

OCC EXHIBIT NO. _____

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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

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

**DIRECT TESTIMONY
OF
ROBERT B. FORTNEY**

**On Behalf of
Office of the Ohio Consumers' Counsel**
*65 East State Street, Suite 700
Columbus, Ohio 43215*

June 9, 2023

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LIST OF ATTACHMENTS

Attachment RBF-1 Testimony History

1 **I. INTRODUCTION**

2

3 ***Q1. PLEASE STATE YOUR NAME, ADDRESS AND POSITION.***

4 **A1.** My name is Robert B. Fortney. My business address is 65 East State Street, Suite
5 700, Columbus, Ohio 43215. I am a Rate Design and Cost of Service Analyst for
6 the Office of the Ohio Consumers' Counsel ("OCC"), employed through Sterling
7 Staffing Services.

8

9 ***Q2. WHAT ARE YOUR RESPONSIBILITIES AS A RATE DESIGN AND COST***
10 ***OF SERVICE ANALYST?***

11
12 **A2.** I am responsible for investigating utility applications regarding rate and tariff
13 activities such as tariff language, cost of service studies, revenue distribution, cost
14 allocation, and rate design that impact the residential consumers of Ohio. My
15 primary focus is to make recommendations to protect residential consumers from
16 unreasonable and unjustified utility rate increases and unfair regulatory practices.

17

18 ***Q3. PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND.***

19 **A3.** I earned a Bachelor of Science degree in Business Administration from Ball State
20 University in Muncie, Indiana in 1971. I earned a Master of Business
21 Administration degree from the University of Dayton in 1979.

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1 **Q4. PLEASE SUMMARIZE YOUR PROFESSIONAL EXPERIENCE AS IT**
2 **RELATES TO UTILITY REGULATION.**

3
4 **A4.** From July 1985 to August 2012, I was employed by the Public Utilities
5 Commission of Ohio ("PUCO"). During that time, I held a number of positions
6 (e.g., Rate Analyst, Rate Analyst Supervisor, Public Utilities Administrator) in
7 various divisions and departments that focused on utility applications regarding
8 rates and tariff issues. In August 2012, I retired from the PUCO as a Public
9 Utilities Administrator, Chief of the Rates and Tariffs Division, which focused on
10 utility rates and tariff matters. The role of that division was to investigate and
11 analyze the rate- and tariff-related filings and applications of the electric, gas, and
12 water utilities regulated by the PUCO and to make Staff recommendations to the
13 PUCO regarding those filings. I joined the OCC in December of 2015 as a Rate
14 Design and Cost of Service Analyst

15
16 **Q5. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE THE**
17 **PUCO?**

18
19 **A5.** Yes. When I worked at the PUCO, I testified on numerous occasions to advocate
20 to the PUCO the positions of the PUCO Staff. Over the course of my career at the
21 PUCO, I often recommended to the PUCO cost allocation methodologies needed
22 to develop a reasonable distribution of utility revenues. I also was responsible for
23 recommending reasonable rate designs needed to recover the revenue
24 requirement, by class of service and in total. In addition, I have submitted
25 testimony for OCC in several proceedings since joining its staff in December

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1 2015. A history of the cases for which I have submitted testimony to the PUCO is
2 included in my Attachment RBF-1.

3
4 **II. PURPOSE OF TESTIMONY**

5
6 ***Q6. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS***
7 ***PROCEEDING?***

8
9 ***A6.*** The purpose of my testimony is to provide the position of the OCC as it relates to
10 proposed tariff provisions and modification by Ohio Power Company (“Ohio
11 Power” or “Utility”) in Case No. 23-023-EL-SSO (“ESP V”).¹ Specifically, I will
12 address the proposed Optional Residential Senior Citizen Tariff (and the related
13 proposed recovery mechanism). I will also present the OCC position regarding the
14 proposed modifications to the Utility’s IRP tariffs (IRP-Legacy and IRP-
15 Expanded).

16
17 ***Q7. PLEASE DESCRIBE THE PROPOSED OPTIONAL RESIDENTIAL***
18 ***SENIOR CITIZEN TARIFF.***

19
20 ***A7.*** The Utility is proposing a new Optional Residential Senior Citizen tariff
21 (Schedule RS-SC). Under this new tariff, qualified participants will receive a
22 reduced customer charge of \$5.00. instead of a \$10.00 customer charge. This
23 discount is being offered to provide protection to senior citizen consumers with

¹ *In the Matter of the Application of Ohio Power Company for Authority to Establish a Standard Service Offer Pursuant to Section 4928.143, Revised Code, in the Form of an Electric Security Plan, Case No. 23-23-EL-SSO, et al., January 6, 2023.*

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1 efficient electricity consumption. Consumers eligible for this tariff must meet one
2 of the three criteria listed below:

- 3 • Criteria One: Residential consumer who is 65 or older, primary account
4 holder, current on their payments, primary residence, gas heating and use
5 under 900 kWh per month.
- 6 • Criteria Two: Residential consumer who is 65 or older, primary account
7 holder, current on their payments, primary residence, electric heating and use
8 under 1,700 kWh per month.
- 9 • Criteria Three: Residential consumer who is 65 or older, primary account
10 holder, current on their payments, primary residence, and participated in the
11 Home Energy Management program in the Energy Efficiency portfolio.
12 Qualified consumers must sign up for this new Senior Citizen's tariff by
13 calling AEP Ohio's Customer Solutions Center.²

14
15 ***Q8. HOW DOES THE UTILITY PROPOSE TO COLLECT THE LOST***
16 ***REVENUES RESULTING FROM THE REDUCED CONSUMER***
17 ***CHARGES?***

18
19 ***A8.*** The lost revenues from the senior citizen tariff will be recovered through the
20 Utility's bad debt expense rider³, to ensure revenue neutrality.

² Testimony of Jaime L. Mayhan, Case No. 23-23-EL-SSO, et al., January 6, 2023, pages 21 – 22.

³ Mayhan testimony, page 22

1 ***Q9. WHAT IS OCC’S POSITION ON THE PROPOSED OPTIONAL***
2 ***RESIDENTIAL SENIOR CITIZEN TARIFF AND THE RESULTING***
3 ***REVENUE RECOVERY MECHANISM?***
4

5 ***A9.*** OCC supports the creation of the Residential Senior Citizen Tariff. However,
6 OCC is strongly opposed to recovering the resulting lost revenues from other
7 consumers through the Bad Debt Rider.

8
9 The Residential Senior Citizen Tariff provides a great opportunity for the Utility
10 to incentivize senior citizen consumers to use electricity efficiently. The tariff also
11 will protect potential fixed-income, economically at-risk consumers. This is a
12 program that is ripe for shareholder-funding.

13
14 ***Q10. WHY DOES THE OCC ESPECIALLY OPPOSE COLLECTING THE LOST***
15 ***REVENUES FROM THE SENIOR CITIZENS TARIFF THROUGH THE***
16 ***BAD DEBT RIDER?***
17

18 ***A10.*** It is NOT “bad debt”! If a senior citizen was to successfully enroll and be served
19 under the proposed tariff, that consumer would be paying exactly what his tariffed
20 rate would be: \$5.00. Speaking as a senior citizen, I would find it personally
21 offensive to pay the discounted amount I am required to pay, only to find that the
22 discount is being considered as a bad debt that is going to be collected from all
23 other consumers, presumably including myself. The simple, most reasonable
24 solution is that the shareholders should fund the program!

**Q11. WHAT MODIFICATIONS ARE PROPOSED TO THE UTILITY'S IRP
TARIFFS (IRP-LEGACY AND IRP-EXPANDED)?**

A11. The Utility proposes the continuation and modifications to the IRP tariffs through the current interruptible load programs. Below is an explanation of the proposed request to continue and/or modify portions of the IRP services:

- a) The Legacy Customers ("IRP-L"): for the two existing Legacy Customers, up to 200 MW of interruptible capacity will continue through the end of the ESP V term (May 31, 2030). The Company proposes a reduction in the \$/kW credit associated with the IRP-L over the ESP V term. The proposal is to gradually step down the credit from \$9 per kW to \$4 per kW or a reduction of a \$1 per kW per year effective June 1st each year starting June 1, 2025, through the ESP V term. If at any time the IRP-L credit drops below the IRP-E credit, the IRP-L credit will be equal to the IRP-E credit.
- b) The Expanded IRP ("IRP-E") for up to 160 MW of interruptible capacity will continue to be made available to existing AEP Ohio consumers with at least 1 MW of interruptible load. The program capacity will be allocated as follows: Industrial Energy Users-Ohio - 82 MW; Ohio Energy Group - 48 MW; and Ohio Manufacturers' Association Energy Group - 30 MW. The program will continue through either the end of the ESP V term (May 31, 2030) or at the time the program has paid \$30 million in credits in aggregate to IRP-E consumers.

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- 1 c) The IRP-E will continue to be made available for consumers that are new
2 to the AEP Ohio service area to attract new business to Ohio. The IRP-E
3 for new consumers shall operate in the context of a reasonable
4 arrangement. The program will continue through either the end of ESP V
5 term (May 31, 2030) or at the time the program has paid \$25 million in
6 credits in the aggregate to new participants. Under the current ESP IV,
7 new consumer participation is capped at 120 MW; however, the Company
8 proposes to eliminate the 120 MW cap and consider participation on a per
9 consumer reasonable arrangement basis to have the ability to attract new
10 business and consider new economic development in the state of Ohio.
- 11 d) Credits for the Expanded IRP program will continue to be calculated by
12 multiplying the quantity of the monthly interruptible capacity times the
13 market clearing price for capacity in the AEP Zone as established by the
14 PJM Interconnection, LLC Base Residual Auction for each Delivery Year
15 times 0.7.
- 16 e) The changes to the Legacy and Expanded IRP services will impact the
17 revenue requirement for the Utility's Economic Development Rider
18 ("EDR") but does not result in any modifications to the rider itself.⁴

⁴ Mayhan testimony, pages 19 – 21.

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1 **Q12. WHAT IS THE POSITION OF OCC REGARDING THE PROPOSED**
2 **MODIFICATIONS TO THE IRP TARIFFS?**
3

4 **A12.** The provisions generally relate to non-residential consumers. However, since
5 residential consumers will fund these programs, OCC has an interest in how the
6 programs are being modified. According to Witness Heitkamp the revenue
7 requirement (what other consumers pay) for the EDR will decrease in time over
8 the six years. Currently, the per month revenue requirement is \$2.867
9 million/month. By 2030, the EDR revenue requirement will have been reduced to
10 \$2.099 million /month⁵. Given that reduction, the OCC does not oppose the
11 modifications made to the IRP programs.
12

13 However, in the future, if the provisions change or are amended such that the
14 revenue requirement reduction does not occur, OCC reserves all rights to oppose
15 any future IRP program or tariff changes.
16

17 **Q13. DO YOU HAVE ANY FURTHER RECOMMENDATIONS REGARDING**
18 **THE IRP-EXPANDED PROGRAM?**
19

20 **A13.** The program will continue through either the end of ESP V term (May 31, 2030) or
21 at the time the program has paid \$25 million in credits in the aggregate to new
22 participants. Since the Utility proposes to eliminate the 120 MW cap and consider
23 participation on a per customer reasonable arrangement basis, any reasonable

⁵ Testimony of Curtis Heitkamp, Case No. 23-23-EL-SSO, et al., January 6, 2023, Exhibit CMH-2.

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1 arrangement should make clear that participation in the rider will discontinue
2 once the cost threshold established in this proceeding is reached.

3

4 **III. CONCLUSION**

5

6 ***Q14. DOES THIS CONCLUDE YOUR TESTIMONY?***

7 ***A14.*** Yes. However, I reserve the right to incorporate new information that may
8 subsequently become available. I also reserve the right to supplement my
9 testimony in the event that AEP, the PUCO Staff or other parties submit new or
10 corrected information in connection with this proceeding.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Direct Testimony of Robert B. Fortney on behalf of the Office of the Ohio Consumers' Counsel has been served upon those persons listed below via electronic service this 9th day of June 2023.

/s/ William J. Michael
William J. Michael
Assistant Consumers' Counsel

The PUCO's e-filing system will electronically serve notice of the filing of this document on the following parties:

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Robert Fortney / Proceedings with Testimony Submitted to the Public Utilities Commission of Ohio

Company Docket No. Date

Cleveland Electric Illuminating Company 85-675-EL-AIR 1986

Cleveland Electric Illuminating Company 86-2025-EL-AIR 1987

Toledo Edison Company 86-2026-EL-AIR 1987

Ohio Edison Company 87-689-EL-AIR 1987

Cleveland Electric Illuminating Company 88-170-EL-AIR 1988

Toledo Edison Company 88-171-EL-AIR 1988

Ohio Edison Company 89-1001-EL-AIR 1990

Cincinnati Gas & Electric Company 91-410-EL-AIR 1991

Columbus Southern Power Company 91-418-EL-AIR 1992

Cincinnati Gas & Electric Company 92-1464-EL-AIR 1993

Ohio Power Company 94-996-EL-AIR 1994

Toledo Edison Company 94-1987-EL-CSS 1995

Cleveland Electric Illuminating Company 94-1964-EL-CSS 1995

Toledo Edison Company 95-299-EL-AIR 1995

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All Electric Companies (Rulemaking Proceeding) 96-406-EL-COI 1998

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FirstEnergy 01-3019-EL-UNC 2002

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Ohio Power Company 01-1359-EL-AAM 2002

Dayton Power and Light Company 02-0570-EL-ATA 2003

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Dayton Power and Light Company 02-2879-EL-AAM 2003
Dayton Power and Light Company 02-2779-EL-ATA 2003
FirstEnergy Corporation 03-2144-EL-ATA 2004
Cincinnati Gas & Electric Company 03-0093-EL-ATA 2004
Cincinnati Gas & Electric Company 03-2079-EL-AAM 2004
Cincinnati Gas & Electric Company 03-2081-EL-AAM 2004
Monongahela Power Company 04-0880-EL-UNC 2004
Monongahela Power Company 05-0765-EL-UNC 2005
Dayton Power and Light Company 05-0276-EL-AIR 2005
FirstEnergy 07-0551-EL-AIR 2008
FirstEnergy 08-0936-EL-SSO 2008
FirstEnergy 08-0935-EL-SSO 2008
Ormet Primary Aluminum Corporation 09-0119-EL-AEC 2009
Cleveland Electric Illuminating Company 08-1238-EL-AEC 2009
Columbus Southern Power Company 09-0516-EL-AEC 2009
FirstEnergy 10-0388-EL-SSO 2010
FirstEnergy 10-0176-EL-ATA 2011
Columbus Southern Power Company 11-0346-EL-SSO 2011
Ohio Power Company 11-0348-EL-SSO 2011
Columbus Southern Power Company 10-0343-EL-ATA 2011
Ohio Power Company 10-0344-EL-ATA 2011
AEP Ohio 10-2376-EL-UNC 2011
AEP Ohio 10-2929-EL-UNC 2011
AEP Ohio 11-4921-EL-RDR 2011
FirstEnergy 12-1230-EL-SSO 2012
AEP Ohio 14-1693-EL-RDR 2015
Aqua Water 16-0907-WW-AIR 2016
Dayton Power and Light Company 16-0395-EL-SSO 2017
AEP Ohio 16-1852-EL-SSO 2017

Dayton Power and Light Company 15-1830-EL-AIR 2018

Vectren Energy Delivery 18-0298-GA-AIR 2018

Suburban Natural Gas Company 18-1205-GA-AIR 2018

AES Ohio 20-1651-EL-AIR 2021

Columbia Gas 21-637-GA-AIR 2022

AES Ohio 22-900-EL-SSO 2023

Duke Gas 22-507-GA-AIR 2023

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Summary: Testimony Direct Testimony of Robert B. Fortney on behalf of the Office of the Ohio Consumers' Counsel electronically filed by Ms. Alana M. Noward on behalf of Michael, William J..