained in the supporting testimony of AEP Ohio witness Andrea E. Moore.

NOW, THEREFORE, the Signatory Parties stipulate, agree, and recommend that the Commission should issue a decision in these proceedings accepting and adopting this Stipulation and relying upon its provisions as the basis for resolving all issues raised by these proceedings.

### **III. Joint Recommendations of Signatory Parties**

The Signatory Parties recommend that the Commission modify, approve, and adopt the terms of this Stipulation to fully resolve the issues presented in this case:

1. OVEC's request to be relieved of the obligation to serve DOE will be granted, and AEP Ohio will assume the right and obligation to serve DOE under the terms of this Stipulation. A map showing DOE's location within AEP Ohio's service territory is attached as Exhibit A.
  - a. AEP Ohio will transition to serving DOE under the following plan of service:

- i. AEP Ohio will build out necessary transmission/distribution lines and substation to serve the DOE load using a 138kV service plan. DOE will build out necessary facilities to allow AEP Ohio to serve DOE using a 138kV service plan.
  - ii. AEP Ohio will build out necessary transmission facilities to remove DOE from the transmission throughpath. AEP Ohio and OVEC will establish new 345kV transmission interconnections directly between AEP Ohio and OVEC, bypassing DOE. OVEC and DOE will build out necessary facilities and complete any other construction necessary to remove DOE from the transmission throughpath as set forth herein.
  - iii. A preliminary schematic of the planned build outs, with initial cost responsibility estimates, is attached as Exhibit B. The parties understand that this plan may be altered as necessary during the engineering, planning, and PJM Interconnection LLC (“PJM”)/Federal Energy Regulatory Commission (“FERC”) approval process described below. In addition, upon mutual agreement, the parties can adjust other details of service configuration and associated construction/equipment implementation including but not limited to configuration of service to American Centrifuge Plant (“ACP”) facility at DOE’s Portsmouth facility.
- b. The parties agree to the following schedule:
- Milestone 1: All parties sign this stipulation and all attached agreements.

- Milestone 2: The parties submit this stipulation to the Commission for approval. All parties begin process of conducting necessary engineering and planning. *(To occur as soon as practicable after Milestone 1.)*
- Milestone 3: The Commission approves this stipulation without modification. *(All parties to use commercially reasonable efforts to obtain such approval as soon as practicable after the submission.)*
- Milestone 4: All parties complete necessary engineering and planning and gain necessary regulatory approvals from PJM/FERC, as well as Commission/Ohio Power Siting Board (“OPSB”). *(All parties to use commercially reasonable efforts to complete process in pursuit of an 18-month target period after Milestone 3.)* As part of Milestone 4, the parties agree to update and modify, as needed, all easements and right-of-way documentation needed to complete the activities covered by this Stipulation. Furthermore, as part of Milestone 4, the applicable parties will complete Class 3 (-20%/+30%) estimates and review and revise, as needed, target periods associated with follow-on Milestones 6 and 7.
- Milestone 5: All parties begin construction of facilities. *(All parties to use commercially reasonable efforts to start construction as soon as practicable after Milestone 4.)*
- Milestone 6 (“**138kV Transfer Date**”): All parties complete construction of facilities necessary for AEP Ohio to begin 138 kV electric service to DOE as specified herein. *(All parties to use commercially reasonable*

*efforts to complete 138kV facilities in pursuit of a 36-month target period after Milestone 5.)*

- Milestone 7 (“**345kV Transfer Date**”): All parties complete construction of facilities necessary for DOE’s facilities to be removed from the transmission throughpath and replaced by a 345kV interconnection directly between AEP Ohio and OVEC, as specified herein. *(All parties to use commercially reasonable efforts to complete 345kV facilities and to assist DOE in its effort to de-register (e.g., respond to regulatory inquiries, provide supporting evidence to demonstrate radial feed, review of submittals) as a North American Electric Reliability Corporation (“NERC”) Transmission Operator/Transmission Owner for the X-530 facility within a 12-18 month target period after Milestone 6.)*

2. The DOE load will transfer from OVEC to AEP Ohio’s certified territory upon the 138kV Transfer Date (i.e., Milestone 6 above).
  - a. Until the 138kV Transfer Date, OVEC will continue to have the exclusive right and obligation to serve DOE.
  - b. After the 138kV Transfer Date, AEP Ohio’s obligation to serve will become effective and remain in place until otherwise ordered by the Commission. OVEC will no longer have a retail service obligation to DOE and agrees not to make any retail sales to DOE after the 138kV Transfer Date.
  - c. After the 138kV Transfer Date, AEP Ohio will charge DOE under the applicable AEP Ohio tariff, unless otherwise ordered by the Commission.



- d. DOE will be solely responsible for the construction, operation, and maintenance of all DOE-owned facilities necessary for AEP Ohio to provide 138kV service described herein.
- 3. Until the 345kV Transfer Date (i.e., Milestone 7 above), DOE will continue to own and operate the X-530 substation and the transmission line from X-530 to the AEP Don Marquis substation. DOE will be solely responsible for the operation and maintenance of the DOE-owned facilities to be utilized (i.e., the X-530 substation and line to Don Marquis). DOE understands that the transmission throughpath involving the 345kV portion of the X-530 substation needs to continue as a predicate to this agreement until AEP Ohio's 345kV build out is complete and placed in service.
- 4. After the 345kV Transfer Date, all OVEC transmission facilities on the DOE reservation that are not utilized for the 345kV connection(s) between OVEC and AEP shall be removed by OVEC at its expense. OVEC shall use commercially reasonable efforts to complete such removal within six months of the 345kV Transfer Date and DOE shall provide reasonable access for OVEC to complete such removal.
- 5. As part of this Stipulation, AEP Ohio and DOE will execute the following agreements:
  - a. Letter of Commitment (attached as Exhibit C) – to be executed concurrently with stipulation.
  - b. Electric Service Agreement (attached as Exhibit D) – to be executed concurrently with stipulation. This contract may need to be updated for the demand for the services that is expected at the time the contract is executed (currently listed as 26,000kW).

- c. Contribution in Aid of Construction Agreement (attached as Exhibit E) – to be executed in the form provided when the contribution in aid of construction figures are finalized.
- 6. The stipulation and all attached agreements only become effective upon adoption by the Commission without material modification and shall contain additional procedural/boilerplate provisions relating to rehearing, appeals, etc.
  - a. If the Stipulation is rejected or is modified in a way that is unacceptable, each of the parties reserves its right to withdraw its support for the foregoing, including the transfer of service from OVEC to AEP Ohio of DOE as a retail customer and/or the mutual agreements covering all incremental costs as a condition of service.
  - b. In addition to the agreements and approvals identified in this term sheet, OVEC, DOE, and AEP Ohio may need to execute other agreements (or to terminate existing agreements, such as the OVEC-DOE Interconnection Agreement), jointly pursue OPSB, Commission, PJM, FERC, or other regulatory approvals, and other related matters as a predicate to this agreement.

#### **IV. The Three-Part Test for Commission Approval**

The Signatory Parties agree that the Stipulation satisfies the three-part test traditionally used by the Commission to consider stipulations. Specifically, the Signatory Parties agree that:

- 1. the Stipulation is a product of serious bargaining among capable, knowledgeable parties representing diverse interests;
- 2. the Stipulation does not violate any important regulatory principle or

practice; and

3. the Stipulation, as a whole, benefits customers and the public interest.

## **V. Procedural Matters**

A. Except for enforcement purposes or to establish that the terms of the Stipulation are lawful, neither the Stipulation nor the information and data contained herein shall be cited as a precedent in any future proceeding for or against any Signatory Party, if the Commission approves the Stipulation. Nor shall the acceptance of any provision within this Stipulation be cited by any party or the Commission in any forum so as to imply or state that any Signatory Party agrees with any specific provision of the Stipulation. More specifically, no specific element or item contained in or supporting this Stipulation shall be construed or applied to attribute the results set forth in this Stipulation as the results that any Signatory Party might support or seek, but for this Stipulation, in these proceedings or in any other proceeding. This Stipulation contains a combination of outcomes that reflects an overall compromise involving a balance of competing positions, and it does not necessarily reflect the position that one or more of the Signatory Parties would have taken on any individual issue. Rather, the Stipulation represents a package that, taken as a whole, is acceptable for the purposes of resolving all contested issues without resorting to litigation. The Signatory Parties believe that this Stipulation, taken as a whole, represents a reasonable compromise of varying interests.

B. The Signatory Parties will support the Stipulation if the Stipulation is contested, and no Signatory Party will oppose an application for rehearing designed to defend the terms of this Stipulation.

C. This Stipulation is conditioned upon adoption of the Stipulation by the Commission in its entirety and without material modification. If the Commission rejects or materially modifies all or any part of this Stipulation, any Signatory Party shall have the right within 30 days after the issuance of the Commission's order to apply for rehearing. The Signatory Parties agree that they will not oppose or argue against any other Party's application for rehearing that seeks to uphold the original, unmodified Stipulation. If the Commission does not adopt the Stipulation without material modification upon any rehearing ruling, then within 30 days after such Commission rehearing ruling, any Signatory Party may terminate and withdraw from the Stipulation by filing a notice with the Commission. If the Commission does not act upon the application(s) for rehearing in support of the Stipulation as filed within 45 days after the filing of the application(s) for rehearing, then any Signatory Party may terminate and withdraw from the Stipulation by filing a notice with the Commission. Upon the filing of either of these notices, the Stipulation shall immediately become null and void.

D. No Signatory Party shall file a notice of termination and withdrawal pursuant to Section IV.D. without first negotiating in good faith with the other Signatory Parties to achieve an outcome that substantially satisfies the intent of the Stipulation. If a new agreement is reached, the Signatory Parties will file the new agreement for Commission review and approval. If the discussions to achieve an outcome that substantially satisfies the intent of the Stipulation are unsuccessful, the Commission will convene an evidentiary hearing to afford the Signatory Parties the opportunity to present evidence through witnesses, to cross-examine witnesses, to present rebuttal testimony, and to brief all issues that the Commission shall decide based upon the record and briefs as if this Stipulation had

never been executed. If the discussions to achieve an outcome that substantially satisfies the intent of the Stipulation are successful, some, or all, of the Signatory Parties shall submit the amended Stipulation to the Commission for approval after a hearing if necessary.

E. Unless the Signatory Party exercises its right to terminate its Signatory Party status or withdraw as described above, each Signatory Party agrees to and will support the reasonableness of this Stipulation before the Commission, and to cause its counsel to do the same, and in any appeal it participates in from the Commission's adoption and/or enforcement of this Stipulation. The Signatory Parties also agree to urge the Commission to accept and approve the terms hereof as promptly as possible.

IN WITNESS WHEREOF, this Stipulation and Recommendation has been signed by the authorized agents of the undersigned Signatory Parties as of this 22<sup>nd</sup> day of March 2021.

/s/ Peter E. Meier

Peter E. Meier

**On Behalf of the U.S. Department of Energy**

/s/ Steven T. Nourse

Steven T. Nourse

**On Behalf of Ohio Power Company**

/s/ N. Trevor Alexander

N. Trevor Alexander

**On Behalf of the Ohio Valley Electric Corporation**

# EXHIBIT A

Exhibit A



Figure 1: DOE’s Location within AEP Ohio’s Service Territory

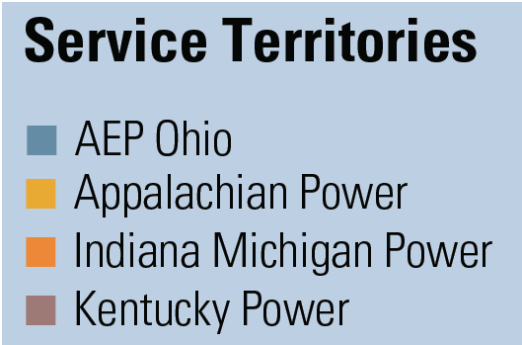


Figure 2: Legend of AEP Eastern Service Territories

## EXHIBIT B



Exhibit B

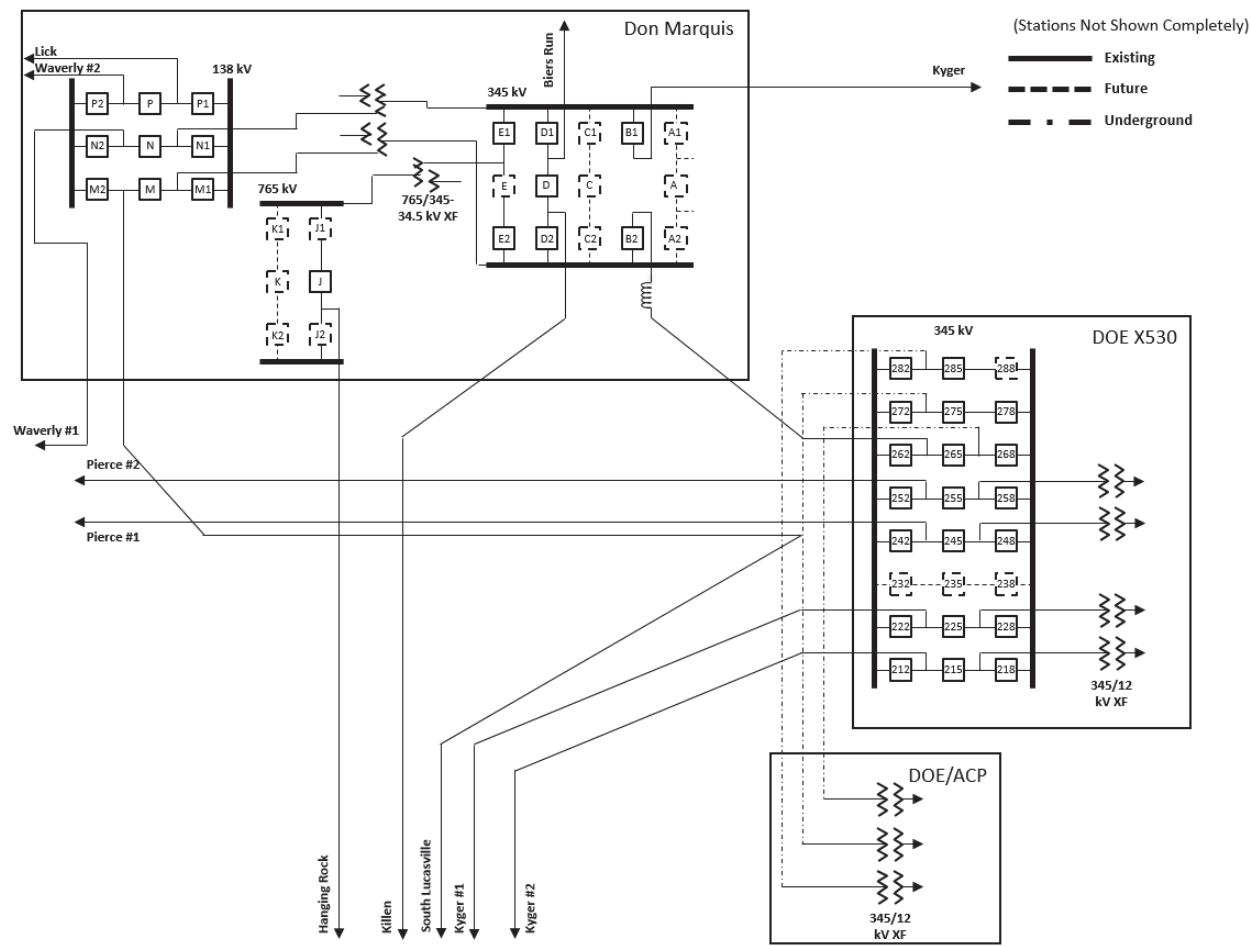


Figure 1: System Schematic - Existing

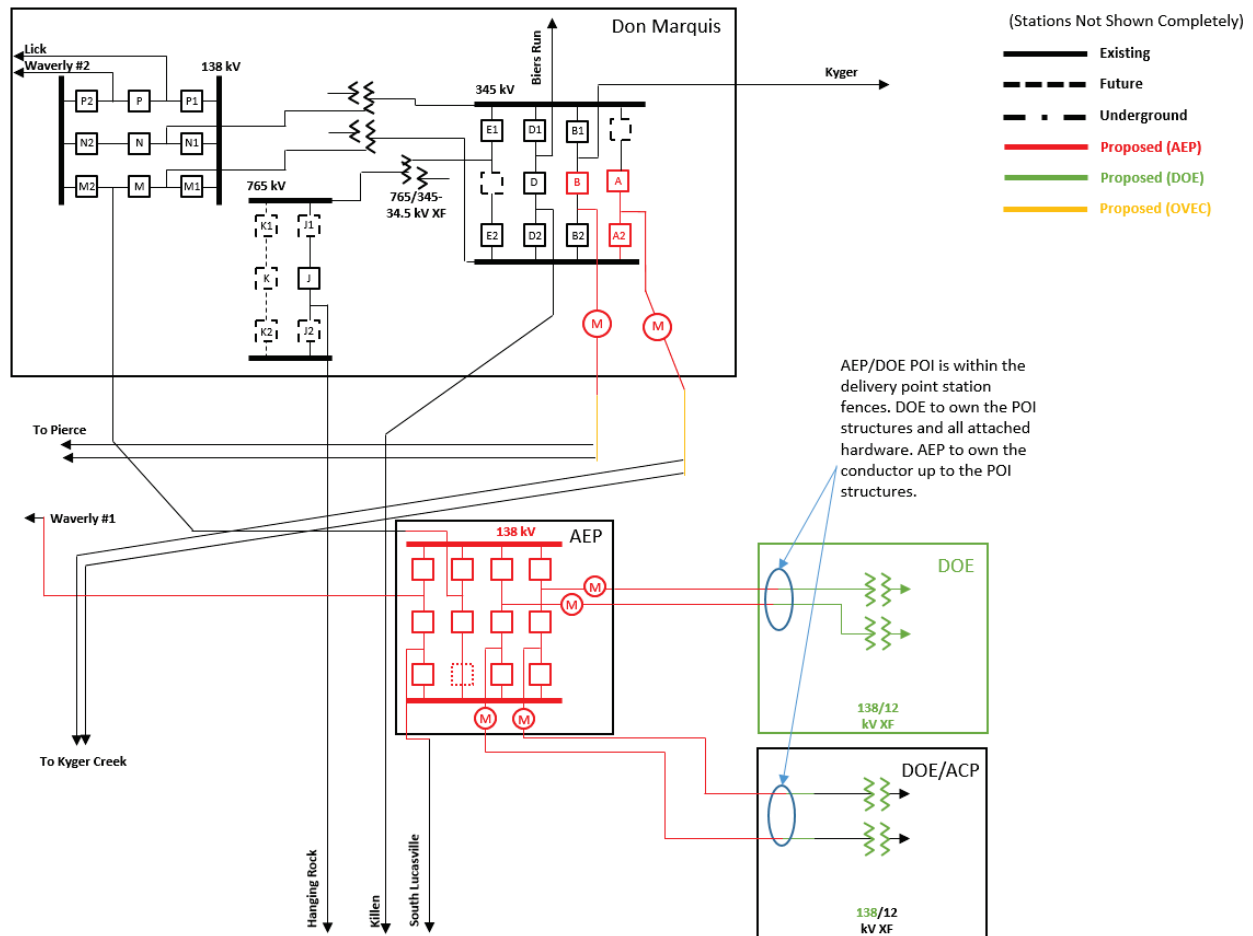


Figure 2: System Schematic – After

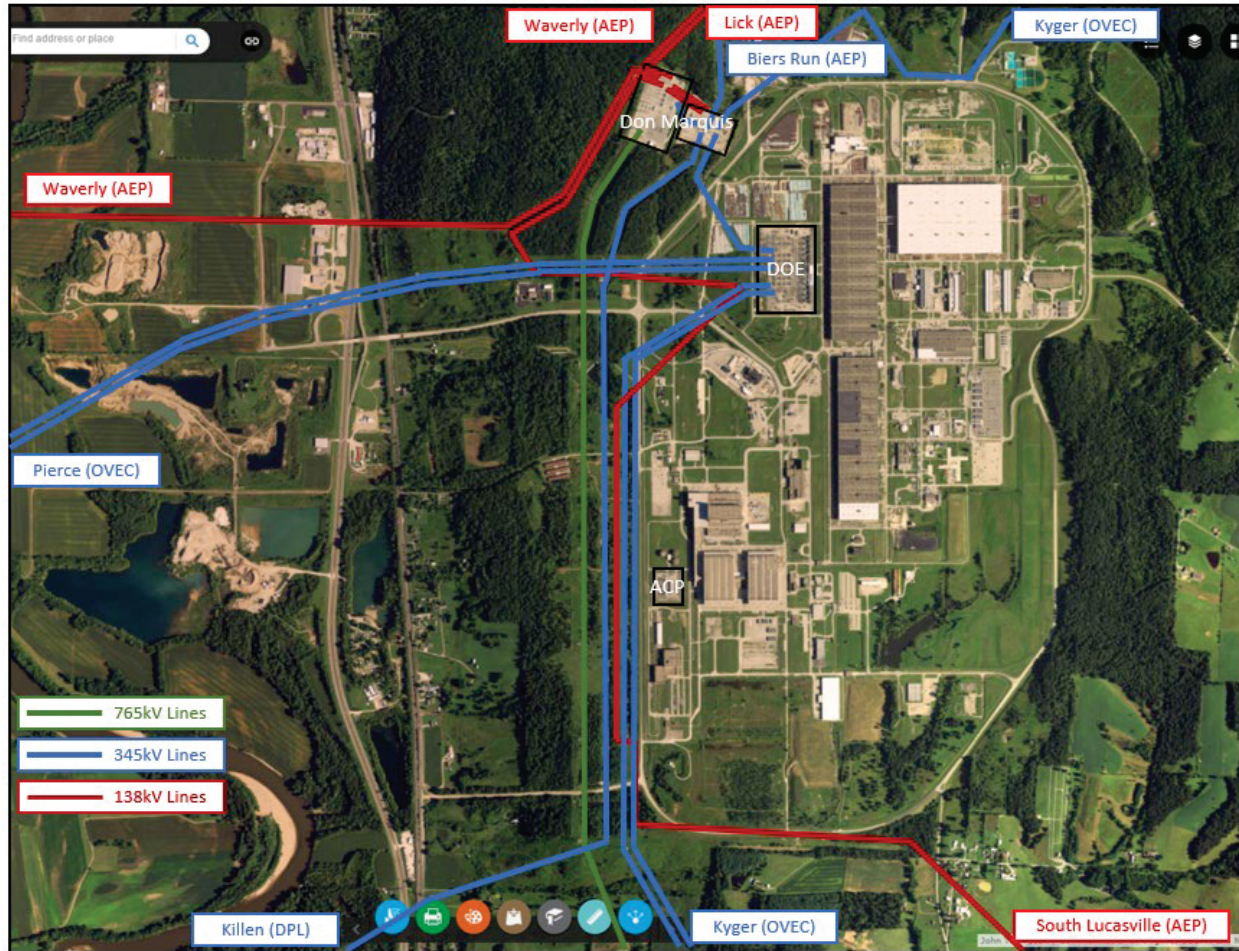


Figure 3: Geographical View – Before

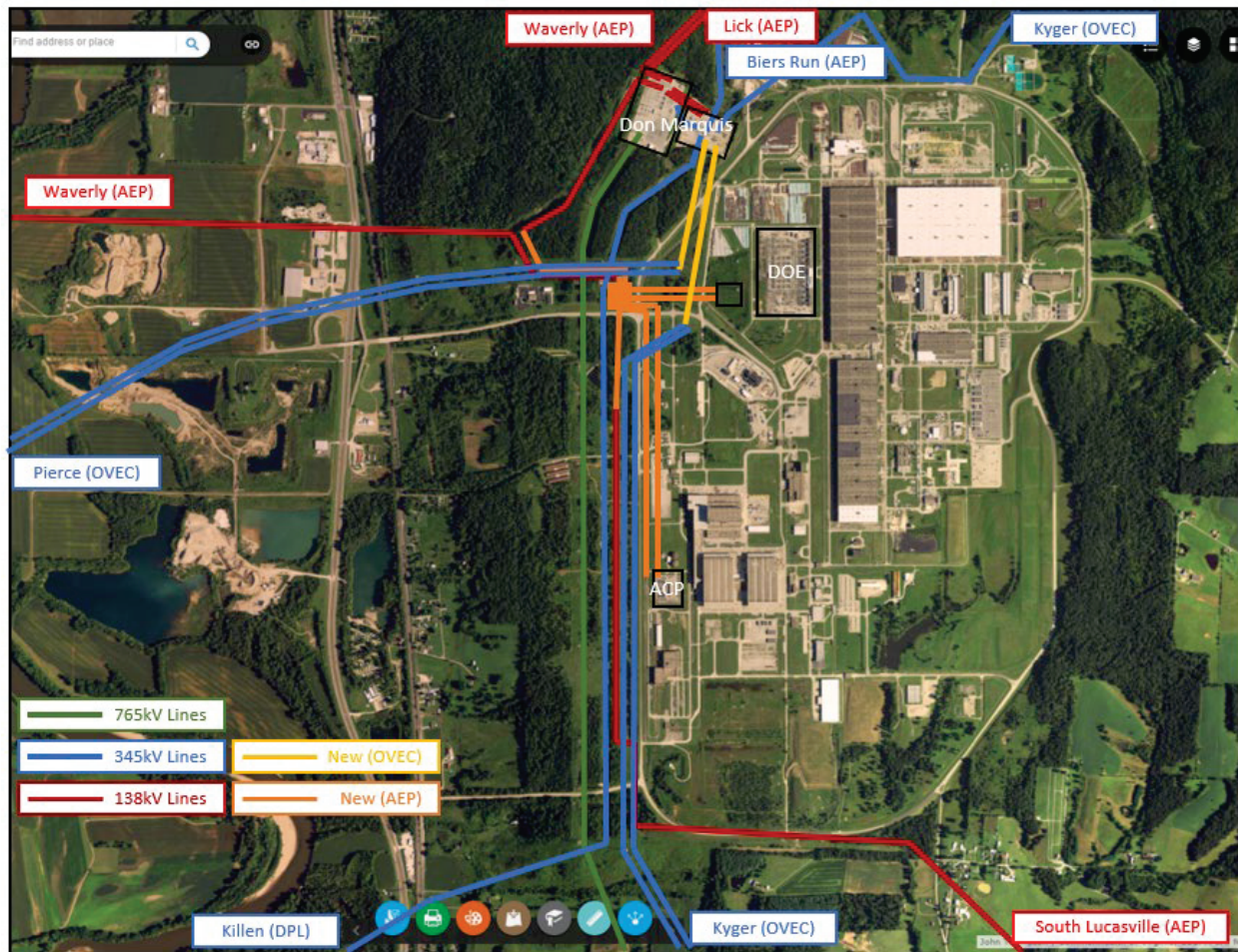


Figure 4: Geographical View – After



**Table 1: Scope, Ownership and Responsibility Matrix**

Scope of Work	Ownership (%)			Cost Responsibility %		
	AEP	DOE	OVEC	AEP	DOE	OVEC
138kV Delivery Substation	100			100		
138kV Line Extensions to Delivery Substation	100			100		
138kV Metering Package	100			25	75	
Two New 138kV DOE Lines	100			60	40	
138/13.8kV Substation for DOE Load		100			100	
Modify 13.8kV Cable Bus		100			100	
Two New 138kV ACP Lines	100			60	40	
138/13.8kV Transformers at ACP		100			100	
345kV Equipment De-Energizing		100			100	
Property and Right-of-Way	100				100	
345kV Six Wiring and Line Work			100			100
345kV Work at Pierce and Kyger			100			100
345kV Breakers at Don Marquis	100			100		
345kV Metering at Don Marquis	100			50		50
345kV Entrance Spans at Don Marquis	Included with 6-wire Cost Line Item					
345kV Equipment Retirement at X530		100			100	

# EXHIBIT C

American Electric Power



U.S. Department of Energy  
Matthew Carpenter  
Contracting Officer  
250 E. 5<sup>th</sup> Street, Suite 500  
Cincinnati, Ohio 45202

March 9, 2021

Re: U.S. Department of Energy ("Customer") facility located in  
Piketon, OH (the "Facility").

Dear Mr. Carpenter;

This letter (the "Agreement") sets forth an agreement between Customer and Ohio Power Company ("Company") under the terms of which Company will proceed with the engineering, design, procurement and construction work described in this Agreement (the "Work") in order to provide new 138kV service to Customer's facility in Piketon, OH. This Agreement supersedes and replaces in its entirety the agreement between the parties dated February 27, 2020. Customer has requested Company to provide service to the Facility at transmission voltage pursuant to the Company's terms and conditions of service (the "Terms and Conditions"). In an effort to meet a customer requested in-service date at the completion of Milestone 6 (the "138kV Transfer Date"), Company has agreed to begin the Work subject to Customer's agreement to the terms found herein. The Company will use commercially reasonable efforts to complete the Work on or before the in-service date but does not guarantee the in service date will be met as there are many variables beyond its control.

Customer will issue a Task Order to the Areawide Public Utility Contract For Electric Services, Regulated Energy Management Services, and Services Provided under the Appropriate Regulatory Authority, Contract No. GS-00P-12-BSD-0845 between the United States of America and AMERICAN ELECTRIC POWER SERVICE CORPORATION, for providing service to Customer's Piketon, Ohio facility, including construction and financing of the project.

The Customer agrees to reimburse the Company allowable costs, both internal and external, incurred by the Company up to an authorized limit of \$31,390,000 to be paid in the event (a) Customer terminates this project, in accordance with the task order, or (b) a new electric service agreement is not executed prior to the service being energized. Furthermore, if expenses reach the authorized limit, it is understood and

agreed that all work will be stopped until either this Agreement is amended by the parties or a new letter of commitment as proposed by the Company and agreed to by the Customer, is executed by the Customer.

The Contribution in Aid of Construction ("CIAC") for this project is preliminarily estimated to be \$5,160,000. This amount will be updated after detailed engineering is completed. Customer will receive an updated estimate which will be included in the CIAC agreement to be executed by Customer prior to the start of construction. Customer shall pay the CIAC in three equal annual installments, with the first installment due not later than November 30 of Customer's first fiscal year beginning after the 138 kV Transfer Date and the second and third installments due by November 30 of Customer's then next two fiscal years.

The above financial commitment was based upon a plan that involves, at a high level, the following work to be performed by Company (see Attachment 1):

A new 138kV delivery substation with three independent 138kV sources and four 138kV connection points (two near X-530 and two near X-5001 substations) for the Customer. Integration of the existing Ohio Valley Electric Corporation ("OVEC") 345kV transmission lines, currently integrated into the Customer's existing X-530 substation, into Company's Don Marquis 345kV substation. Retirement of existing 345kV connection for the Customer at Company's Don Marquis 345kV substation.

Company and Customer agree to confer regularly to coordinate the planning, scheduling and performance of the Work.

Based upon the above preliminary plan of service, the Customer, its heirs or successors would be expected to perform, at no cost to Company, the following: Grant all required easements and/or other access rights on their property per AEP Ohio requirements.

Customer will perform its work in accordance with applicable laws, rules and regulations and subject to required regulatory consent and approvals. In addition, Customer shall comply with the Company's connection requirements, which can be found at the following internet address:

[http://www.aep.com/about/codeofconduct/OASIS/TransmissionStudies/Requirements/AEP\\_Interconnection\\_Requirements\\_Rev1.pdf](http://www.aep.com/about/codeofconduct/OASIS/TransmissionStudies/Requirements/AEP_Interconnection_Requirements_Rev1.pdf)

All of the facilities installed by Company in performing the Work shall be owned, maintained and controlled solely by Company. Company retains the right to use those facilities for any purpose it deems appropriate under good utility practices, including the distribution of electric service to other customers.

Company will perform the Work in accordance with applicable laws, rules and regulations and subject to required regulatory consents and approvals. Except for the foregoing, **COMPANY HEREBY DISCLAIMS ALL EXPRESS OR IMPLIED**



**WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR GOOD AND WORKMANLIKE PERFORMANCE.**

**COMPANY (AND ITS OFFICERS, EMPLOYEES AND CONTRACTORS) SHALL NOT BE LIABLE FOR ANY ECONOMIC OR COMMERCIAL LOSSES OR OTHER SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGES (INCLUDING LOSS OF PROFIT OR REVENUE, LOSS OF USE OF EQUIPMENT, COST OF CAPITAL, OR DAMAGE TO REPUTATION OR RELATIONS) RESULTING FROM THE PERFORMANCE OR FAILURE TO PERFORM THE WORK DESCRIBED HEREIN, WHETHER BASED IN CONTRACT, TORT, STRICT LIABILITY, STATUTORY LIABILITY OR ANY OTHER THEORY OF LIABILITY.**

In performing the Work, Company is making modifications and additions solely to its own electric system, in accordance with the Tariff, in response to Customer's request for service. Company is not performing any work on any facilities or equipment owned, or to be owned by Customer. No provisions contained in this Agreement and no action on the part of any of the parties hereto shall be construed as creating an employer/employee relationship, joint venture, or any other relationship other than that of regulated electric utility and customer. Nothing contained herein shall be construed as a waiver or relinquishment by Company of any right it has or may hereafter have to discontinue service for default in the payment of any bill owing or to become owing hereunder or for any reason or cause allowed by law.

No amendment or modification of this Agreement shall be valid and binding unless made in writing and signed by the respective authorized representatives of Company and Customer. This Agreement constitutes the entire agreement between the parties and supersedes all previous and collateral agreements or understandings with respect to the subject matter of the Agreement.

Please indicate your acceptance of these terms by having the appropriate authorized officer or agent of your company sign the attached 2 copies of this letter and return them both to me. A fully executed copy of this agreement will be returned for your files.

Sincerely,

**OHIO POWER COMPANY**

By: [Signature]  
Title: Mng Director  
Date: 3/16/2021

**U.S. DEPARTMENT OF ENERGY**

By: [Signature]  
Title: Contracting Officer  
Date: 3/17/2021

# EXHIBIT D

## ELECTRIC SERVICE AGREEMENT

**This Electric Service Agreement (this "Agreement" or "Contract"), entered into this 9th day of March, 2021 by and between Ohio Power Company, hereafter called the Company, and the United States Department of Energy, 3930 US Highway 23, Piketon, OH 45661 , or his or its heirs, successors or assigns, hereafter called the Customer,**

### **Witnesseth:**

For and in consideration of the mutual covenants and agreements hereinafter contained, the parties hereto agree with each other as follows:

The Company agrees to furnish to the Customer, during the term of this Contract, and the Customer agrees to take from the Company, subject to Company's standard Terms and Conditions of Service as regularly filed with the **Public Utilities Commission of Ohio**, distribution service of the character specified herein that shall be purchased by the Customer in the premises located at **3930 US Highway 23, Piketon, OH.**

The Company is to furnish and the Customer is to take distribution service under the terms of this Contract for an initial period of **24 months** from the time such service is commenced, and continuing thereafter until terminated upon **12 months'** written notice given by either party of its intention to terminate the Contract. The date that service shall be deemed to have commenced under this Contract shall be **upon completion of the 138kV service to the premise location (the "138kV Transfer Date").**

The electric energy delivered hereunder shall be alternating current at approximately **138,000 volts, 3-wire, 3-phase**, and shall be delivered **to the face of the bay where the conductors of the Company's four overhead 138,000 volt lines connect to the dead end insulators on the deadend structures located inside each of the Customer's two delivery point substations (hereafter referred to as the "DOE Substation" and the "ACP Substation"),** which shall constitute the points of delivery under this Contract. The said electric energy shall be delivered at reasonably close maintenance to constant potential and frequency, and it shall be measured by a meter or meters owned and installed by the Company and located **in the control building in the Company's 138kV substation . Electric energy shall be separately metered and billed for each of the DOE Substation and the ACP Substation, but the Department of Energy shall be the Customer with respect to all such electric energy.**

The Customer acknowledges that the Customer may be eligible to receive service under more than one of the Company's schedules and that such options have been explained to the Customer. The Customer and Company agree that the Customer has chosen to receive service under the provisions of the Company's Schedule **GENERAL SERVICE LARGE**. The Customer agrees to pay the Company monthly for electric energy delivered hereunder at the rates and under the provisions of the Company's Schedule **GENERAL SERVICE LARGE**, as regularly filed with the **Public Utilities Commission of Ohio**, as long as that schedule is in effect. In the event that the Schedule chosen by the Customer is replaced by a new or revised Schedule incorporating different rates or provisions, or both, the Company and Customer understand and agree that the Company will continue to provide service, and the Customer will continue to take service, under this Contract, subject to such changed provisions, and that the Customer will pay for such service at the new rates on and after the date such rates become effective.

In addition to other amounts that may be charged to the Customer hereunder, the Customer shall pay a monthly facilities charge equal to one-twelfth of the annual amount set forth in Attachment 1 hereto for the corresponding year of service for 132 months commencing as of the first month following the 138kV Transfer Date. In the event that this Contract is not renewed or replaced prior to the payment of the monthly

facilities charge for 132 months, the Customer shall be obligated to pay to the Company any remaining portion of the monthly facilities charge to equal the 132 months of payments. The Customer will not be responsible for any remaining portion of the monthly facilities charge if Company is in default of its obligations as such obligations are defined under the Company's standard Terms and Conditions of Service as regularly filed with the **Public Utilities Commission of Ohio**.

The Customer's contract capacity under the Schedule named herein is hereby fixed at **26,000 kW**. If a time-of-day demand is available under the Schedule and is selected by the Customer, the reservation of capacity aforementioned shall be the peak period reservation of capacity.

This Contract is for distribution service only and does not prohibit the Customer from exercising its option to purchase its electrical energy from a Competitive Retail Energy Services (CRES) provider. Additionally, the tariff schedule referenced in this contract applies to either the Standard Service schedule or its companion Open Access Distribution (OAD) schedule.

There are no unwritten understandings or agreements relating to the service hereinabove provided. This Contract cancels and supersedes all previous agreements, relating to the delivery of energy by the Company at Customer's premises as referred to above, on the date that service under this Contract commences. This Contract shall be in full force and effect when signed by the authorized representatives of the parties hereto.

**Ohio Power Company**

By: 

**Jon F. Williams**

Title: **Managing Director, Customer Experience  
and Distribution Technology**

Date:

March 16, 2021

Account Number:

**U.S. Department of Energy**

By: 

**Matthew Carpenter**

Title: **Contracting Officer**

Date: 3/17/2021

EXHIBIT D with Att. 1

Schedule of Facilities Charges			
Year 1	\$ 935,496.04	Year 7	\$ 415,306.59
Year 2	\$ 852,714.30	Year 8	\$ 322,789.70
Year 3	\$ 768,427.53	Year 9	\$ 228,475.74
Year 4	\$ 682,590.58	Year 10	\$ 132,310.78
Year 5	\$ 595,156.95	Year 11	\$ 34,239.29
Year 6	\$ 506,078.73		

# EXHIBIT E

**Ohio Power Company**  
**Contribution-In-Aid-Of-Construction Agreement**  
**For Electric Distribution Service**  
**At Subtransmission or Transmission Voltages**

**Customer Name:**

**Service Address, Town & Zip:**

**Mailing Address, Town & Zip:**

**Agreement No.**

**Work Order No.**

**Date:**

The Customer has requested extended or expanded electric distribution facilities (hereinafter referred to as "Basic Service") as follows:

1. *(additional demand amount requested)*
2. *(proposed contract capacity)*
3. *(delivery voltage)*
4. *(requested date)*
5. *(facilities to be provided by Company)*
6. *(other specific details, to ad nauseum)*

The Customer has requested Premium Service as follows:

1. there is no premium service request
2. *( or similar details as identified for Basic Service)*

Ohio Power Company (hereinafter referred to as "Company") agrees to install facilities as agreed. All facilities installed by the Company will be and remain the property of the Company. It is understood that these facilities are not dedicated solely for the Customer's present or future electric service needs.

In accordance with the Company's terms and conditions as filed with the Public Utilities Commission of Ohio the Customer agrees to pay to the Company as follows: Customer shall pay the Contribution-In-Aid-Of-Construction in three equal annual installments, with the first installment due not later than November 30 of the Customer's first fiscal year beginning after the completion of the 138kV service to the Customer's premises and the second and third installments due by November 30 of Customer's then next two fiscal years.

It is understood and agreed that the Company will not begin facilities construction until the payment terms, as outlined above, are completed.

It is understood and agreed that this agreement, and particularly the amount of the Contribution-In-Aid-Of-Construction contained herein, are based on the specifics of the Customer's request for extended or expanded distribution electric facilities and the anticipated service commencement date. If the Customer's request for facilities is altered or the Customer requests a delay or otherwise is unable to take service by *(date)*, the Company reserves the right to adjust the amount of the Contribution-In-Aid-Of-Construction and surcharge to reflect either the alteration in requested facilities or the delay in service date, or both, or cancel this agreement.

It is understood that the Contribution-In-Aid-Of-Construction costs are based on detailed estimates using typical conditions. It is agreed that the Company reserves the right to assess an additional amount of Contribution-In-Aid-Of-Construction to reflect conditions that are different from typical conditions assumed in the development of the detailed estimate. The Company will provide the Customer an update, as warranted, about these conditions. Any additional assessed amounts will be limited to the following conditions:

1. Higher expense to acquire right-of-way easements or property for line or station work
2. Higher than expected expense for site grading



**Ohio Power Company**  
**Contribution-In-Aid-Of-Construction Agreement**  
**For Electric Distribution Service**  
**At Subtransmission or Transmission Voltages**

**Customer Name:**

**Service Address, Town & Zip:**

**Mailing Address, Town & Zip:**

**Agreement No.**

**Work Order No.**

**Date:**

3. Higher than expected costs to integrate the facilities, as outlined above, into the system due to restrictions to maintain system reliability or needed to coordinate with other customers.

This Agreement is void if not accepted on or before *(date)*.

By signing and returning this Agreement, Customer agrees to accept the above described terms and conditions.

On behalf of the Customer

By: \_\_\_\_\_  
Signature: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

On behalf of the Company

By: \_\_\_\_\_  
Signature: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

EXHIBIT NO. \_\_\_\_\_

BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Ohio	)	
Valley Electric Corporation for Approval	)	Case No. 15-892-EL-AEC
Of Termination of Service.	)	

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

Filed: March 22, 2021

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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

**PERSONAL DATA**

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

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

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

5   A.     I am employed by Ohio Power Company, (“AEP Ohio” or the “Company”) as Director –  
6           Regulatory Services.

7   **Q.     WOULD YOU PLEASE DESCRIBE YOUR EDUCATIONAL AND**  
8           **PROFESSIONAL BACKGROUND?**

9   A.     I received my Bachelor of Science in Accounting degree from the University of Rio  
10           Grande and a Master of Business Administration degree from Franklin University. In  
11           addition, I have completed the Basic Concepts on Rate Making class through New  
12           Mexico State University.  
13           I joined American Electric Power Service Corporation (AEPSC) in 2001 as an  
14           Accountant and joined the Regulatory Tariffs department as a Regulatory Analyst III in  
15           2004. I progressed through various positions before being promoted to my current  
16           position of Director – Regulatory Services. My duties within the regulatory department  
17           have included preparing cost-of-service studies for regulatory filings, preparing cost  
18           based formula rates for wholesale customers, preparing rider filings and rate designs,

1 maintaining tariff books, as well as other projects related to regulatory issues and  
2 proceedings, individual customer requests, and general rate matters.

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

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

10 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE A STATE COMMISSION?**

11 A. Yes. I have testified before the Public Utilities Commission of Ohio (Commission) in  
12 numerous cases.

13 **PURPOSE OF TESTIMONY**

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

15 A. My testimony supports the Amended Joint Stipulation and Recommendation (Amended  
16 Stipulation), dated March 10, 2021 among AEP Ohio, the United States Department of  
17 Energy (DOE), and Ohio Valley Electric Corporation (OVEC) filed with the Commission  
18 in this docket. In support of the Amended Stipulation, the Company is filing this  
19 testimony to demonstrate that the updated unique arrangement is reasonable, does not  
20 violate the provisions of RC 4905.33 and 4905.35, and furthers the state policy in RC.  
21 4928.02. My testimony, along with the cover letter from counsel, details the information  
22 and rationale supporting the unique arrangement and addresses the concerns raised by the  
23 Commission in its Finding and Order regarding the prior arrangement.

1 Q. **PLEASE PROVIDE THE BACKGROUND OF THE AMENDED STIPULATION.**

2 A. On April 10, 2018 a Joint Stipulation and Recommendation (the “Original Stipulation”)  
3 between AEP Ohio, DOE, and OVEC was filed with the Commission. The Original  
4 Stipulation provided for the reconfiguration of the interconnection arrangements serving  
5 DOE’s Portsmouth facility in a manner that updates the transmission and distribution  
6 infrastructure and replaces AEP Ohio for OVEC as the retail electricity supplier to DOE  
7 Portsmouth. The Commission issued its order on June 28, 2018 and an Entry on  
8 Rehearing on August 22, 2018 approving the reconfigured interconnection arrangement,  
9 the replacement of OVEC by AEP Ohio as the retail electricity supplier to DOE  
10 Portsmouth, and the allocation of costs in a manner that imposed no cost on other  
11 customers.

12 On March 12, 2020, a Joint Letter of Agreement between DOE, OVEC and AEP  
13 Ohio was filed in this same docket. As part of the Joint Letter of Agreement, it was  
14 explained that through additional scoping it was determined that a change to the  
15 ownership of facilities and updated cost responsibilities were necessary.

16 The Commission issued its Finding and Order on the Agreement on September 9,  
17 2020 denying, without prejudice, the request for approval of the Joint Letter Agreement.  
18 The Commission identified its concerns with the Joint Letter of Agreement stating that  
19 the parties did not provide sufficient information on which the Commission could  
20 determine that the arrangement was reasonable. Specifically, the Commission  
21 determined that there was insufficient evidence to determine that the Joint Letter of  
22 Agreement was reasonable under R.C. 4905.31, did not violate the provisions of R.C.  
23 4905.33 and 4905.35, and furthered the policy of the state set forth in R.C. 4928.02. In

1 support of that conclusion, the Finding and Order (at ¶13) expressed the Commission's  
2 concern about the net negative financial benefit associated with the prior proposal and  
3 found that the parties had not sufficiently explained the steps taken to maximize the net  
4 benefit for other customers.

5 Q. **HOW DOES THE AMENDED STIPULATION ADDRESS THE COMMISSION'S**  
6 **CONCERNS IDENTIFIED IN THE SEPTEMBER 9, 2020 FINDING AND**  
7 **ORDER?**

8 A. The Amended Stipulation provides the information necessary to determine that the  
9 revised interconnection plan does not impose a financial burden on other customers.  
10 AEP and DOE have agreed to update the Contribution in Aid of Construction (CIAC)  
11 pursuant to the Contribution in Aid of Construction Agreement attached to the Amended  
12 Stipulation as Exhibit E in order to reflect the change in ownership of certain equipment  
13 and related cost responsibility. Furthermore, AEP and DOE have entered into the  
14 Electric Service Agreement attached to the Amended Stipulation as Exhibit D, pursuant  
15 to which DOE is obligated to pay additional facilities charges beyond the CIAC that will  
16 ensure there is not net impact on other customers. AEP will credit the additional facilities  
17 charges to the Company's Basic Transmission Cost Rider (BTCR), lowering the revenue  
18 requirement to all other customers. This methodology also ensures that the additional  
19 expense paid by the DOE goes directly to the benefit of Ohio customers.

20 I have been advised by legal counsel that R.C. 4909.33 requires a public utility to  
21 charge rates that are comparable to rates charged by the utility for like and  
22 contemporaneous services provided to other similarly situated customers. It is my  
23 understanding from counsel that R.C. 4909.35 addresses a similar provision requiring that

1 no public utility provide an undue or unreasonable preference or advantage to any  
2 customer in providing service. These two sections, taken together, essentially require the  
3 utility to provide nondiscriminatory service to all customers. Through the contractual  
4 arrangements contained in the Amended Stipulation, and in particular DOE's obligation  
5 with respect to the CIAC under the Contribution in Aid of Construction Agreement and  
6 the facilities charges under the Electric Service Agreement, the Amended Stipulation  
7 addresses the Commission's concerns with respect to R.C. 4909.33 and 4909.35.

8 **SUMMARY OF BENEFITS**

9 **Q. CAN YOU PLEASE SUMMARIZE THE FINANCIAL IMPACT ON OTHER**  
10 **CUSTOMERS OF THE AMENDED STIPULATION?**

11 A. The Amended Stipulation allocates cost responsibility between AEP Ohio and DOE in a  
12 manner that leaves all other customers financially neutral. As described above and  
13 shown on Exhibit AEM-1, the combination of the CIAC payment and the monthly  
14 facilities charges results in other customers bearing no financial burden for the  
15 reconfigured interconnection arrangement. As part of this calculation, DOE is responsible  
16 for the standard CIAC (which results in a higher payment by DOE as compared to the  
17 Original Stipulation). In order to facilitate the Congressional appropriation and DOE  
18 budget process, DOE will pay the CIAC in three annual installments without interest; the  
19 CIAC payments are a contractual obligation of the federal government in accordance  
20 with the terms of the CIAC Agreement even if electric service from AEP Ohio is  
21 terminated. In addition, the Company has updated its financial analysis since the  
22 Original Stipulation to reflect the subsequent increase to the Network Integrated  
23 Transmission Service (NITS) charges, the change in the allocation of costs to AEP Ohio



1 customers based on the additional 1 Coincident Peak of the DOE load, as well as the  
2 allocation to AEP Ohio customers based on the 12 Coincident Peak of DOE. The  
3 investment requires additional costs to the Company's BPCR for the net plant addition of  
4 the new investment as well as expenses for property taxes and depreciation.  
5 This calculation determines a "break even" point of the new investment. Until the  
6 breakeven point is realized, DOE will pay an annual facilities charge to the Company for  
7 the additional costs of the new investment. The amount collected through this annual  
8 facilities charge will be credited to the Company's BPCR each year. If the service to  
9 DOE is terminated, DOE will pay any balance due on the payment schedule in  
10 accordance with the terms of the Electric Service Agreement.

11 Q. **HAVE YOU PREPARED AN UPDATED ANALYSIS THAT DEMONSTRATES**  
12 **THAT DOE IS BEARING ITS FULL SHARE OF THE COST OF THE**  
13 **IMPROVEMENTS?**

14 A. Yes, I have prepared two exhibits that demonstrate that DOE is bearing its full share of  
15 the cost of the improvements undertaken pursuant to the Amended Stipulation, and that  
16 the cost of these improvements is not being borne by other customers. The first exhibit,  
17 Exhibit AEM-1, is an update to the corresponding analysis filed with the Commission as  
18 part of the Original Stipulation. Exhibit AEM-1 includes the billing parameters used by  
19 AEP to calculate cost impact and a calculation of the bill impacts using current rates.  
20 The bottom third of AEM-1 presents the resulting "Total Contribution to Customers &  
21 State" made by DOE under current rates and compares it to the "Total Cost of  
22 Transmission Revenue Requirement Year 1."

1 As shown on the line “Net Benefit of New Load,” the result is a shortfall of payments  
2 from DOE under existing rates of \$935,496 in Year 1. This shortfall is made up by  
3 imposing the facilities charge under the Electric Service Agreement. Exhibit AEM-2  
4 presents the calculation of the facilities charge through Year 15. As shown on Exhibit  
5 AEM-2, the facilities charge due for Year 1 is the offsetting shortfall of \$935,496 shown  
6 in Exhibit AEM-1. The facilities charge will be payable through Year 11. Although  
7 DOE’s contribution to net systems costs becomes positive on an absolute basis beginning  
8 in Year 12, I have not sought to reflect the positive value in my calculation of the net  
9 benefit, and these payments will help reduce costs to other customers in the long term.  
10 This analysis and the underlying contractual arrangements memorialized in the Amended  
11 Stipulation demonstrate that AEP’s arrangement with DOE with respect to the  
12 interconnection arrangement is not discriminatory and satisfies the requirements of R.C.  
13 4905.33 and R.C. 4905.35. These same components also confirm that the Amended  
14 Stipulation advances Ohio energy policy by (1) ensuring nondiscriminatory and  
15 reasonable rates are paid by DOE and (2) ensuring the state’s effectiveness in the global  
16 economy. *See* R.C. 4928.02(A), (N).

17 **Q. ARE THERE ALSO SYSTEM AND OPERATIONAL BENEFITS PRODUCED**  
18 **BY THE AMENDED STIPULATION?**

19 A. Yes. There are also a number of important reliability benefits as well as safety benefits  
20 from the new configuration and system build out. For instance, the revised layout moves  
21 the current Don Marquis-Kyger Creek 345 kV transmission line termination in Don  
22 Marquis from directly off the bus into a new string position in the breaker and a half  
23 layout. This arrangement reduces outage exposure on this extra-high voltage

transmission circuit by eliminating the risk of a bus outage that previously would cause an outage of the entire Don Marquis-Kyger Creek 345kV line. By moving the line to a new string position, a single bus outage no longer impacts the flow of power through the station. The retirement of DOE's X530 station and OVEC's transmission line reconfiguration resolves an aging infrastructure issue on an existing extra high voltage transmission path. This condition is resolved by removing deteriorating breakers from the existing Pierce-X530 Don Marquis 345kV transmission path with reconfigured Pierce-Don Marquis 345kV line. The removal of the DOE-owned 1954 vintage oil circuit breakers and 1981 vintage gas circuit breakers eliminates the safety and environmental risk of the potential failure of those breakers. The replacement parts and vendor support for the oil circuit breakers are severely limited meaning repairs and maintenance on these breakers can be both untimely and costly, adding to the critical nature of this aging infrastructure issue. Retiring X530 eliminates this reliability risk. The interconnection arrangement also supports DOE's core mission by allowing DOE's funding to be concentrated on environmental cleanup efforts and helps avoid inefficiently spending on repairing equipment slated for retirement.

The removal of the X530 station also allows for the retirement of the series reactor at Don Marquis 345kV station that was installed to limit the flows into the X530 station. This will reduce AEP's maintenance and repair costs for a high maintenance piece of equipment. The reactor at Don Marquis is 52 years old and is showing signs of elevated moisture levels and declining dielectric strength in the oil, indication the paper insulating material inside the reactor is deteriorating. Retiring the reactor as part of the proposed

1 project will save future capital costs of replacing the unit and continued maintenance  
2 costs to keep the reactor in good working order.

3 The modified configuration also improves control, operation and regulation of bulk  
4 electric system (“BES”) elements by retiring the DOE owned station and the X530-Don  
5 Marquis 345kV tie line, eliminating interfaces between those utilities and a non-utility  
6 organization and consolidating BES responsibilities for the Pierce-Don Marquis  
7 transmission path between AEP Ohio and OVEC. This too will improve system security  
8 by eliminating a non-utility organization from BES operations.

9 The new Arboles 138kV station breakers provide additional sectionalization and enhance  
10 the reliability of the Don Marquis-South Lucasville 138kV line. The Arboles station will  
11 be constructed with new reduced greenhouse gas equipment and will be built to modern  
12 safety and environmental standards.

13 Q. **IN YOUR OPINION, DO THE CHANGES AGREED TO BY THE PARTIES IN**  
14 **THE AMENDED STIPULATION ADDRESS THE CONCERNS IDENTIFIED BY**  
15 **THE COMMISSION IN ITS FINDING AND ORDER?**

16 A. Yes. As outlined above, the Amended Stipulation eliminates the net cost identified in the  
17 Finding and Order and presents a structure that in totality benefits ratepayers and the  
18 public interest.

19 Q. **WHAT IS THE STANDARD THAT THE COMMISSION HAS USED WHEN**  
20 **CONSIDERING APPROVAL OF A STIPULATION AMONG PARTIES TO**  
21 **PROCEEDINGS?**

22 A. My understanding is that the Commission evaluates stipulations using a three-part test.  
23 The questions that the Commission considers are: (1) Is the stipulation the product of

1 serious bargaining among capable, knowledgeable parties? (2) As a package, does the  
2 stipulation benefit ratepayers and the public interest? And (3) Does the stipulation violate  
3 any important regulatory principle or practice?

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

7 A. Yes. The Amended Stipulation was the product of meetings and negotiations involving  
8 experienced counsel as well as the technical experts from each represented party.

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

11 A. Yes. The Amended Stipulation properly allocates the cost responsibilities for the  
12 buildout of the new facilities as well as ownership of the facilities. The Amended  
13 Stipulation provides for an additional payment schedule to ensure no additional costs to  
14 other customers. After the breakeven point of the investment as compared to DOE's  
15 contribution to the BTCR and other riders, customers are actually further benefitted as  
16 these contributions are greater than the costs associated with the investment, bringing  
17 savings to all other customers after the 11<sup>th</sup> year. There are significant non-financial  
18 benefits as well arising from improved reliability of the new system as well and  
19 environmental and safety benefits of updated infrastructure.

20 **Q. DOES THE STIPULATION VIOLATE ANY IMPORTANT REGULATORY**  
21 **PRINCIPLE OR PRACTICE?**

22 A. No. The Stipulation is a settlement balancing the interests of the customers and complies  
23 with sound regulatory principles and practices. The Stipulation provides a reasonable

1 settlement of the request to terminate the current contract to serve load from OVEC to  
2 DOE and appropriately provides AEP Ohio with the right and obligation to serve the load  
3 as part of its service territory.

4 Q. **DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

5 A. Yes.

Billing Parameters			Net Impact of Reconfigured AEP DOE Portsmouth Interconnection		Exhibit AEM-1
	Metered	Adjusted			
On-Peak Demand:	26,000.00	0.0 kW			
Off-Peak Demand:	0.00	0.0 kW	Load Factor:	54.2%	
kWh Usage:	10,296,000	0 kWh			
Metered Voltage Adjustment:	0.00				
Peak kVAR:	0.0 kVAR				
Allowable kVAR:	0.0 kVAR (Highest Metered Demand/2)				

Bill Calculation		Rates				Billing				Annual
		Generation	Transmission	Distribution	Total	Generation	Transmission	Distribution	Total	
Customer Charge				\$ 1,060.00	\$ 1,060.00			\$ 1,060.00	\$ 1,060.00	
Reactive Demand Charge:	0.0 kVAR			\$ 0.48	\$ 0.48			\$ -	\$ -	
Base Charges								\$ 1,060.00	\$ 1,060.00	\$ 12,720.00

DOE Facilities Charge								Exhibit AEM-2
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	
Plant	\$ 31,385,163	\$ 31,385,163	\$ 31,385,163	\$ 31,385,163	\$ 31,385,163	\$ 31,385,163	\$ 31,385,163	
Acc Dep	\$ 714,683	\$ 1,429,367	\$ 2,144,050	\$ 2,858,734	\$ 3,573,417	\$ 4,288,101	\$ 5,002,784	
Net Plant	\$ 30,670,480	\$ 29,955,796	\$ 29,241,113	\$ 28,526,429	\$ 27,811,746	\$ 27,097,062	\$ 26,382,379	
Property Tax	\$ 1,501,484	\$ 1,466,496	\$ 1,431,509	\$ 1,396,521	\$ 1,361,533	\$ 1,326,546	\$ 1,291,558	
Depreciation Expense	\$ 714,683	\$ 714,683	\$ 714,683	\$ 714,683	\$ 714,683	\$ 714,683	\$ 714,683	
Total RR	\$ 4,586,995	\$ 4,496,763	\$ 4,406,530	\$ 4,316,297	\$ 4,226,065	\$ 4,135,832	\$ 4,045,600	
Additional Rate	\$ 10.76	\$ 10.43	\$ 10.09	\$ 9.76	\$ 9.43	\$ 9.09	\$ 8.76	
Total BTCR	\$ 654,741,984	\$ 654,709,370	\$ 654,676,756	\$ 654,644,142	\$ 654,611,528	\$ 654,578,913	\$ 654,546,299	
Current BTCR	\$ 652,134,234	\$ 652,134,234	\$ 652,134,234	\$ 652,134,234	\$ 652,134,234	\$ 652,134,234	\$ 652,134,234	
Delta	\$ 2,607,750	\$ 2,575,136	\$ 2,542,522	\$ 2,509,908	\$ 2,477,294	\$ 2,444,680	\$ 2,412,065	
DOE Bill Payments	\$ 1,672,254	\$ 1,722,422	\$ 1,774,094	\$ 1,827,317	\$ 1,882,137	\$ 1,938,601	\$ 1,996,759	
Facilities Charge Due	\$ 935,496	\$ 852,714	\$ 768,428	\$ 682,591	\$ 595,157	\$ 506,079	\$ 415,307	
	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Plant	\$ 31,385,163	\$ 31,385,163	\$ 31,385,163	\$ 31,385,163	\$ 31,385,163	\$ 31,385,163	\$ 31,385,163	\$ 31,385,163
Acc Dep	\$ 5,717,467	\$ 6,432,151	\$ 7,146,834	\$ 7,861,518	\$ 8,576,201	\$ 9,290,885	\$ 10,005,568	\$ 10,720,252
Net Plant	\$ 25,667,696	\$ 24,953,012	\$ 24,238,329	\$ 23,523,645	\$ 22,808,962	\$ 22,094,278	\$ 21,379,595	\$ 20,664,911
Property Tax	\$ 1,256,571	\$ 1,221,583	\$ 1,186,596	\$ 1,151,608	\$ 1,116,620	\$ 1,081,633	\$ 1,046,645	\$ 1,011,658
Depreciation Expense	\$ 714,683	\$ 714,683	\$ 714,683	\$ 714,683	\$ 714,683	\$ 714,683	\$ 714,683	\$ 714,683
Total RR	\$ 3,955,367	\$ 3,865,134	\$ 3,774,902	\$ 3,684,669	\$ 3,594,437	\$ 3,504,204	\$ 3,413,971	\$ 3,323,739
Additional Rate	\$ 8.43	\$ 8.09	\$ 7.76	\$ 7.42	\$ 7.09	\$ 6.76	\$ 6.42	\$ 6.09
Total BTCR	\$ 654,513,685	\$ 654,481,071	\$ 654,448,457	\$ 654,415,843	\$ 654,383,229	\$ 654,350,615	\$ 654,318,001	\$ 654,285,386
Current BTCR	\$ 652,134,234	\$ 652,134,234	\$ 652,134,234	\$ 652,134,234	\$ 652,134,234	\$ 652,134,234	\$ 652,134,234	\$ 652,134,234
Delta	\$ 2,379,451	\$ 2,346,837	\$ 2,314,223	\$ 2,281,609	\$ 2,248,995	\$ 2,216,381	\$ 2,183,767	\$ 2,151,153
DOE Bill Payments	\$ 2,056,662	\$ 2,118,361	\$ 2,181,912	\$ 2,247,370	\$ 2,314,791	\$ 2,384,235	\$ 2,455,762	\$ 2,529,434
Facilities Charge Due	\$ 322,790	\$ 228,476	\$ 132,311	\$ 34,239	\$ (65,796)	\$ (167,854)	\$ (271,995)	\$ (378,282)



### **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 *Amended Stipulation and Recommendation* was sent by, or on behalf of, the undersigned counsel to the following parties of record this 22<sup>nd</sup> day of March, 2021, via electronic transmission.

/s/ Steven T. Nourse

Steven T. Nourse

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Summary: Stipulation - Amended Joint Stipulation and Recommendation electronically filed by Mr. Steven T Nourse on behalf of Ohio Power Company