BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company for Authority to Provide for a Standard Service Offer Pursuant to R.C. § 4928.143 in the Form of an Electric Security Plan	)))))))	Case No. 23-301-EL-SSO

DIRECT TESTIMONY
OF

DEVIN MACKEY

RATES AND ANALYSIS DEPARTMENT
GRID MODERNIZATION AND RETAIL MARKETS DIVISION
PUBLIC UTILITIES COMMISSION OF OHIO

STAFF EXHIBIT___

October 30, 2023

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

A. My name is Devin Mackey. My business address is 180 East Broad Street, Columbus, OH 43215.

2. Q. By whom are you employed?

A. I am currently employed by the Public Utilities Commission of Ohio (“PUCO” or “Commission”).

3. Q. What is your present position with the Commission?

A. My current position is Public Utilities Administrator 1 in the Grid Modernization and Retail Markets Division within the Rates and Analysis Department.

4. Q. Please summarize your educational background.

A. I graduated from The Ohio State University in 2006 with a Bachelor of Arts in Economics and a minor in Business. In addition, I have completed the Advanced Regulatory Accounting and Auditing Course and Fundamentals Course from the Institute of Public Utilities at Michigan State University.

5. Q. Please summarize your work experience.

A. In August 2017, I was hired by the PUCO as a Utility Analyst in the Capital Recovery and Financial Analysis Division of the Rates and Analysis

Department. In June 2021, I was promoted to my current position as a Public Utilities Administrator 1 in the Grid Modernization and Retail Markets Division of the Rates and Analysis Department.

6. Q. What is the purpose of your testimony in this proceeding?

A. The purpose of my testimony is to provide Staff's recommendations regarding cost recovery in the Delivery Capital Recovery Rider ("DCR"), the Advanced Metering Infrastructure / Modern Grid Rider ("AMI"), and the Energy Efficiency Cost Recovery Rider ("EEC"); as proposed by Ohio Edison Company ("OE"), The Cleveland Electric Illuminating Company ("CEI"), and The Toledo Edison Company ("TE") (collectively, "First Energy" or the "Companies") in their current Electric Security Plan ("ESP") application.

Delivery Capital Recovery Rider (DCR)

7. Q. Does Staff have any recommendations for the Commission should it not implement Staff witness Healey's recommendations regarding the DCR revenue caps?

A. I understand that Staff witness Healey is recommending an initial DCR cap of between $354 and $360 million for June 1, 2024, through May 31, 2025. This is based on a starting point of $339 million, which accounts for the removal of plant outside of FERC Accounts 360-374, plus the Companies' recommended $15-21 million annual increase. He recommends that the Commission only approve Rider DCR on an interim basis while the Companies' upcoming base distribution rate case is pending and that any further continuation of Rider DCR be addressed in that rate case.

Should the Commission disagree with Staff witness Healey and instead approve Rider DCR for the duration of ESP V, I recommend that the Commission approve $15-21 million increases annually for the full ESP V term, and using Staff witness Healey's starting point of $339 million.

8. Q. Please discuss Staff's alternative annual revenue cap recommendations.

A. The Companies have estimated that if projected plant and plant outside of FERC accounts 360-374 were removed from the DCR, the expected Rider DCR revenue requirement as of May 31, 2024 (the end of the current ESP) would be approximately $339 million.[1] The Companies also recommended annual revenue cap increases, beginning in the first year of the ESP, between $15 million to $21 million, depending on the Companies meeting their reliability metrics. Staff agrees with the Companies' proposal for the annual increases, as they are below the 3% to 4% annual growth rate the Commission has previously approved.[2]

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[1] Response to Staff DR 25.
[2] Case No 13-2385-EL-SSO, Fourth Entry on Rehearing at paragraph 115 (Nov. 3, 2016).

9. Q. What does Staff recommend for the revenue caps upon the Companies filing a new base rate case?

A. Although I am recommending caps for the duration of the new ESP,[3] those caps will need to be reset following the approval of new base distribution rates in the 2024 Rate Case. This is because much of the plant currently in the DCR would be expected to be rolled into base rates (to the extent it meets all applicable legal and regulatory requirements for inclusion in base rates). Should the Companies desire to continue to populate the DCR after the new base rates go into effect, they may propose new caps during the rate case with any intervening party able to take any position on the proposed caps at that time.

10. Q. Can you compare Staff's proposed DCR caps to those in the application by year?

A. Yes. Below is a table comparing my recommendation to the Companies' proposed DCR caps. I have included the minimum cap proposed by the Companies if they do not meet any of their DCR reliability goals as well as the maximum cap in their proposal if they were to achieve all of their DCR reliability goals. I have also included the cumulative cap amounts for the

[3] As a reminder, this recommendation is an alternative to Staff's primary recommendation that Rider DCR (and accordingly, any caps on recovery thereunder) only be approved for an interim period while the Companies' base rate case is pending.

six-year ESP term that Staff is recommending. Should the proposed caps be in effect for the full six-year term, my proposed caps could save customers around $306 million over the 6-year term compared to the Companies' application.

Year	Companies proposed minimum	Companies proposed maximum	Staff's recommendation minimum	Staff's recommendation maximum
June 1, 2024, to May 31, 2025	$405,000,000	$411,000,000	$354,000,000	$360,000,000
June 1, 2025, to May 31, 2026	$420,000,000	$432,000,000	$369,000,000	$381,000,000
June 1, 2026, to May 31, 2027	$435,000,000	$453,000,000	$384,000,000	$402,000,000
June 1, 2027, to May 31, 2028	$450,000,000	$474,000,000	$399,000,000	$423,000,000
June 1, 2028, to May 31, 2029	$465,000,000	$495,000,000	$414,000,000	$444,000,000
June 1, 2029, to May 31, 2030	$480,000,000	$516,000,000	$429,000,000	$465,000,000
Cumulative cap totals over ESP	$2,655,000,000	$2,781,000,000	$2,349,000,000	$2,475,000,000

11. Q. Does Staff have any additional recommendations with respect to the request of the Companies' DCR proposals?

A. Regardless of the Commission's decision on annual DCR revenue requirement caps, Staff recommends the following modifications to the Companies' DCR proposals, each of which is discussed in more detail below:

1) Consistent with other electric distribution riders, the Companies should only be allowed to include FERC Uniform System of Accounts (USOA) accounts 360-374 in Rider DCR. Currently, the Companies are allowed to include plant in other accounts, including Transmission Plant, General Plant, Intangible Plant, and Service Company Plant.

2) The Companies should not be allowed to include projected plant-in-service (PIS) in the rider.

3) The Companies should not be allowed to roll forward both unused revenue cap space and unrecovered revenue requirements above their annual revenue requirement cap.

4) Upon approval of rates in any future base rate case, the Companies should be required to update the DCR with any inputs updated in the rate case.

5) The Companies should be required to add a revenue true-up schedule to the DCR.

6) The Companies should be required to modify the DCR calculation by calculating each Company’s DCR rate as a single percentage of base distribution revenues.

7) The Companies should be required to file their proposed DCR rates at least 60 days prior to the effective date.

8) The Companies should be required to push their date certain in their quarterly DCR filings forward one month.

9) Should the DCR overall revenue requirement go above their cap, the Companies should be required to reduce each of the three Companies' revenue requirements proportionately to get to their overall revenue cap.

10) The Companies should be required to modify the individual Company revenue caps to 60% for CEI, 65% for OE, and 15% for TE.

11) Should the Companies make any changes to their capitalization policy, they should be required to notify Staff of the change and provide documentation and explanation of the new or revised policy.

12. Q. Why does Staff recommend limiting the DCR to recovering only plant-in-service from FERC accounts 360-374?

A. Plant investments in accounts outside of FERC accounts 360-374 do not directly relate to maintaining the reliability of the distribution grid, which is the purpose of the DCR. Therefore, PIS in accounts outside of 360-374 are more appropriately recovered through other cost recovery mechanisms, including base rates. Further, only allowing the DCR to recover plant from FERC accounts 360-374 would bring the Companies more in line with similar riders the Commission has approved for AEP Ohio,[4] AES Ohio,[5] and Duke Energy Ohio.[6] Each of these riders limits capital recovery to assets in distribution accounts contained in FERC accounts 360-374.

13. Q. Why is Staff recommending that projected plant no longer be eligible for recovery in the DCR?

A. Staff has concerns about the accuracy of projections for plant balances included in the DCR. Between the quarterly DCR filings docketed on October 7, 2021, and January 9, 2023, the annual revenue requirement during each quarter was over-estimated by a combined $20.8 million, with all but one quarter over-estimated by at least $3 million. In the following quarterly filing, filed on April 14, 2023, the Companies overestimated the actual revenue requirement by $13.3 million. Since the DCR is filed on a quarterly basis, the Companies can already recover their capital expenditures almost immediately upon their placement in service. Removing projected plant would also conform the DCR calculation to similar distribution riders that the Commission has approved for AEP

[4] Case No. 11-346-EL-SSO, Order at page 42 (Aug.8, 2012).
[5] Case No. 22-900-EL-SSO, Order at page 25 (Aug. 9, 2023).
[6] Case No. 17-1263-EL-SSO, Order at paragraph 114 (Dec. 19, 2018).

Ohio,[7] AES Ohio,[8] and Duke Energy Ohio,[9] which only recover actual, not projected, plant balances in their riders.

14. Q. Why does Staff recommend that unused portions of the annual revenue caps not be allowed to be carried forward to a future year?

A. Currently, the Companies' cap can roll any unused portions of their annual DCR revenue caps forward to the following year by adding the unused portion to the following year's annual revenue cap. By doing this, it can create a larger rate impact to customers in the year the cap amount is rolled into. The DCR annual revenue caps should stand on their own and not be impacted by the Companies' spending levels from a prior year. Staff's position here is also consistent with similar riders approved by the Commission for AEP Ohio,[10] AES Ohio,[11] and Duke Energy[12] Ohio.

15. Q. Why does Staff recommend that any revenue requirement amounts above the annual DCR cap not be recovered in a future DCR filing?

A. Currently, if the Companies exceed their DCR revenue requirement cap in a given year, they can recover the overage in a future DCR filing. This

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[7] Case No. 11-346-EL-SSO, Order at page 47.
[8] Case No. 22-900-EL-SSO, Order at page 25.
[9] Case No. 17-1263-EL-SSO, Order at paragraph 113.
[10] Case No. 20-585-EL-AIR, Order at paragraph 53, 54 (Nov. 17, 2021).
[11] Case No. 22-900-EL-SSO, Order at page 26.
[12] Case No. 17-1263-EL-SSO, Order at paragraph 113.

weakens the concept of a revenue cap because the Companies do not have the risk of forgoing revenues should they spend above their revenue caps. Therefore, the Companies should not be able to roll over unrecovered revenue requirements from a DCR filing. The Companies should not be entitled to recover any revenue requirement above their revenue caps in the DCR.

16. Q. What does Staff recommend for any cumulative revenue requirements above the DCR revenue caps occurring prior to the start of the new ESP?

A. Staff recommends that upon the start of this ESP, any prior cumulative revenue requirements above the DCR revenue caps would expire and not be eligible for recovery during the term of this ESP.

17. Q. Explain Staff's recommendation that upon Commission approval of any future base rate case, the Companies should update Rider DCR with any inputs from the rate case.

A. Many of the inputs of the Rider DCR are based upon the Companies' last base rate case, such as the date certain plant is compared to, their depreciation rates, and rate of return. Currently, these are tied to the Companies' 2007 rate case, which makes them outdated. They should be updated to reflect the most recent information from the Companies' new base rate case.

18. Q. Why is Staff recommending that the Companies add a revenue true up Schedule to the DCR?

A. Currently, the only true-up included in the DCR is to true-up the prior filing's estimated revenue requirement to the actual revenue requirement in the filing. With Staff's recommendation of hard revenue caps and elimination of projected PIS in the DCR, the Company needs to add a schedule to the DCR filing to track the revenue recovered from prior DCR filings and true it up to the revenue requirement that was in effect for that filing. This would be consistent with similar riders approved by the Commission for AEP Ohio,[13] AES Ohio,[14] and Duke Energy Ohio.[15]

19. Q. Why is Staff recommending changing the DCR allocation and rate design to a percentage of base distribution rates?

A. Staff believes that the current method of calculating the DCR rate is overly complicated and complex. The current method requires each Company's revenue requirement to be allocated, using multiple steps, to each class of DCR customers using forecasted sales. The Company then must take the revenue requirement for each class and divide that by its forecasted billing

[13] Case No. 14-1696-EL-RDR, Revised Tariff Pages at DIR Over/Under Schedule (Sept. 25, 2023).
[14] Case No. 23-818-EL-RDR, Revised Tariff Pages at DIR Workpaper A-1 (Sept. 25, 2023).
[15] Case No. 22-911-EL-RDR, Revised Tariff Pages at DCI Revenue Schedule (Aug. 3, 2023).

units for the upcoming year to calculate the rate for each customer class. The process takes many complex calculations to arrive at the final rate for each rate class. Similar riders approved by the Commission use the percentage of base distribution rates. Further, the current methodology is based purely on a volumetric charge, as opposed to a percentage of base distribution charge that factors in both their fixed and volumetric parts of their distribution charge. Because the DCR allows for recovery of capital investments, the rate calculation should be similar to their base rate charges. Also, the calculation would be simplified because each rate class for a given Company would pay the same percentage of base distribution rates, so it will reduce the risk of an error or incorrect projection being made.

20. Q. Why does Staff recommend that the Companies file their proposed DCR rates at least 60 days prior to their effective date?

A. The Companies have been required to file their proposed DCR rates on or about June 30, September 30, December 31, and March 31.[16] However, Staff has found that the Companies have been filing most of their quarterly DCR filings significantly past these dates. Between the quarterly DCR filings docketed on January 5, 2021, and April 14, 2023, the Companies

[16] Case No. 12-1230-EL-SSO, Stipulation at page 21 (April 13, 2012).

filed each DCR update at least 5 days after the Commissions deadline date. The average filing during this period was filed only 54 days prior to the effective date. In addition, the filings made on January 12, 2022, and April 14, 2023, only gave Staff 48 days to review before going into effect. Moving to a 60-day auto approval will also conform DCR to AEP Ohio,[17] AES Ohio,[18] and Duke Energy Ohio,[19] which all are required to file their distribution plant riders at least 60 days before their effective date.

21. Q. What if the Companies don't file their proposed DCR rates at least 60 days prior to its effective date?

A. If the Companies file their DCR update less than 60 days from the effective date, the DCR should be set to $0 beginning three months after the effective date of the prior quarterly DCR update and until the proposed quarterly DCR update meets the 60-day requirement. The revenues forgone while the rider is set to $0 should not be included in the rider true-up schedule and should not be collected from customers.

22. Q. What if an error is found in a docketed quarterly DCR filing that needs correction?

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[17] Case No. 16-1852-EL-SSO, Order at paragraph 46 (April 25, 2018).
[18] Case No. 22-900-EL-SSO, Order at page 29.
[19] Case No. 17-1263-EL-SSO, Order at paragraph 113.

A. Should an error be found by Staff or by the Companies after the initial docketing of the quarterly DCR, Staff does not recommend that the same 60-day rule should be applied to the revised filing. Instead, Staff recommends that any final error corrections be made as soon as possible, and at least 7 days prior to the effective date of the filing.

23. Q. Why is Staff recommending moving the date certain for the quarterly DCI filings forward one month?

A. Staff is recommending this change so that the date certain of the final filing of the year will tie out to the Companies' FERC Form 1 that is filed annually. Currently, their last DCR filing of the year includes plant only through November 30. This creates a complication during the annual DCR audit for the auditor to reconcile the Companies' plant in the DCR to their FERC Form 1, which shows the Companies' plant balances for the year end date of December 31. By moving the date certain of each filing forward by one month, the final plant balances included in the DCR filings would match the FERC Form 1 report date of December 31, which would simplify the annual verification with FERC Form 1. Along with moving the date certain of each filing forward one month, the Companies should move the filing and effective dates of each quarterly filing forward one month as well to offer the Companies the same amount of time to prepare their quarterly updates.

24. Q. Why does Staff recommend that if the DCR overall revenue requirement is above the Companies' overall revenue cap, the revenue requirement of each of the three Companies should be reduced proportionately to their individual revenue requirements to get to the overall revenue cap?

A. In past filings where the Companies were above their overall revenue cap, the Companies sometimes have only reduced the revenue requirement for one of the three Companies in order to get below their overall revenue cap. Reducing just one of the Companies' revenue requirements to get below the overall cap is arbitrary. Instead, all customers should see a benefit and have their rates reduced when the Companies are above their total revenue cap.

25. Q. Can you give an illustrative example of how this would work?

A. Yes. Assume for illustrative purposes only that the overall revenue cap for the Companies is $95 million, but the Companies have a total revenue requirement of $100 million, split between $40 million for OE, $40 million for CEI, and $20 million for TE. To reduce the overall revenue requirement by $5 million to not exceed the Companies revenue cap, the $5 million should be allocated proportionately to the revenue requirements for each Company. So, for this example, OE and CEI would have their revenue requirements reduced by $2 million each while TE would have the revenue requirement reduced by $1 million.

26. Q. What does Staff recommend for the individual Company revenue caps?

A. Staff recommends that the revenue caps for CEI should be 60% of the total DCR cap, OE should be 65% of the total DCR cap, and that TE should be 15% of the total DCR cap. Adjusting the individual Companies' revenue caps to Staff's proposed levels will more closely reflect the current allocation of distribution PIS between the three Companies, while still permitting the Companies to focus spending on one of the Companies when needed.

27. Q. What is the purpose of Staff recommending that the Companies notify Staff of any changes to their Capitalization policy?

A. This would allow Staff to assess the appropriateness of the changes the Companies are making and recommend any adjustments to the DCR if necessary.

Advanced Metering Infrastructure / Modern Grid (AMI) Rider

28. Q. What is Staff's recommendation with respect to the Companies' proposals to continue the AMI Rider with certain modifications?

A. If the Commission approves continuation of the AMI Rider, Staff recommends the following modifications, which I will discuss in more detail:

1) The Companies should be required to eliminate the use of projected PIS and expenses from the rider.

2) The Companies should not be allowed to recover any additional costs associated with the Ohio Site Deployment Pilot in the AMI Rider and should remove the Provisions section from the AMI Rider tariff.

3) Upon approval of new rates in the Companies' 2024 Rate Case, the Companies should not be allowed to recover Ohio Site Deployment Pilot or Grid Mod Phase 1 PIS or expenses in the AMI Rider.

4) The rate of return for the rider should be the same as the rate of return approved in the Companies' most recent base rate case.

5) The Companies should be required to file each quarterly AMI Rider filing at least 60 days in advance of the effective date of the tariff.

6) The annual AMI Rider audit may be completed by a third-party auditor, with the costs of such audit paid for by the Companies but eligible for recovery in the AMI Rider.

7) Upon Commission approval of any future base rate case, the Companies should update the rider with any inputs from the rate case, including but not limited to the authorized rate of return and depreciation rates.

29. Q. Why is Staff recommending that projected plant and expense balances no longer be eligible for recovery in the AMI Rider?

A. As stated in my testimony regarding the Companies' DCR Rider, Staff has concerns about the accuracy of projections for plant and expense balances. Recovery of prudent non-projected costs through the rider sufficiently reduces regulatory lag to encourage infrastructure modernization investments. Further, removing projected plant and expenses would conform the AMI Rider to similar grid modernization riders that the Commission has approved for AEP Ohio[20] and AES Ohio.[21]

30. Q. Please explain why Staff recommends that no new pilot costs should be included in the AMI Rider.

A. In Case No. 09-1820-EL-ATA, the Commission approved recovery of Pilot Program costs through the AMI Rider through June 1, 2019. However, the Companies have continued to include pilot costs that occurred past the Commission's end date. Staff has recommended in the annual AMI Rider audits that these costs should be disallowed, but these cases remain pending a Commission decision. To end this issue, Staff recommends that no new pilot costs should be included in the AMI rider as the Commission ruled in Case No. 09-1820-EL-ATA. Staff further recommends that the tariff

[20] Case No. 10-164-EL-RDR, Order, at page 1 (Aug. 11, 2010).
[21] Case No. 18-1875-EL-GRD, Order, at page 20 (June 16, 2021).

language in the AMI Rider referencing the "Ohio Site Deployment" be stricken from the rider tariff to reflect that the pilot costs are no longer eligible for recovery in the rider.

31. Q. Why does Staff recommend that when the Companies file their next base case, all Grid Mod PIS and expense costs no longer be eligible for recovery in Rider AMI?

A. In the approved Stipulation from the Companies' Grid Mod I case, the Companies committed to constructing Grid Mod I over a three-year budget period.[22] Given that the Opinion and Order in that Case occurred over four years ago, the Companies have had time to complete that commitment. Further, Staff has found that new plant investment in Grid Mod Phase 1 assets in the rider has stopped. The Companies confirmed, during their most recent grid mod collaborative meeting, that they do not anticipate any additional capital investment in Phase 1. Staff has also found that the Companies have limited new expenses that are being recovered in the rider, as the Companies are close to the end of the program. In the next rate case, the cost savings and benefits of the Companies' Grid Mod Phase 1 plan should be recognized in their base rates. Given that, Phase 1 PIS and

[22] Case No. 16-481-EL-UNC, Stipulation at page 11 (Nov. 9, 2018).

expenses should no longer be recovered in Rider AMI after the Companies' upcoming base rate case.

32. Q. Why is Staff recommending that the rate of return of the AMI rider match the rate of return approved in the Companies' most recent base rate case?

A. The Commission has generally found that the rate of return for riders with a capital component should be the rate of return approved in the utility's most recent base distribution rate case.

33. Q. Describe why Staff recommends requiring the Companies to file their quarterly AMI Rider updates at least 60 days in advance of the effective date?

A. Staff conducts a review of each quarterly AMI filing. Staff requests that the filing be made at least 60 days in advance of its effective date to give Staff sufficient time to complete its review of the rider filing before the effective date of the rider. This is particularly beneficial should Staff discover any problems or concerns with the filing. The extra time will give Staff and the Companies enough time to address any concerns and refile the rider if needed to correct any errors prior to the original filing taking effect.

34. Q. What is the purpose of Staff's recommendation to allow the annual AMI Rider audit to be completed by a third-party auditor, with the costs of such audit paid for by the Companies but eligible for recovery in the AMI Rider?

A. Staff would like the flexibility to be able to have an outside auditor complete this audit. As is done in other riders where Staff has an outside auditor completing the audit, Staff recommends that the Companies pay the auditor's invoice for the audit, but that the Companies may request to recover those auditor's prudently-incurred expenses in the AMI rider.

35. Q. Why is Staff recommending that upon Commission approval of any future base rate case, the Companies be required to update the Rider AMI with any inputs from the rate case?

A. Many of the inputs of the AMI Rider are based upon the Company's last base rate case, such as the depreciation rates and rate of return. Currently, these are tied to the Companies' 2007 rate case, which makes them outdated. They should be updated to reflect the most recent information from the Companies' new base rate case.

Energy Efficiency Cost (EEC) Recovery Rider

36. Q. What are Staff's recommendations with respect to the cost recovery mechanism for the Companies' proposed EEC Rider?

A. If the Commission approves the EEC Rider, Staff recommends the following modifications to the Companies' proposal for the EEC Rider:

1) The Companies should only be authorized to recover expenses in the rider that the Companies have already incurred and that are known and measurable.
2) The Companies should not be allowed to defer recovery of prudently incurred expenses over an eight-year period.
3) The Companies should not be allowed to receive carrying charges on expenses in the rider.
4) The Companies should only be eligible to recover expenses incurred within three years of the beginning date of this ESP.
5) The Companies should docket the annual EEC Rider filing at least 60 days in advance of its effective date.

37. Q. Please explain why Staff does not support the Companies' proposal to defer recovery of expenses over an eight-year period.

A. The Companies are proposing four years of energy efficiency programs but instead of collecting costs over four years, they propose deferring collection of each year's costs over an eight-year period, with carrying costs on the deferred balances. Based on the Companies application, the deferral of recovering expenses over an eight-year period would cost residential customers about $39.8 million dollars, which is approximately a 30%

increase above the residential program costs. Staff finds that the delay in recovering costs would cost customers significantly more if the Commission approved the Companies' proposal to charge carrying charges on the unrecovered expense balances.

38. Q. Why does Staff not support the Company's request to recover carrying charges on deferred expenses?

A. Staff recommends that the Companies should not benefit and accrue any carrying charges for deferring recovery of expenses that could be recovered in a prior EEC filing.

39. Q. What if the Commission decides that the Companies should get a carrying charge on deferred expenses for Rider EEC?

A. If the Commission allows the Companies to receive a carrying charge on deferred expenses, they should require the Companies to use their cost of debt from their most recent rate case instead of the rate of return, as is done for deferred balances in AES Ohio's Regulatory Compliance Rider.[23]

40. Q. What is the purpose of limiting the EEC to recovering only costs occurring within three years of the beginning date of this ESP?

[23] Case No. 22-900-EL-SSO, Order at page 30.

A. In the application, the Companies propose to complete the programs included in the rider within four years. Staff witness Kristen Braun recommends in her testimony that the program should only be approved for three years. Unless the program is extended, only costs within that three-year period should be recovered in the rider.

41. Q. Describe why Staff recommends requiring the Companies to file their annual EEC Rider filing at least 60 days in advance of the effective date.

A. Staff requests that the filing be made at least 60 days in advance to give Staff sufficient time to complete an initial review of the rider before the effective date of the rider. The additional time is also beneficial should Staff or the Companies discover an error in the filing that would require an amended application to be filed.

42. Q. Does this conclude your testimony?

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

PROOF OF SERVICE

I hereby certify that a true copy of the foregoing **Direct Testimony of Devin Mackey** submitted on behalf of the Staff of the Public Utilities Commission of Ohio, was served via electronic mail, upon the following parties of record, this 30th day of October, 2023.

/s/ Thomas G. Lindgren
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