

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of	)	
Dayton Power and Light Company for	)	Case No. 20-1651-EL-AIR
an Increase in Electric Distribution	)	
Rates.	)	

In the Matter of the Application of	)	Case No. 20-1652-EL-AAM
Dayton Power and Light Company to	)	
change accounting methods.	)	

In the Matter of the Application of	)	Case No. 20-1653-EL-ATA
Dayton Power and Light Company for	)	
tariff approval.	)	

**PREFILED TESTIMONY  
OF**

**NICCI CROCKER  
SUBMITTED ON BEHALF OF THE STAFF OF  
THE PUBLIC UTILITIES COMMISSION OF OHIO  
RATES AND ANALYSIS DEPARTMENT  
REGULATORY SERVICES DIVISION**

**STAFF EX. \_\_\_\_\_**

**January 18, 2022**

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

2 A. My name is Nicci Crocker. My business address is 180 East Broad Street,  
3 Columbus, Ohio 43215.  
4

5 2. Q. By whom are you employed?

6 A. I am employed by the Public Utilities Commission of Ohio (PUCO).  
7

8 3. Q. What is your current position with the PUCO?

9 A. My current position is Utility Specialist in the Regulatory Services Division of the  
10 Rates and Analysis Department  
11

12 4. Q. Would you briefly state your professional and educational background?

13 A. I earned a Bachelor of Arts from Wittenberg University, a Master of Business  
14 Administration from The Ohio State University, and a Certificate of Accounting  
15 from Columbus State Community College. I have worked for the Public Utilities  
16 Commission of Ohio for over eighteen years, serving in my current position since  
17 2010.  
18  
19  
20  
21  
22

1 5. Q. What are your responsibilities in this proceeding?

2 A. I am responsible for Schedule C-3.12 Annualize AES Services Labor, Benefit,  
3 and Payroll Taxes, Schedule C-3.13 Annualized DP&L Labor and Payroll Taxes,  
4 and Schedule C-3.14 Annualized Employee Benefits Expense of the Staff Report.

5

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

7 A. The purpose of my testimony is to respond to objections to the Staff Report raised  
8 by the Dayton Power & Light Company d/b/a AES Ohio (AES or Company).  
9 Specifically, Objection 19 - AES Annualized Payroll Tax, Objection 20 – AES  
10 Ohio Employees' Salaries and Wage Expense, Objection 21 - AES Ohio Union  
11 Employee Pay Increase, Objection 22 - AES Service Company Employees'  
12 Salaries and Wage Expense, Objection 23 - Short-Term Compensation (STC) and  
13 Long-Term Compensation (LTC) Expense, and Objection 24 - Annualize Pay  
14 Increases into STC and LTC.

15

16 **Objection 19 - AES Annualized Payroll Tax Expense**

17

18 7. Q. AES objects to the methodology by which Staff annualized test year Federal  
19 Insurance Contributions Act ("FICA") tax expense. Do you agree?

20 A. No. Staff excluded March FICA tax in calculating the annualized FICA tax as the  
21 payment of short-term incentive compensation (STC) caused March FICA taxes

1 to be abnormally high. Including the month of March in the calculation would  
2 cause the annualized expense to be overstated. Additionally, the May pay increase  
3 was not included at the time of the Staff Report because the pay increase could  
4 not be confirmed or verified due to timing of filing the Staff Report. However,  
5 Staff believes that including the pay increase is reasonable. Staff agrees with the  
6 Company's calculation of 1.8 percent pay increase resulting in an increase to AES  
7 payroll tax expense of \$122,447.<sup>1</sup>  
8

9 **Objection 20 - AES Ohio Employees' Salaries and Wage Expense**  
10

11 8. Q. AES objects to the methodology by which Staff calculated labor expense because  
12 AES claims Staff erroneously reduced labor expense for non-jurisdictional and  
13 non-O&M expenses twice and utilized the wrong number of hours to annualize  
14 expense. Do you agree?

15 A. No. Staff used AES distribution labor to calculate employee numbers and used a  
16 fully loaded wage to calculate the annual wage. The fully loaded wage included  
17 both capital expenditure and O&M dollars, as well as all jurisdictional dollars.  
18 And Staff correctly used 2,080 hours per year, consistent with Staff's past  
19 practice in staff report labor calculations.  
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<sup>1</sup> Supplemental Direct Testimony of Craig A. Forestal at Exhibit CF1 (August 25, 2021) (adjusted to 25 percent of  
STC).

1    **Objection 21 - AES Ohio Union Employee Pay Increase**

2  
3    9.     Q.     AES objects to Staff's failure to annualize a 2.75 percent AES union employee  
4               pay increase. Do you agree?

5           A.     No. Pay was calculated based on April 2021 wages, which included all test year  
6               pay increases, therefore no pay increase is required.

7  
8    **Objection 22 - AES Service Company Employees' Salaries and Wage Expense**

9  
10   10.    Q.     AES objects to the methodology by which Staff annualized labor expense because  
11               Staff failed to annualize a 1.8 percent overall pay increase. Do you agree?

12          A.     No. The pay increase was not included at the time of the Staff Report because the  
13               pay increase could not be confirmed or verified due to timing of filing the Staff  
14               Report. However, Staff believes that including the pay increase is reasonable.  
15               Based on Staff's calculation, application of 1.8 percent pay increase results in an  
16               increase to AES labor of \$148,308.<sup>2</sup>

17  
18  
19  

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<sup>2</sup>     Staff Data Request 9 (May 2020 to April 2021 calculated straight time full time and part time \$8,387,510 x 1.8% = \$148,306).

**Objection 23 - Short-Term Compensation (STC) and Long-Term Compensation (LTC)**

**Expense and Objection 24 - Annualize Pay Increases into STC and LTC**

11. Q. AES objects to the recommendation in the Staff Report to remove 75 percent of STC and eliminate 100 percent of LTC for both AES Ohio and AES Services employees. Do you agree?

A. No. Consistent with Staff practices and Commission rulings in prior rate cases, Staff removed bonuses and incentive pay related to financial metrics. Data request 7, attachment 10 in this case identified that 100 percent of long-term compensation (LTC) is based on financial metrics and data request 7, attachment 7 and attachment 9 identified that 75 percent of short-term compensation is based on financial metrics. Therefore, Staff removed all LTC and 75 percent of short-term bonuses. In Staff's opinion, the cost for these types of incentives and bonuses should be borne by shareholders, and not the ratepayers because shareholders receive the direct benefit. In addition, all STC and LTC bonuses that were permitted in the calculation included all appropriate pay increases.

**Objection 25 - AES Ohio Employee Pensions and Benefits Expense**

12. Q. AES objects to the failure of the Staff Report to update pension and other postemployment benefits expense to reflect updated actuarial data. Do you agree?

A. No. The Company did not make an estimated adjustment to the pension and other postemployment benefits expense within the application. Staff accepted the Company's amount within the application.

13. Q. Do you agree with AES's updated calculation based on the May 2021 annualized amount?

A. Yes. Staff agrees that the updated calculation increasing pension and other postemployment benefits expense by \$932,478 provided within supplemental testimony<sup>3</sup> is reasonable.

14. Q. Does this conclude your testimony?

A. Yes. However, I reserve the right to submit supplemental testimony as new information subsequently becomes available or in response to positions taken by other parties.

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<sup>3</sup> Supplemental Direct Testimony of Craig A. Forestal at 22 (August 25, 2021).

## PROOF OF SERVICE

I hereby certify that a true copy of the foregoing **Prefiled Testimony of Nicci Crocker**, submitted on behalf of the Staff of the Public Utilities Commission of Ohio, was served via regular U.S. or electronic mail upon the below parties of record, this 18<sup>th</sup> day of January 2022.

/s/ Jodi Bair

**Jodi Bair**

Assistant Attorney General

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**Case No(s). 20-1651-EL-AIR, 20-1652-EL-AAM, 20-1653-EL-ATA**

Summary: Testimony Prefiled Testimony of Nicci Crocker, Submitted on Behalf of  
the Staff of the Public Utilities Commission of Ohio, Rates and Analysis  
Department, Regulatory Services Division electronically filed by Mrs. Kimberly M.  
Naeder on behalf of PUCO