

EXHIBIT NO. ____

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Columbus
Southern Power Company for Approval of
Electric Transition Plan and Application for
Receipt of Transition Revenues

Case No. 99-1729-EL-ETP

In the Matter of the Application of Ohio
Power Company for Approval of
Electric Transition Plan and Application for
Receipt of Transition Revenues

Case No. 99-1730-EL-ETP

SUPPLEMENTAL DIRECT TESTIMONY OF
JEFFREY B. BARTSCH
ON BEHALF OF
COLUMBUS SOUTHERN POWER COMPANY
AND
OHIO POWER COMPANY

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JEFFREY B. BARTSCH
PUCO CASE NOS. 99-1729-EL-ETP and
99-1730-EL-ETP

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BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO
SUPPLEMENTAL DIRECT TESTIMONY OF
JEFFREY B. BARTSCH
ON BEHALF OF
COLUMBUS SOUTHERN POWER COMPANY
CASE NO. 99-1729-EL-ETP
AND
OHIO POWER COMPANY
CASE NO. 99-1730-EL-ETP

12 **Personal Data**

13 Q. Please state your name and business address.

14 A. My name is Jeffrey B. Bartsch. My business address is 1 Riverside Plaza,
15 Columbus, Ohio 43215.

16 Q. Are you the same Jeffrey B. Bartsch that has filed Direct Testimony in this
17 proceeding?

18 A. Yes.
19

20 **Purpose of Testimony**

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

22 A. The purpose of my supplemental testimony is to address issues raised by the Staff
23 concerning SFAS 109 and the related regulatory assets.
24

25 **Discussion of SFAS 109 Regulatory Assets**

26 Q. The PUCO Staff has taken exception to the inclusion of AOFUDC – TIDD PFBC
27 in the calculation of Ohio Power's SFAS 109 regulatory assets for recovery in
28 transition revenues. Do you agree with the Staff?

1 A. Yes, this item was inadvertently included in the determination of the SFAS 109
2 regulatory assets. This item should be treated as having been fully amortized
3 prior to December 31, 1998. This has no effect on the computation of the other
4 SFAS 109 regulatory assets.

5 Q. Are you aware of any other such problems in the SFAS 109 regulatory asset
6 computations?

7 A. No.

8 Q. The Staff also took exception to the inclusion of Illinois deferred state income
9 taxes in the calculation of Ohio Power's SFAS 109 regulatory assets. Do you
10 agree with the Staff of this item?

11 A. No. The Staff does not want to include this item in the SFAS 109 regulatory asset
12 computation because of its belief that the Illinois state income tax has not been
13 included in prior rate case filings of Ohio Power.

14 Q. Does Ohio Power currently pay Illinois state income taxes?

15 A. Yes, Illinois state income taxes are paid because of Ohio Power's investment in
16 the Cook Coal Terminal facility.

17 Q. Are these Illinois state income taxes reflected in the Ohio Power rate filings?

18 A. Yes, when the Illinois state income taxes are accrued and charged to expense,
19 they are billed-out by Cook Coal Terminal along with other expenses for the
20 transportation of coal. These coal transloading costs are recorded to Account 151
21 - Fuel Stock. As a result, a specific account for Illinois state income tax expense
22 does not show up in the Ohio Power rate filings since it would be included as a

1 component of the cost of fuel as the coal is burned. However, the Illinois state
2 income taxes are recovered as part of Ohio Power's rates.

3 Q. Does this conclude your supplemental testimony?

4 A. Yes.