

AEP OHIO EXHIBIT NO. _____

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of)	
Ohio Power Company for Authority to)	Case No. 23-23-EL-SSO
Establish a Standard Service Offer)	
Pursuant to §4928.143, Ohio Rev. Code,)	
in the Form of an Electric Security Plan.)	

In the Matter of the Application of)	
Ohio Power Company for Approval of)	Case No. 23-24-EL-AAM
Certain Accounting Authority)	

DIRECT TESTIMONY OF
JASON M. YODER
IN SUPPORT OF AEP OHIO'S
ELECTRIC SECURITY PLAN

Filed: January 6, 2023

INDEX TO DIRECT TESTIMONY OF
JASON M. YODER

I.	PERSONAL BACKGROUND.....	1
II.	PURPOSE OF TESTIMONY.....	3
III.	DEFERRAL ACCOUNTING REQUESTS	3
IV.	OVERVIEW OF OVER/UNDER RECOVERY ACCOUNTING	4

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO
DIRECT TESTIMONY OF
JASON M. YODER
ON BEHALF OF
OHIO POWER COMPANY

1 **I. PERSONAL BACKGROUND**

2 **Q1. 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 **Q2. BY WHOM ARE YOU EMPLOYED AND WHAT IS YOUR POSITION?**

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

9 **Q3. WOULD YOU PLEASE DESCRIBE YOUR EDUCATIONAL AND**
10 **PROFESSIONAL BACKGROUND?**

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

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

4 **Q4. 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 **Q5. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY IN ANY REGULATORY**
13 **PROCEEDINGS?**

14 A. Yes. I filed testimony before the Commission on behalf of AEP Ohio in the 2018 through
15 2021 Significantly Excessive Earnings Test cases. I also filed testimony in AEP Ohio's
16 most recent distribution base rate case, Case Nos. 20-585-EL-AIR, 20-586-EL-ATA, and
17 20-587-EL-AAM ("20-585-EL-AIR, et al.").

18 I have also filed testimony before the Arkansas Public Service Commission, Public
19 Utility Commission of Texas, Indiana Utility Regulatory Commission, the Virginia State
20 Corporation Commission, and the Kentucky Public Service Commission.

1 **II. PURPOSE OF TESTIMONY**

2 **Q6. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

3 A. The purpose of my testimony is to address the accounting related to proposed deferral
4 authority requested by the Company and provide an overview of the over/under accounting
5 for certain proposed and existing rider mechanisms of the Electric Security Plan (“ESP”)
6 for the proposed June 1, 2024 through May 2030 period. The rider mechanisms are
7 summarized in Company witness Mayhan’s testimony.

8 **III. DEFERRAL ACCOUNTING REQUESTS**

9 **Q7. IS THE COMPANY SEEKING ANY DEFERRAL ACCOUNTING AS PART OF**
10 **THIS ESP FILING?**

11 A. Yes. As part of this ESP filing, certain costs are expected to be incurred from the time of
12 the Company’s filing through the beginning of the ESP V period, June 1, 2024.
13 Specifically, as discussed by Company witness Gabbard, it is expected that Phase 1 of the
14 Customer Information System (“CIS”) will be deployed by Q4 2023. This phase includes
15 \$18.4 million of estimated capital and \$282k of Operation and Maintenance (“O&M”)
16 costs related to CIS strategy development and the deployment of distributed generation
17 large customer billing functionality. Similarly, Company witness Schafer describes the
18 Advanced Distribution Management System (“ADMS”) deployment, which the Company
19 will incur an estimated \$1.7 million of O&M expense in 2023. Finally, Company witness
20 Osterholt describes the fiber optic cable projects proposed to be included in the new Rural
21 Access Rider. To the extent the fiber projects are approved by this Commission prior to the
22 start of the ESP V period, the Company requests the authority to defer the capital carrying

1 costs and O&M expenses to permit construction of the fiber projects to move forward as
2 soon as possible.

3 As such, effective with the date of this filing, the Company requests deferral
4 accounting authority for capital carrying costs for in-service assets and O&M expenses
5 related to the CIS, ADMS and fiber optic cable projects. In accordance with a Commission
6 order approving deferral accounting authority consistent with the Company's request, costs
7 incurred would be deferred and recovered in the proposed respective mechanisms
8 (Customer Experience Rider and Rural Access Rider) subject to audit and review under
9 those proposed riders. The Company requests that the Commission affirmatively grant the
10 accounting authority for these deferrals in its Order.

11 **IV. OVERVIEW OF OVER/UNDER RECOVERY ACCOUNTING**

12 **Q8. IS THE COMPANY PROPOSING TO UTILIZE OVER/UNDER ACCOUNTING**
13 **FOR RIDERS?**

14 A. Yes, as discussed by Company witness Mayhan, the Company is proposing to utilize
15 over/under accounting for all of its riders, except for those identified in Figures JLM-4 and
16 JLM-5 as having no over/under recovery. Financial Accounting Standards Board's
17 Accounting Standards Codification ("FASB ASC") 980 prescribes deferral accounting
18 when a regulatory commission requires over/under-recovery accounting for certain costs
19 that are recovered in current rates charged to customers or when a commission provides
20 deferral authority for certain costs with recovery to be determined at a later date. Eligible
21 costs for recovery in these scenarios are subject to any prudence and audit reviews ordered
22 by the Commission. In order to record regulatory liabilities or regulatory assets and
23 perform regulatory deferral over/under recovery true-up accounting, it must be probable

1 that the regulatory liability will be refunded or that the regulatory asset will be recovered
2 in the future.

3 **Q9. HOW IS THIS ACCOUNTING SUPPORTED BY CURRENT RIDER**
4 **MECHANISMS APPROVED IN PAST ESP FILINGS?**

5 A. This accounting has been performed since the original ESP was approved in Case No. 08-
6 917-EL-SSO and Case No. 08-918-EL-SSO. This accounting is consistent with existing
7 riders because the majority of them require true-up and reconciliation.

8 **Q10. WHAT ACCOUNTING IS EMPLOYED WHEN O&M COSTS ARE PART OF**
9 **OVER/UNDER ACCOUNTING?**

10 A. If the monthly actual incurred O&M expenses recovered in a particular rider or base rates
11 are less than the monthly approved revenues, the Company will credit a regulatory liability
12 and charge the appropriate O&M expense accounts. Similarly, if the monthly actual
13 incurred O&M expenses are more than the monthly approved revenues, the Company will
14 charge a regulatory asset while crediting the appropriate O&M expense accounts. For
15 example, the monthly expenses of the BTCR are compared to the monthly tariff revenue
16 with any difference being deferred.

17 **Q11. ARE CERTAIN RIDERS DESIGNED TO RECOVER ITEMS OTHER THAN**
18 **O&M?**

19 A. Yes. Certain riders also include an appropriate carrying cost on capital assets. For
20 example, the Distribution Investment Rider and gridSMART® Rider include a carrying
21 cost rate on the capital assets using a Weighted Average Cost of Capital (“WACC”) as well
22 as additional components including depreciation, income taxes and property taxes. Certain

riders also include a carrying cost that is applied to the over/under recovery balance, such as the Economic Development Rider (“EDR”), which uses a long-term debt rate.

Q12. FOR RIDERS DESIGNED TO RECOVER ITEMS OTHER THAN O&M, IS THE OVER/UNDER ACCOUNTING SIMILAR TO THE RECOVERY OF ONLY O&M?

A. Yes. When the true-up process includes over/under accounting, the total rider revenues are compared to the total expenses and carrying charges of the items being tracked to determine the over/under recovery.

Q13. HOW WILL THE COMPANY IDENTIFY AND ACCOUNT FOR COSTS RELATED TO PROPOSED RIDER MECHANISMS?

A. AEP Ohio will use a unique project and work order to identify and track the costs associated with approved rider mechanisms. Rider mechanisms are generally designed to recover any prescribed combination of the following costs:

- Monthly incremental O&M incurred,
- Monthly property tax expense incurred,
- Monthly plant depreciation expense incurred, and
- Monthly carrying charges calculated on capital investment placed in-service.

For the costs that are capitalized, the Company records such expenditures initially in Account 107, Construction Work in Progress (“CWIP”), before being classified to the appropriate Electric Plant Account, within Account 101, Electric Plant in Service.

1 **Q14. ONCE THE CAPITALIZED COSTS ARE PLACED IN SERVICE, HOW WILL**
2 **THESE ASSET BALANCES BE DEPRECIATED?**

3 A. On a monthly basis, the Company depreciates assets placed in service based on PUCO-
4 approved depreciation rates for each particular asset's FERC property subaccount. The
5 depreciation rates that will be applied to the in-service investments will be those
6 approved by the Commission in Case Nos. 20-585-EL-AIR, et al. for each applicable
7 FERC subaccount.

8 **Q15. HOW WILL THE RETURN ON IN SERVICE ASSETS BE CALCULATED?**

9 A. Generally, once the assets are placed in service, AEP Ohio will calculate a monthly return
10 on the plant-in service balance net of accumulated depreciation and accumulated deferred
11 income tax. This return will be a component of the costs eligible for recovery each
12 month that are compared to the same month's rider revenues.

13 **Q16. DOES THIS CONCLUDE YOUR TESTIMONY?**

14 A. Yes.

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 Ohio Power Company's Direct Testimony of Jason M. Yoder was sent by, or on behalf of, the undersigned counsel to the following parties of record this 6th day of January 2023, via electronic transmission.

/s/ Steven T. Nourse

Steven T. Nourse

EMAIL SERVICE LIST for ESP IV:

mpritchard@mwncmh.com
William.michael@occ.ohio.gov
Bojko@carpenterlipps.com
rkelter@elpc.org
paul@carpenterlipps.com
Stephanie.Chmiel@ThompsonHine.com
Kurt.Helfrich@ThompsonHine.com
Michael.Austin@ThompsonHine.com
ctavenor@theOEC.org
mkurtz@BKLlawfirm.com
kboehm@BKLlawfirm.com
jkylercohn@BKLlawfirm.com
lhawrot@spilmanlaw.com
dwilliamson@spilmanlaw.com
charris@spilmanlaw.com
sean.mcglone@ohiohospitals.org
ssheely@bricker.com
callwein@keglerbrown.com
mjsettineri@vorys.com
glpetrucci@vorys.com
ibatikov@vorys.com
michelle.d.grant@dynegy.com
rdove@keglerbrown.com
mdortch@kravitzllc.com
joliker@igsenergy.com
mnugent@igsenergy.com
whitt@whitt-sturtevant.com
kennedy@whitt-sturtevant.com
rsahli@columbus.rr.com

tony.mendoza@sierraclub.org
joe.halso@sierraclub.org
cpirik@dickinsonwright.com
todonnell@dickinsonwright.com
vvorys@dickinsonwright.com
sechler@carpenterlipps.com
rocco.d'ascenzo@duke-energy.com
jeanne.kingery@duke-energy.com
Larisa.vaysman@duke-energy.com
elyse.akhbari@duke-energy.com
william.wright@ohioattorneygeneral.gov
Greta.see@puc.state.oh.us

**This foregoing document was electronically filed with the Public Utilities
Commission of Ohio Docketing Information System on**

1/6/2023 4:45:12 PM

in

Case No(s). 23-0023-EL-SSO, 23-0024-EL-AAM

Summary: Testimony DIRECT TESTIMONY OF JASON YODER ON BEHALF OF
OHIO POWER COMPANY electronically filed by Mr. Steven T. Nourse on behalf of
Ohio Power Company