BEFORE

**THE PUBLIC UTILITIES COMMISSION OF OHIO**

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| 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. 14-1297-EL-SSO |

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**SUPPLEMENTAL TESTIMONY OF JOSEPH HAUGEN**

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On behalf of Interstate Gas Supply, Inc.

**I. INTRODUCTION AND PURPOSE OF TESTIMONY**

**Q.** **Please introduce yourself.**

# A. My name is Joseph Haugen and I am employed by Interstate Gas Supply, Inc. d/b/a IGS Energy (“IGS”). I am Power Supply Manager, Supply and Risk. Previously, I was a Senior Power Supply and Schedule Analyst. I have responsibilities related to IGS’s power supply and risk. I am also responsible for representing IGS in the PJM Interconnection, Inc. stakeholder process and supervising IGS’s demand response programs. My business address is 6100 Emerald Parkway, Dublin, Ohio 43016. I have worked at IGS since February 2013.

**Q.** **What is the purpose of your supplemental testimony?**

A. My testimony addresses the Stipulation and Recommendation that was submitted by a minority of the parties to this proceeding. That Stipulation recommends that the Commission approve FirstEnergy’s Application, with certain modifications, largely cash payments or rate modifications that will selectively benefit individual parties or rate classes. The Stipulation also recommends approval of the Retail Rate Stability (“RRS”) Rider as a non-bypassable rider, without material modification. Thus, the Stipulation recommends that the Commission guarantee cost recovery for approximately 3,000 megawatts of generating assets that operate in the competitive market.

**Q. Do you recommend that the Commission approve the Stipulation?**

A. No, I do not. As Mr. White notes in his supplemental testimony, the Commission must evaluate the Stipulation based upon a three part test.[[1]](#footnote-1) The second prong requires the Commission to determine if the stipulation, as a package, benefits ratepayers and the public interest. The third prong requires the Commission to determine whether the stipulation violates any important regulatory principle or practice.[[2]](#footnote-2) The Commission should reject the Stipulation because it fails to satisfy the second and third prong.[[3]](#footnote-3)

**Q. What is the basis for your recommendation?**

A. My recommendation is largely based on the facts and conclusions contained in my initial testimony. In that testimony, I recommend that the Commission reject FirstEnergy’s proposal to implement the deceptively named Rider RRS for several reasons:

* The RRS would insulate FirstEnergy’s affiliate, FirstEnergy Solutions (“FES”), and its shareholders from the risk of the competitive market associated with FES’s investment in four power plants: Sammis, Davis-Besse, and the Ohio Valley Electric Corporation (“OVEC”) (Clifty Creek and Kyger Creek). Ohio law requires that the utility (and its affiliates) shall be fully on its own in the competitive market and thus the RRS is contrary to Ohio law;
* The RRS would provide a subsidy from distribution customers to support FirstEnergy’s (and FES’s) interest in a service that is classified as competitive—whether it is considered wholesale or retail;
* The RRS would require the Commission to regulate wholesale energy and capacity prices, which are in the exclusive jurisdiction of the Federal Energy Regulatory Commission (“FERC”);
* The RRS is not necessary to ensure that Sammis, Davis-Besse, Clifty Creek, and Kyger Creek continue to operate.

My conclusions demonstrate that that the RRS is against the public interest and otherwise unlawful and unreasonable. Because the Stipulation recommends approval of the RRS without material modification, my initial recommendations and conclusions are equally applicable to the Stipulation.

**Q. Does this conclude your testimony?**

A. Yes it does. But I reserve the right to supplement my testimony.

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing *Supplemental Testimony of Joseph Haugen on Behalf of Interstate Gas Supply, Inc.* was served upon the followingparties of record this 2nd day of March 2015, *via* electronic transmission, hand-delivery orfirst class mail, U.S. postage prepaid.

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***/s/Joseph Oliker***

Counsel for IGS Energy

1. Supplemental Testimony of Matthew White at 4-5. [↑](#footnote-ref-1)
2. *Id.*

   [↑](#footnote-ref-2)
3. Mr. White also testifies that the Stipulation fails to satisfy the first prong. [↑](#footnote-ref-3)