

Large Filing Separator Sheet

Case Number : 03-93-EL-ATA, 03-2079-EL-AAM, 03-2081-EL-AAM, 03-2080-EL-ATA, 05-724-EL-UNC, 05-725-EL-UNC, 06-1068-EL-UNC, 06-1069-EL-UNC, 06-1085-EL-UNC

File Date : 5/3/07

Section : 1 of 2

Number of Pages : 200

Description of Document : Transcript

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the :
 Consolidated Duke Energy : Case Nos. 03-93-EL-ATA
 Ohio, Inc., Rate : 03-2079-EL-AAM
 Stabilization Plan : 03-2081-EL-AAM
 Remand and Rider : 03-2080-EL-ATA
 Adjustment Cases. : 05-724-EL-UNC
 : 05-725-EL-UNC
 : 06-1068-EL-UNC
 : 06-1069-EL-UNC
 : 06-1085-EL-UNC

PROCEEDINGS

before Ms. Jeanne Kingery and Mr. Scott Farkas,
 Hearing Examiners, at the Public Utilities Commission
 of Ohio, 180 East Broad Street, Room 11-C, Columbus,
 Ohio, called at 9:00 a.m. on Thursday, April 19,
 2007.

REMAND RIDER - VOLUME II

ARMSTRONG & OKEY, INC.
 185 South Fifth Street, Suite 101
 Columbus, Ohio 43215-5201
 (614) 224-9481 - (800) 223-9481
 Fax - (614) 224-5724

ORIGINAL

RECEIVED-DOCKETING DIV

2007 MAY -3 AM 11:08

PUCO

This is to certify that the images appearing are an
 accurate and complete reproduction of a case file
 document delivered in the regular course of business
 technician 3.074 Date Processed 3.074

1 APPEARANCES:

2 Duke Energy Corporation
3 By Mr. Paul A. Colbert
4 and Mr. Rocco O. D'Ascenzo
5 139 East Fourth Street
6 Cincinnati, Ohio 45202

7 On behalf of Duke Energy - Ohio.

8 McNeese, Wallace & Nurick, LLC
9 By Mr. Daniel J. Neilsen
10 Fifth Third Center, Suite 1700
11 21 East State Street
12 Columbus, Ohio 43215-4228

13 On behalf of IEU-Ohio.

14 Boehm, Kurtz & Lowry
15 By Mr. Kurt Boehm
16 1500 URS Center
17 36 East Seventh Street
18 Cincinnati, Ohio 45202

19 On behalf of AK Steel and Ohio Energy
20 Group.

21 Janine L. Migden-Ostrander
22 Ohio Consumers' Counsel
23 By Mr. Jeffrey L. Small,
24 Ms. Ann M. Hotz,
and Mr. Larry Sauer
Assistant Consumers' Counsel
Ten West Broad Street, Suite 1800
Columbus, Ohio 43215-3485

On behalf of the Ohio Consumers' Counsel.

Bell, Royer & Sanders Co., LPA
By Mr. Barth Royer
33 South Grant Avenue
Columbus, Ohio 43215

On behalf of Dominion Retail, Inc.

23

24

- - -

1 APPEARANCES (Continued):

2
3 Marc Dann,
4 Ohio Attorney General
5 Duane W. Luckey,
6 Acting Director, Section Chief
7 Public Utilities Section
8 By Mr. Stephen Reilly,
9 Mr. Werner Margard,
10 and Mr. Thomas McNamee
11 Assistant Attorneys General
12 180 East Broad Street, 9th Floor
13 Columbus, Ohio 43215

14 On behalf of the Staff of the PUCO.

15 Bricker & Eckler, LLP
16 By Mr. Thomas J. O'Brien
17 and Ms. Sally W. Bloomfield
18 100 South Third Street
19 Columbus, Ohio 43215

20 On behalf of the City of Cincinnati.

21 Mr. David c. Rinebolt
22 and Ms. Colleen L. Mooney
23 231 West Lima Street
24 Findlay, Ohio 45839

On behalf of Ohio Partners for
Affordable Energy.

Christensen, Christensen, Donchatz, Kettlewell
& Owen, LLP
By Ms. Mary W. Christensen
100 East Campus View Boulevard, Suite 360
Columbus, Ohio 43235

On behalf of the People Working
Cooperatively, Inc.

- - -

1	INDEX		
2	- - -		
3	WITNESS	PAGE	
4	Tricia Smith		
	Direct Examination by Mr. Reilly	18	
5	Cross-Examination by Mr. Sauer	19	
	Redirect Examination by Mr. Reilly	21	
6	L'Nard E. Tufts		
7	Direct Examination by Mr. Reilly	23	
	Cross-Examination by Mr. Sauer	27	
8	Cross-Examination by Mr. Colbert	39	
9	Michael P. Haugh		
	Direct Examination by Mr. Sauer	47	
10	Cross-Examination by Mr. D'Ascenzo	49	
	Cross-Examination by Mr. Reilly	61	
11	Redirect Examination by Mr. Sauer	63	
	Recross-Examination by Mr. D'Ascenzo	64	
12	Paul G. Smith		
13	Direct Examination by Mr. Colbert	66	
	Cross-Examination by Mr. Small	68	
14	Cross-Examination by Ms. Mooney	110	
	Cross-Examination by Mr. Neilsen	121	
15	Richard C. Cahaan		
16	Direct Examination by Mr. Reilly	128	
	Cross-Examination by Mr. Small	130	
17	Michael P. Haugh		
18	Direct Examination by Mr. Small	133	
	Cross-Examination by Mr. Colbert	135	
19	Cross-Examination by Mr. Reilly	150	
	Examination by Examiner Kingery	152	
20	- - -		
21	COMPANY REMAND EXHIBITS	IDFD	ADMTD
22	2A - DE-Ohio Statement of Requested	125	125
23	Information for the Record		
24	6 - Direct Testimony of	65	127
	Paul G. Smith		

1	OCC REMAND RIDER EXHIBITS	IDFD	ADMTD
2	1 - Direct Testimony of Michael P. Haugh	47	65
3	2 - Supplemental Testimony of Michael P. Haugh	134	153
4	3 - Clarification	85	127
5	4 - Stipulation and Recommendation, 10/26/05	98	127
6			
7	STAFF REMAND RIDER EXHIBITS	IDFD	ADMTD
8	1 - Supplemental Testimony of Tricia J. Smith	18	22
9			
10	2 - Corrected Supplemental Testimony of L'Nard E. Tufts	22	45
11	2A - Summary AAC Revenue Requirement	22	45
12	3 - Direct Testimony of Richard C. Cahaan	128	133
13	- - -		
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			

1 Thursday Morning Session,

2 April 19, 2007

3 - - -

4 EXAMINER KINGERY: Let's go on the
5 record.

6 The Public Utilities Commission of Ohio
7 has called for hearing at this time and place Case
8 numbers -- I hesitate to say which case numbers --
9 03-93-EL-ATA and a host of other cases. This is a
10 continuation of the hearing from last week.

11 We have previously taken appearances in
12 this case. Ms. Christensen, I think we need to add
13 you?

14 MS. CHRISTENSEN: Thank you, your Honor.
15 On behalf of People Working Cooperatively, Inc., the
16 law firm of Christensen, Christensen & Donchatz,
17 Kettlewell & Owens, Mary W. Christensen. Thank you,
18 your Honor.

19 EXAMINER KINGERY: Thank you.

20 Mr. Sites.

21 MR. SITES: Rick Sites on behalf of the
22 Ohio Hospital Association.

23 EXAMINER KINGERY: Thank you. I believe
24 everybody else was here.

1 MR. BOEHM: Excuse me, Kurt Boehm on half
2 of Ohio Energy Group.

3 EXAMINER KINGERY: Before going on the
4 record this morning we discussed a number of items,
5 and we do have some matters that need to be discussed
6 on the record.

7 Mr. Reilly, I believe you were concerned
8 about clarifying the meaning of a particular
9 paragraph in the stipulation. As I understand, you
10 were proposing to make a statement on the record at
11 this point to clarify the parties' intent. Is that
12 correct?

13 MR. REILLY: For the most part. Staff
14 doesn't necessarily believe that clarification was
15 necessary. There's certainly testimony that
16 indicates, filed particularly by Mr. Haugh and,
17 frankly, some statements by Mr. Whitlock raise a
18 concern as to the parties' intent, and the parties
19 make that just crystal clear.

20 So we have a statement that at least
21 staff and the company have agreed to that we would
22 like to put on the record with regard to that intent.

23 EXAMINER KINGERY: What --

24 MR. REILLY: And we would like it marked

1 as an exhibit. Mr. Colbert has just passed it out,
2 and I believe the court reporter has a copy. We
3 would like it marked as Company and Staff Exhibit 1.

4 EXAMINER KINGERY: We already have a
5 joint exhibit, Remand Rider 1 being the stipulation,
6 so I suggest this would be 2.

7 MR. REILLY: Well, except this isn't
8 really a joint exhibit by everybody in the room.
9 It's an exhibit by the staff and company so far. If
10 everyone who has signed the stipulation would like to
11 later acknowledge agreement with it, that would be
12 great, too.

13 EXAMINER KINGERY: All right. Why don't
14 we determine what its name will be later after we
15 determine who is going to agree with it. And we are
16 going to need to have some kind of testimony
17 regarding this exhibit so perhaps when either the
18 company or the staff witnesses who are supporting the
19 stipulation are testifying, they can make some
20 statement about this clarification.

21 MR. REILLY: Your Honor, you have the
22 representatives of the company and the staff making a
23 statement on behalf of both parties as to what the
24 intent of those parties is as to what the stipulation

1 means. I don't think -- I think that would be
2 sufficient. I am here as a representative of staff
3 stating what the stipulation means to the staff, and
4 Mr. Colbert is here as a representative of the
5 company stating what the stipulation means to the
6 company.

7 MR. COLBERT: Your Honors, if it please,
8 certainly the company agrees with Mr. Reilly, and we
9 don't think it needs further representation in
10 testimony. Having said that, Mr. Smith is going on
11 to support the stipulation. He is aware of this
12 clarification, and we certainly have no objection if
13 any party wants to ask him a question about it. He
14 is prepared to answer questions.

15 EXAMINER KINGERY: Thank you.

16 MR. REILLY: Your Honor, I would note
17 Mr. Cahaan is also going on the stand in support of
18 the stipulation. He is aware of this statement, and
19 if anybody would want to ask him questions on that,
20 that would be fine also.

21 EXAMINER KINGERY: Thank you.

22 MR. REILLY: As to what the statement is
23 and what the intent is, I think Mr. Colbert and I can
24 handle that.

1 MR. COLBERT: That's right.

2 MR. SMALL: Your Honor, I hate to break
3 into this, but there are other parties in the room.
4 I've just seen it. Mr. Reilly indicated when we
5 first came in the room today there would be something
6 like this, and I don't know whether I have any
7 objections to it or not. I haven't read the document
8 so -- and, quite frankly, we are going to go on this
9 morning on the record with witnesses that are not
10 supporting or opposing the stipulation but the
11 continuation of the regular rider so it doesn't seem
12 like we need to deal with it at this very moment and
13 especially not before parties have had an opportunity
14 to read this.

15 It does affect my examination of the
16 witnesses for the latter part of this proceeding
17 concerning support of the stipulation, and I want to
18 reconsider my cross-examination on the effect of this
19 document after I had a chance to read it, so maybe we
20 could deal with it later on.

21 MR. REILLY: Your Honor, I would just
22 note that this is a desire of two parties to state
23 what their joint understanding of the existing
24 stipulation is. It's meant as a clarifying piece of

1 two parties. I know we are offering this to
2 everybody here to clarify something that has
3 apparently been the subject of some confusion. I
4 don't know that I think an objection is proper on
5 that.

6 EXAMINER KINGERY: Just a moment, please.

7 You may go ahead and make whatever
8 statement you want to make. We are not going to
9 admit this at this time until the parties have had a
10 chance to review it, and then there certainly will be
11 the opportunity for cross-examination of witnesses in
12 support.

13 MR. REILLY: I would ask the record to
14 reflect that we have offered a written portion of
15 what I am about to read for the record,
16 clarifications and -- the parties' clarification.

17 Your Honor, the Duke Energy of Ohio and
18 the staff of the Public Utilities Commission would
19 like to make a brief statement as to the intent
20 behind paragraph 8 because of some confusion being
21 expressed by various witnesses in this proceeding.

22 Statement reads as follows: Paragraph 8
23 of the April 9, 2007, Stipulation and Recommendation
24 filed in these proceedings by some, but not all, of

1 the Parties, has resulted in some confusion over the
2 potential use of Duke Energy Ohio's assets formerly
3 owned by Duke Energy Northern America to provide
4 short-term capacity to meet Duke Energy Ohio
5 operational capacity requirements.

6 To clarify the meaning of paragraph 8,
7 Staff and Duke Energy - Ohio state that the paragraph
8 is intended to permit Duke Energy - Ohio to use its
9 DENA, and that's the Duke Energy North America,
10 capacity on an emergency, intermittent basis. An
11 "emergency" basis exists where capacity to meet Duke
12 Energy - Ohio's operational requirements is necessary
13 with less than seven days advanced notice. In the
14 event the capacity to meet Duke Energy - Ohio's
15 operational requirements is necessary with less than
16 seven days advanced notice during two consecutive
17 seven day periods, Duke Energy - Ohio must obtain
18 Commission approval before using such capacity during
19 the second seven day period. And then the document
20 goes on to repeat paragraph 8.

21 That is a statement of staff's intent as
22 the staff understands that statement of Duke's
23 intent.

24 MR. COLBERT: He has accurately read the

1 document. That accurately states our intent.

2 EXAMINER KINGERY: Thank you.

3 MR. REILLY: Thank you, your Honor.

4 EXAMINER KINGERY: Mr. Colbert, another
5 item that we had discussed before we went on the
6 record this morning was some additional information
7 that was being provided by Mr. Whitlock, I believe.

8 MR. COLBERT: Yes.

9 EXAMINER KINGERY: And I understand that
10 you are going to take the information that you have
11 received from him and prepare a document that sets
12 that forth and offer it subsequently.

13 MR. COLBERT: Yes, your Honor. We will
14 endeavor to provide that by sometime today, after
15 lunch probably.

16 EXAMINER KINGERY: Thank you. In
17 addition, I understand Mr. Small had an issue about
18 what portions of Mr. Whitlock's testimony should have
19 been sealed, if any, and the parties are going to be
20 working on that together to try and resolve the
21 issue. We will determine that subsequently.

22 MR. SMALL: At least the OCC has
23 represented we don't think any of it needs to be
24 sealed, and the company is going to check to see

1 whether it has any difference of opinion on that.

2 EXAMINER KINGERY: Okay. So we will
3 handle that later after there has been some
4 resolution between the parties.

5 We are also considering the
6 appropriateness of the case numbers that were chosen
7 for the filing of the stipulation in this case, and
8 we have also discussed witness order for today. And
9 after some discussion, we have determined that the
10 first two witnesses will be staff witnesses with
11 regard to the application. That would be Mr. Tufts
12 and Ms. Smith, in either order. I don't care which
13 one goes first. And then Mr. Haugh for OCC.

14 Following that we will move to witnesses
15 in support of and opposed to the stipulation. We
16 would have Mr. Smith for the company, Mr. Cahaan, and
17 then Mr. Haugh again. There was some dispute about
18 handling Mr. Haugh two separate times for the two
19 portions of his testimony in light of the fact that
20 his testimony covers certain issues in both phases of
21 the testimony and we were concerned about whether or
22 not that -- those same topics had to be
23 cross-examined twice by the other parties who were
24 concerned about it.

1 And I would like the record to reflect
2 that the parties are not obligated to cross-examine
3 him twice. If they have cross-examined him on a
4 particular topic in one phase, we will also deem that
5 cross-examination to have occurred with regard to the
6 other phase of his testimony.

7 Any problems?

8 MR. REILLY: No, your Honor. We would
9 also like the record to reflect that a party may
10 choose to examine him at any time. For example,
11 deciding not to cross-examine Mr. Haugh in the first
12 phase or to examine him but not on a particular topic
13 in the first phase would not preclude a party from
14 examining him in the second phase or on any topic in
15 the second phase that's relevant to his testimony in
16 the second phase.

17 EXAMINER KINGERY: Let me just make sure
18 I understand what you are suggesting. If there is an
19 item -- a subject matter that is covered in both
20 phases of his testimony, you could choose not to
21 cross-examine him in the first phase, but you would
22 not have forfeited your right to cross-examine him on
23 that topic in the second phase.

24 MR. REILLY: That's right.

1 EXAMINER KINGERY: Is that what you are
2 saying?

3 MR. REILLY: There's a shorthand way of
4 saying this. Whatever decisions are made in the
5 first phase with regard to cross-examining Mr. Haugh
6 would not act as any kind of waiver on the
7 examination in the second phase.

8 MR. SMALL: OCC would expect the normal
9 rules for cross-examination and the relevance of that
10 cross-examination to be applied in both instances,
11 and I can't prejudge and I won't object to something
12 if -- if cross-examination is forgone in the first
13 exam and it has no bearing on his second testimony, I
14 will object to that, but, you know, all I am saying
15 is the cross-examination should have some connection
16 with the testimony that he has presented.

17 MR. REILLY: Your Honor, this is why we
18 brought this up and I imagine why the reason others
19 brought it up. I don't -- all we are suggesting is
20 that whatever is done in the first phase not act as a
21 waiver to what happens in the second phase. If the
22 question is improper in the second phase on its own
23 because of the testimony presented in the second
24 phase, so be it.

1 EXAMINER KINGERY: Right.

2 MR. REILLY: But if the basis of an
3 objection in the second phase is it could have been
4 covered and was not covered in the first phase,
5 our -- we would like to revisit the subject of
6 Mr. Haugh testifying twice if that is not going to be
7 allowed.

8 EXAMINER KINGERY: I would not anticipate
9 we would hear objections of the nature you are
10 suggesting, that is, if someone wants to
11 cross-examine Mr. Haugh in the second phase of his
12 testimony on a matter that is in the second phase of
13 his testimony, that will be acceptable.

14 MR. REILLY: Thank you, your Honor.

15 EXAMINER KINGERY: Okay. Are there any
16 other matters that need to come before us before we
17 get started with testimony today?

18 Anybody need a break before we start?

19 Okay. Mr. Reilly, would you like to call
20 your first witness.

21 MR. REILLY: Thank you, your Honor. We
22 would call Ms. Tricia Smith.

23 - - -

24

1 TRICIA SMITH

2 being first duly sworn, as prescribed by law, was
3 examined and testified as follows:

4 DIRECT EXAMINATION

5 By Mr. Reilly:

6 Q. Good morning, Ms. Smith. Would you state
7 your name and business address for the record,
8 please.

9 A. My name is -- my name is Tricia Smith.
10 My business address is 180 East Broad Street,
11 Columbus, Ohio.

12 Q. Ms. Smith I put before you on the witness
13 stand a document that's titled Supplemental Testimony
14 of Tricia J. Smith, Public Utilities Commission of
15 Ohio Accounting and Electricity Division, date
16 submitted, March 9, 2007. It's marked as Staff
17 Exhibit No. 1.

18 (EXHIBIT MARKED FOR IDENTIFICATION.)

19 Q. Do you see that document?

20 A. Yes.

21 Q. Could you tell me what that document is?

22 A. This is my testimony, supplemental
23 testimony.

24 Q. In this case?

1 A. In this current case.

2 Q. Could you tell me how that document came
3 into existence?

4 A. I'm not sure I understand.

5 Q. Did you prepare the document?

6 A. Yes, I did. I'm sorry.

7 Q. Do you have any corrections or additions
8 to the document?

9 A. No, I do not.

10 Q. If I were to ask you the questions that
11 appear in what's been marked as Staff Exhibit No. 1,
12 would your answers in this proceeding be the same as
13 appear in Staff Exhibit No. 1?

14 A. Yes.

15 MR. REILLY: With that, your Honor, we
16 would offer the witness for cross-examination and
17 move the introduction of Staff Exhibit No. 1 pending
18 cross-examination.

19 EXAMINER KINGERY: Thank you.

20 Mr. Sauer? Mr. Small?

21 - - -

22 CROSS-EXAMINATION

23 By Mr. Sauer:

24 Q. Good morning, Ms. Smith.

1 A. Good morning.

2 Q. Could you turn to page 2 of your
3 testimony, question 6.

4 A. Yes.

5 Q. And you state there that you agree with
6 the Applicant's proposed rate of return. What is
7 that rate of return?

8 A. You mean the actual rate?

9 Q. Yes, yes.

10 A. Oh, I don't have that in front of me
11 right now.

12 Q. You don't know what that rate of return
13 is?

14 A. No. I don't have that in front of me.
15 It's not written in my testimony.

16 MR. SAUER: I have no further questions.

17 EXAMINER KINGERY: Thank you.

18 Ms. Mooney?

19 MS. MOONEY: I have no questions.

20 MS. CHRISTENSEN: No, thank you.

21 EXAMINER KINGERY: Anyone else who did
22 not sign the stipulation?

23 MR. REILLY: Excuse me, your Honor.
24 Quick matter.

REDIRECT EXAMINATION

By Mr. Reilly:

Q. Ms. Smith.

A. Yes.

Q. The purpose of your review of the company's activities with regard to the rate of return, I would like to direct your attention to that.

A. Yes.

Q. Was that to verify the numbers that were used in calculating the rate of return?

A. Yes, and to make sure it was appropriately grossed up to reflect the implication of tax.

Q. Was there any other purpose behind your activities in association with that rate?

A. No.

MR. REILLY: Thank you.

EXAMINER KINGERY: Mr. Sauer, any further cross?

MR. SAUER: No.

EXAMINER KINGERY: Thank you. You may step down.

MR. REILLY: Thank you, Ms. Smith.

1 (Witness excused.)

2 MR. REILLY: With that, your Honor, we
3 would move the introduction of Staff Exhibit No. 1.

4 EXAMINER KINGERY: Any objections?

5 It will be admitted.

6 (EXHIBIT ADMITTED INTO EVIDENCE.)

7 MR. REILLY: Can we go off the record?

8 EXAMINER KINGERY: Yes. Off the record,
9 please.

10 (Discussion off the record.)

11 EXAMINER KINGERY: Just to clarify, the
12 exhibit that we just admitted was Staff Remand Rider
13 Exhibit 1.

14 Mr. Reilly, you may call your next
15 witness.

16 MR. REILLY: Thank you, your Honor. We
17 would call Mr. L'Nard Tufts to the stand.

18 If you could just give me a second here.

19 If I could have a moment, your Honor.

20 I apologize to everybody in the room for
21 taking so long with this.

22 (EXHIBITS MARKED FOR IDENTIFICATION.)

23 - - -

24

1 L'NARD E. TUFTS

2 being first duly sworn, as prescribed by law, was
3 examined and testified as follows:

4 DIRECT EXAMINATION

5 By Mr. Reilly:

6 Q. Good morning, Mr. Tufts.

7 A. Good morning.

8 Q. Mr. Tufts, would you state your name and
9 your business address for the record.

10 A. L'nard E. Tufts, 180 East Broad Street,
11 Columbus, Ohio 43215.

12 Q. Mr. Tufts, I have placed two documents in
13 front of you on the witness stand. One of them is a
14 document titled Corrected Supplemental Testimony of
15 L'nard E. Tufts dated March 9, 2007. Do you see
16 that?

17 A. Yes.

18 Q. Okay. And the other -- and that is
19 marked Staff Remand Exhibit 2.

20 A. Correct.

21 Q. The other is marked Staff Remand Exhibit
22 2A, and it has up in the upper right-hand corner
23 LET-1. Do you see that document?

24 A. Yes.

1 Q. I would like to direct your attention to
2 what has been marked as Staff Remand Exhibit 2 for a
3 second. Do you recognize that document?

4 A. Yes, I do.

5 Q. Can you tell me what it is?

6 A. It is my corrected supplemental testimony
7 for this proceeding.

8 Q. And how did that document come into
9 existence?

10 A. I prepared it.

11 Q. Do you have any additions or corrections
12 to that document?

13 A. No, I do not.

14 Q. Okay. Mr. Tufts, I would like to direct
15 your attention to Staff Remand Exhibit 2A for a
16 second. Do you recognize that document?

17 A. I do.

18 Q. And can you tell me what that is?

19 A. These are the attachments to Staff
20 Exhibit Remand -- Remand Exhibit No. 2.

21 Q. Okay. Do you know how that Staff Remand
22 Exhibit 2A came into existence?

23 A. I prepared it.

24 Q. Okay.

1 MR. REILLY: Your Honor, if I could make
2 a brief statement of explanation. Strike that. I
3 will in just a second.

4 Q. Is Staff Remand -- Mr. Tufts, Remand
5 Staff Exhibit 2A the attachments to Staff Remand
6 Exhibit 2 --

7 A. Yes.

8 MR. REILLY: Your Honor, if I could make
9 a brief statement of clarification.

10 EXAMINER KINGERY: You may.

11 MR. REILLY: For the record, and I take
12 full responsibility for this mistake, when we filed
13 Mr. Tufts' Corrected Supplemental Testimony, it was
14 to have what has been marked as Staff Remand Exhibit
15 2A attached to it. Unfortunately, only part of that
16 exhibit or on one version none of it got attached.
17 We are correcting that problem now.

18 All the parties have had the -- what has
19 been marked as Staff Remand Exhibit 2A since at least
20 the stipulation was provided last week because it is
21 an exhibit to that stipulation that was adopted --
22 that was incorporated and attached -- incorporated
23 into the stipulation and attached to it so there
24 shouldn't be any kind of surprise for anybody here.

1 But we are -- but this would be -- Mr. Tufts has
2 identified both documents, and we have explained what
3 they are.

4 EXAMINER KINGERY: Thank you.

5 MR. REILLY: Thank you, your Honor.

6 Q. (By Mr. Reilly) Mr. Tufts, if I were to
7 ask you the questions that appear in Staff -- what
8 has been marked as Staff Remand Exhibit 2, would your
9 answers be the same as what appears in Staff Remand
10 Exhibit 2A considering the existence of Staff Remand
11 Exhibit -- strike that. Let me start over.

12 If I were to ask you the same questions
13 that appear in Staff Remand Exhibit 2, would your
14 answers be the same as appear in Staff Remand Exhibit
15 2 considering also the existence of Staff Remand
16 Exhibit 2A?

17 A. Yes.

18 MR. REILLY: Thank you, your Honor. With
19 that I would offer Mr. Tufts for cross-examination
20 and move for the introduction of both Staff Remand
21 Exhibit 2A and Staff Remand Exhibit 2A subject to
22 cross-examination.

23 EXAMINER KINGERY: We will consider
24 admission following cross.

1 OCC?

2 MR. SAUER: Thank you, your Honor.

3 - - -

4 CROSS-EXAMINATION

5 By Mr. Sauer:

6 Q. Good morning, Mr. Tufts.

7 A. Good morning.

8 Q. Your testimony, Staff Exhibit RR-2, is
9 labeled Corrected Supplemental Testimony. Is this
10 supplemental testimony to what was filed on
11 November 28?

12 A. If you are referring to my prepared
13 testimony November 29?

14 Q. In 06-1085-EL-UNC?

15 A. Yes.

16 Q. And that's why this is a supplement to
17 that?

18 A. That's correct.

19 Q. And the reason that the testimony is
20 supplementing what you prepared in your November 29
21 testimony, there was an inability on your part to
22 make some findings due to lack of information; is
23 that correct?

24 A. Yeah. We had some information requests

1 that were still outstanding.

2 EXAMINER KINGERY: Mr. Tufts, would you
3 move the microphone a little closer. Thank you.

4 Q. And whatever information you were unable
5 to obtain, you were subsequently able to obtain all
6 that information in order to prepare this testimony?

7 A. Yes.

8 Q. And whatever findings you were unable to
9 reach previously you were comfortable and were able
10 to reach those findings in what is now Staff Exhibit
11 RR-2?

12 A. Yes.

13 Q. Did you engage in any additional audit
14 activities between the date of the November 28
15 testimony and the March 9 date of the Staff RR-2?

16 A. Well, I am not sure what you mean by the
17 term additional audit activities. When we received
18 the information, we reviewed it. To the extent there
19 were questions, we contacted the company personnel to
20 get the questions answered and to get clarification.

21 Q. So are you saying the majority of your
22 audit activities took place prior to the filing of
23 the November 28 testimony being filed?

24 A. Yes, the majority.

1 Q. The majority of it took place prior to
2 that date?

3 A. Yes.

4 Q. And the scope of whatever audit
5 activities that you performed in preparing Staff
6 Exhibit RR-2 was consistent with the scope of the
7 audit activities that you performed previously?

8 A. Yes.

9 Q. And did your audit activities contain
10 both financial audit activities as well as a physical
11 audit?

12 A. Yes.

13 Q. And from a financial audit perspective
14 did you verify that DEO's proposed costs included
15 with the AAC were appropriately accounted for?

16 A. Yes.

17 Q. And did such an audit assure not only the
18 arithmetic accuracy of the costs included in the
19 DE-Ohio AAC application but also review the
20 appropriateness of the accounting treatment of those
21 costs?

22 A. I am -- I am going to ask for a
23 clarification of what you mean by "appropriateness."

24 Q. As part of the financial audit of the

1 accounting treatment, did you verify, for instance,
2 that the charges underlying the source documents were
3 properly classified to the FERC accounts?

4 A. Yes.

5 Q. And as part of the financial audit of the
6 accounting treatment, did you verify, for instance,
7 that the charges that underlie the source documents
8 were entered properly in the DE-Ohio's system?

9 A. I'm sorry. I am having problems hearing
10 you.

11 Q. As part of the financial audit, did you
12 verify that the underlying source documents were
13 entered properly into DE-Ohio's financial system?

14 A. Yes.

15 Q. And as part of your financial audit, did
16 you assure that DE-Ohio costs that were included in
17 the AAC calculation were properly footed and extended
18 to the financial statements themselves?

19 A. Yes.

20 Q. As part of the physical audit, did you
21 conduct on-site inspections to verify the physical
22 existence of the plant items mentioned like on page 2
23 of your testimony?

24 A. Yes, we did.

1 Q. And did you conduct the plant inspection
2 alone, or did other members of staff join you in that
3 inspection?

4 A. I personally did not conduct the
5 inspections. Other staff members did.

6 Q. And were the other staff members
7 certified engineers, for example?

8 A. I don't believe that to be the case.

9 Q. Who from the staff would have conducted
10 the physical audit that you are referring to?

11 A. Staff member David Erickson.

12 Q. I'm sorry?

13 A. David Erickson.

14 Q. And what's his position with the staff?

15 A. He is a utility specialist who has
16 conducted numerous plant inspections in lots of
17 proceedings.

18 Q. And what particular educational
19 background does Mr. Erickson have?

20 A. I am not sure of that.

21 Q. And as part of the additional audit
22 activities, did you make a determination that a
23 particular environmental compliance construction
24 project was at least 75 percent complete?

1 A. No, that was not part of our review.

2 Q. Wouldn't that be an appropriate step in a
3 cost-based proceeding?

4 MR. REILLY: Objection. Calls for a
5 legal conclusion. That's statutory, your Honor.

6 MR. COLBERT: The company would join in
7 that objection, your Honor.

8 MR. SAUER: I am just trying to get a
9 sense as to what -- if you look at Mr. Tufts', I know
10 it's not part of the record, but his November 28
11 testimony where he describes the scope of the audit,
12 these aren't -- question 7 and the answer to question
13 7 is: "What was the scope of the staff's
14 investigation?

15 "Answer: The staff approached this
16 investigation as it would any cost-based rate
17 proceeding as to verify the outcome by tracing
18 amounts through the accounting records. These
19 include source documents, fixed asset records,
20 construction practices, company estimates."

21 I am just asking if that would be a
22 traditional step to take in a cost-based rate
23 proceeding which is the scope he said he used.

24 EXAMINER KINGERY: That's not the

1 question you asked though. You can ask that
2 question.

3 MR. SAUER: All right. I will try to
4 rephrase. Thank you.

5 Q. (By Mr. Sauer) If you didn't verify that
6 the environmental compliance construction projects
7 were 75 -- you said you didn't verify they were
8 75 percent complete, right?

9 MR. REILLY: Objection. I don't believe
10 that's what the record said. If the foundation for
11 that is correct, I will withdraw the objection.

12 EXAMINER KINGERY: Let's have the court
13 reporter read back the preceding question and answer.

14 (Question and answer read.)

15 Q. What was the scope of that review?

16 A. We wanted to verify that the information
17 proposed by the applicant was supported by its books
18 and records. We verified simply that the cost was
19 incurred. The reason for that was in reading the
20 Commission's entry on rehearing, there is a statement
21 that says when the applicant made its filing to
22 increase its AAC rider, that they would -- their
23 calculations would include all costs, so that was
24 what we verified, that all costs included in the

1 application was supported by its books.

2 Q. And is it true that you approached the
3 investigation as you would any cost-based rate
4 proceeding?

5 A. Well, to the extent that we wanted to
6 verify that the information in the application is
7 supported by the applicant's books and records.

8 Q. Did your audit involve determining how
9 many environmental compliance projects were included
10 in the recovery of the company's proposed AAC charge?

11 THE WITNESS: Can I have that question
12 repeated, please?

13 (Question read.)

14 A. I don't know that we counted the number
15 of projects.

16 Q. Did your audit involve determining if the
17 environmental compliance projects were designed to
18 make the plant compliant with clean air regulations
19 in the future?

20 A. My audit was verifying the cost. I did
21 not do that.

22 Q. As part of your you audit, did you
23 formulate any opinion on whether the return on
24 DE-Ohio's CWIP investment in environmental compliance

1 projects are an appropriate component of the AAC?

2 MR. REILLY: Objection. Objection.

3 A. That's not --

4 MR. REILLY: One is relevance, and, two,
5 I think it's been asked and answered. He has
6 described the scope of the audit at least twice now.
7 And the scope of the audit Mr. Tufts testified was to
8 verify the numbers the company was using.

9 MR. SAUER: I am just asking whether or
10 not he has an opinion on whether the costs that are
11 included in the AAC charge are appropriate.

12 MR. REILLY: And I would object to that.
13 I would add to the objection relevance then, you
14 know, legal conclusion.

15 (Question read.)

16 EXAMINER KINGERY: We are going to allow
17 the question.

18 A. I did not form an opinion and that's not
19 part of my testimony.

20 Q. Thank you. As part of your audit, did
21 you formulate an opinion on whether the return on
22 DE-Ohio CWIP investment in environmental compliance
23 construction projects was an appropriate component of
24 the AAC?

1 MR. REILLY: Objection, same objection.

2 MR. COLBERT: Objection, your Honor. My
3 objection is slightly different. The Commission when
4 it approved the AAC in the 03-93-EL-ATA case in its
5 entry on rehearing of November 23, 2004, specifically
6 approved an AAC that included -- with schedules that
7 included CWIP and any number of matters that have
8 been included here. OCC is asking this witness about
9 the appropriateness of those matters already approved
10 by the Commission.

11 Now, I believe that the Commission's
12 order speaks for itself on that matter. So I don't
13 think it's appropriate to ask the Commission or ask
14 this witness, you know, effectively whether the
15 Commission's order permitting the inclusion of these
16 items is appropriate.

17 EXAMINER KINGERY: We are going to
18 sustain this one.

19 Q. As part of your audit, Mr. Tufts, did you
20 formulate an opinion on whether the AAC is an
21 appropriate component of a market price in DE-Ohio
22 market-based service?

23 MR. REILLY: Objection.

24 MR. COLBERT: Objection.

1 MR. REILLY: That's a legal conclusion.

2 MR. COLBERT: Same basis from my
3 standpoint. The AAC has been approved as a component
4 of our market price.

5 MR. SAUER: And I am just trying to find
6 out if that was part of his audit, did he look at
7 that as part of the AAC in terms of the entire market
8 phase offer.

9 EXAMINER KINGERY: That's not what you
10 asked though. You may restate -- reformulate your
11 question if you would like.

12 MR. SAUER: Okay. I will try that.

13 Q. Mr. Tufts, as part of your audit, did you
14 formulate an opinion on whether the AAC is an
15 appropriate component of the market price that
16 DE-Ohio established as its market-based service
17 offer?

18 MR. REILLY: Objection.

19 MR. COLBERT: Same objection.

20 MR. REILLY: Same objection, add
21 relevancy. He is not being offered for his opinion.

22 EXAMINER KINGERY: Would you read back
23 what Mr. Sauer last stated when we were discussing
24 the last objection?

1 (Questions read.)

2 EXAMINER KINGERY: The distinction being
3 what you said there was that you were trying to find
4 out what was part of his audit. The questions you've
5 asked have been whether he formed an opinion of
6 something.

7 Q. Mr. Tufts, as part of your audit, did you
8 determine whether the AAC is a component of DEO
9 market-based service?

10 A. As I stated earlier, the scope of the
11 audit was to verify the financial information. No, I
12 did not form an opinion as to, you know, whether the
13 AAC was an appropriate part of the market price.

14 MR. COLBERT: I am going to object and
15 ask that the answer be stricken. That was not the
16 question that was put to him, whether he formed an
17 opinion as to whether it was appropriate or not.

18 EXAMINER KINGERY: Can we hear the
19 question again? We will strike your answer and let's
20 try again.

21 If you could read back Mr. Sauer's last
22 question.

23 (Question read.)

24 A. I did not determine that.

1 Q. And your audit didn't determine whether
2 it was an appropriate component of the MBSSO one way
3 or the other?

4 A. No.

5 MR. COLBERT: Objection -- all right. I
6 am not fast enough.

7 MR. SAUER: That's all the questions I
8 have, your Honor.

9 EXAMINER KINGERY: Thank you.

10 Ms. Mooney, any?

11 MS. MOONEY: No questions.

12 EXAMINER KINGERY: Anyone else?

13 MR. COLBERT: I have a few questions,
14 your Honor.

15 EXAMINER KINGERY: Okay. Go ahead.

16 - - -

17 CROSS-EXAMINATION

18 By Mr. Colbert:

19 Q. Good morning, Mr. Tufts.

20 A. Good morning.

21 EXAMINER KINGERY: Would you like to use
22 the microphone also.

23 MR. COLBERT: Sure.

24 EXAMINER KINGERY: I am not sure if we

1 need it.

2 MR. COLBERT: It's not usually one of the
3 complaints people get when I talk.

4 Q. Mr. Tufts, you've been answering some
5 questions for Mr. Sauer regarding the scope of
6 staff's investigation into the AAC. Do you recall
7 that?

8 A. Yes.

9 Q. And, Mr. Tufts, do you -- is it your
10 opinion that staff has adequate resources to conduct
11 the investigation into the AAC?

12 MR. SAUER: I object. Friendly cross.

13 MR. COLBERT: Your Honor, this most
14 certainly is not friendly cross. This cross arises
15 because Mr. Haugh is making a recommendation that an
16 outside auditor be called in and an entirely
17 different type of audit be performed. I am simply
18 trying to find out whether staff has a similar
19 opinion or believes that it can, in fact, conduct the
20 type of audit and investigation necessary for the
21 AAC.

22 EXAMINER KINGERY: Overruled.

23 MR. COLBERT: Thank you, your Honor.

24 Q. (By Mr. Colbert) Let me reask the

1 question, Mr. Tufts.

2 A. Okay.

3 Q. Do you believe that staff has adequate
4 resources to conduct this -- let's start with this
5 past investigation into the AAC?

6 A. I believe staff has adequate resources.

7 Q. Okay. Do you believe -- well, let me ask
8 how many staff personnel were available to conduct
9 the audit into the AAC?

10 A. Well, there were numerous staff
11 available. We actually used, I am going to say,
12 three primary staff persons, and then there were
13 additional staff available should we need their
14 assistance or if we need to consult with them
15 concerning any issue involved in the investigation.

16 Q. Okay. And you could -- so you could have
17 used additional staff members beyond those that you
18 actually did use in this audit?

19 A. Yes.

20 Q. And did staff have any shortage of
21 physical equipment necessary to conduct the audit,
22 for example, availability of computers or automobiles
23 to visit CG&E -- or DE-Ohio or any other equipment
24 that you might have needed in the audit?

1 A. The staff had adequate physical equipment
2 to conduct the audit.

3 Q. And, Mr. Tufts, have you conducted other
4 audits in the course of your work with staff?

5 A. Yes.

6 Q. Okay. And over how many years have you
7 been conducting those audits?

8 A. 25 now.

9 Q. 25 years? And would you -- do you
10 believe that you have some expertise in how to
11 conduct an audit?

12 A. Yes.

13 Q. And is it your opinion that there are
14 other staff members that have significant expertise
15 in conducting audits and investigations?

16 A. Yes.

17 Q. And, Mr. Tufts, regarding the scope of
18 this audit particularly, do you believe that you had
19 sufficient latitude to look into any issues or
20 questions that may have arisen as you conducted the
21 audit?

22 A. Yes.

23 Q. And do you believe that in your
24 investigation into the AAC in the future that if

1 there are future audits, that you would have
2 sufficient latitude to answer any questions that may
3 arise?

4 MR. SAUER: I object. Mr. Tufts has
5 testified that his audit was limited, and they are
6 asking questions about speculation as to expanding
7 the scope and going beyond the scope of his
8 testimony.

9 EXAMINER KINGERY: Overruled.

10 MR. COLBERT: Thank you, your Honor.

11 THE WITNESS: May I have the question
12 read?

13 (Question read.)

14 A. Yes, I believe so.

15 Q. Okay. And, Mr. Tufts, is it your
16 understanding that prior to the conduct of an audit
17 in the AAC, it would be -- it is the accepted
18 practice at the moment that the Commission -- I'm
19 sorry, DE-Ohio would file an application to establish
20 a new AAC price?

21 A. Yes.

22 Q. And the filing of such an application
23 would trigger an audit?

24 A. Yes.

1 Q. Okay. And, Mr. Tufts, do you believe
2 that staff would require the assistance of an outside
3 auditor to conduct such an audit or investigation?

4 A. I don't believe it would -- we would
5 require assistance to conduct an audit on the AAC.

6 MR. COLBERT: Thank you.

7 No more questions, your Honor.

8 EXAMINER KINGERY: Thank you.

9 Redirect?

10 MR. REILLY: We have no redirect, your
11 Honor.

12 Thank you, Mr. Tufts.

13 EXAMINER KINGERY: Thank you. You may
14 step down.

15 (Witness excused.)

16 MR. REILLY: With that, your Honor, we
17 would move the admission of Staff Remand Exhibits 2
18 and 2A, and if I forgot to do it too, we would also
19 move the introduction of Staff Remand Exhibit 1.

20 EXAMINER KINGERY: We already did No. 1.

21 MR. REILLY: Okay.

22 EXAMINER KINGERY: Any objection to 2 and
23 2A?

24 They will be admitted.

1 (EXHIBITS ADMITTED INTO EVIDENCE.)

2 EXAMINER KINGERY: It's a little after
3 10:20. I believe now might be a good time for a
4 break before Mr. Haugh begins. So why don't we come
5 back in 15 minutes, about 20 of.

6 (Recess taken.)

7 EXAMINER KINGERY: Let's go back on the
8 record.

9 Mr. Small, you said that parties had had
10 some discussions about confidential testimony.

11 MR. SMALL: Yes, your Honor. And I think
12 Mr. Colbert is prepared to represent that most, with
13 the exception of approximately a page and a half, of
14 the Whitlock cross-examination, his testimony
15 cross-examination, there is no need for it to be
16 under seal. He has a very small portion of it, and I
17 think he will also in a moment represent there needs
18 to be -- as a result, there needs to be no redaction
19 of Mr. Haugh's supplemental testimony which is in
20 opposition to the stipulation.

21 EXAMINER KINGERY: Thank you.

22 Mr. Colbert?

23 MR. COLBERT: That's correct, your Honor.
24 The portion of the cross-examination of Mr. Whitlock

1 that should remain confidential is page 152 at line
2 18 through page 154 at line -- through line 18.

3 EXAMINER KINGERY: And those were
4 references to the testimony -- I'm sorry, to the
5 transcript, the court --

6 MR. COLBERT: Those are references to the
7 transcript, that's correct.

8 EXAMINER KINGERY: Thank you.

9 MR. COLBERT: And dated April 10, 2007,
10 from the confidential excerpt, and, frankly, the
11 reason for the confidentiality there is that there
12 are references to estimated pricing for capacity that
13 could affect the price we actually pay in the market
14 were it to be public.

15 EXAMINER KINGERY: Thank you.

16 MR. SMALL: Furthermore, about the
17 testimony --

18 MR. COLBERT: Yeah.

19 EXAMINER KINGERY: The testimony of
20 Mr. Haugh.

21 MR. COLBERT: We have no objection to
22 Mr. Haugh's testimony being public nor the --

23 MR. SMALL: It is the OCC's intention to
24 refile the testimony with a cover letter explaining

1 that it's pursuant to the decisions at the hearing
2 it's being filed in the public domain.

3 EXAMINER KINGERY: Thank you. That will
4 be fine. Okay.

5 MR. SAUER: The OCC calls Michael P.
6 Haugh to the stand and would like his prepared
7 March 9, 2007, testimony marked as OCC Exhibit No.
8 RR-1.

9 EXAMINER KINGERY: It will be so marked.
10 (EXHIBIT MARKED FOR IDENTIFICATION.)

11 - - -

12 MICHAEL P. HAUGH
13 being first duly sworn, as prescribed by law, was
14 examined and testified as follows:

15 DIRECT EXAMINATION

16 By Mr. Sauer:

17 Q. Please state your name for the record and
18 your business address.

19 A. Michael P. Haugh. My address is 10 West
20 Broad Street, Suite 1800, Columbus, Ohio 43215.

21 Q. And are you the same Michael P. Haugh
22 whose prepared testimony now marked Exhibit No. RR-1
23 was filed in these cases?

24 A. Yes.

1 Q. And on whose behalf do you appear?

2 A. On behalf of the Office of the Consumers'
3 Counsel.

4 Q. Do you have your prepared testimony with
5 you on the stand?

6 A. I do.

7 Q. And did you prepare the testimony or have
8 it prepared at your direction?

9 A. I did.

10 Q. Do you have any changes or corrections to
11 your prepared testimony?

12 A. One correction on page 10, line 9, it is
13 a typo. It says: "Do you find other portions" --
14 instead of O-D that should be O-F. It would read:
15 "Do you find other portions of the Commission's entry
16 on rehearing important in preparing your testimony?"

17 Q. And if I ask you today the same questions
18 found in your prepared testimony in OCC Exhibit No.
19 RR-1, would your answers be the same?

20 A. Yes.

21 MR. SAUER: The OCC moves for the
22 admission of OCC Exhibit RR-1 and tenders the witness
23 for cross-examination.

24 EXAMINER KINGERY: Admission will be

1 considered after cross-examination.

2 MR. SAUER: Thank you, your Honor.

3 EXAMINER KINGERY: Mr. D'Ascenzo.

4 - - -

5 CROSS-EXAMINATION

6 By Mr. D'Ascenzo:

7 Q. Good morning, Mr. Haugh.

8 A. Good morning.

9 Q. What is your understanding of the
10 company's AAC price?

11 A. I believe I state that in my testimony on
12 page 4 where I -- where I quote the definition from
13 the company's application for rehearing where it is
14 "to recover costs associated with homeland security,
15 taxes and environmental compliance."

16 Q. And the AAC is one component of Duke
17 Energy - Ohio's total MBSSO price; is that also your
18 understanding?

19 A. Yes.

20 Q. And is it also your understanding that
21 the costs recovered through the AAC are generation
22 related; is that correct?

23 A. Yes, that -- I believe I state that in my
24 testimony also.

1 Q. Do you know if the AAC is avoidable for
2 consumers?

3 A. Yes. The first 25 percent of residential
4 consumers that switch to a CRES provider avoid that,
5 and I believe it's the first 50 percent of
6 commercial/industrial customers that switch can avoid
7 the AAC.

8 Q. And the AAC is 100 percent avoidable for
9 the customers that fall into those percentages, the
10 25 percent for residential and 50 percent for
11 nonresidential, correct?

12 A. Yes. They can avoid the entire AAC.

13 Q. Mr. Haugh, in your testimony dated
14 March 9, 2007, page 3, line 19, you make a
15 recommendation that CWIP should be excluded from the
16 company's AAC price; is that a correct
17 characterization?

18 A. Yes. CWIP should be excluded from the
19 revenue.

20 Q. What is your understanding of CWIP?

21 A. It is a designation of construction that
22 has not been completed, so I think the name is sort
23 of self-explanatory, construction work in progress.

24 Q. Do you know what the CWIP expenditures

1 in Duke Energy - Ohio's current AAC calculation are
2 for?

3 A. In the AAC calculation in Mr. Wathen's
4 testimony DE-Ohio is seeking a return on the CWIP
5 portion.

6 Q. And what is that -- what is the CWIP
7 portion for?

8 A. What is the CWIP portion for?

9 Q. Yes, what assets?

10 A. Oh, what assets. Oh, that would be -- I
11 believe he states it as assets related to
12 environmental upgrades to the generation plants.

13 Q. And what did -- would that include the
14 installation of scrubbers on the coal fired plants
15 Duke Energy - Ohio owns?

16 A. His testimony doesn't get into that, what
17 the exact expenditures were.

18 Q. What is your understanding?

19 A. I would assume that -- that a scrubber
20 would be included in that.

21 Q. What does a scrubber do?

22 A. A scrubber helps to -- it's sort of an
23 addition that's placed on a power plant that would
24 limit the emissions that are emitted from the power

1 plant.

2 Q. Mr. Haugh, have you performed any
3 analysis to determine whether your recommendation
4 regarding CWIP would impact any other components of
5 Duke Energy - Ohio's MBSSO?

6 A. Meaning does the removal of CWIP affect
7 any other part of?

8 Q. Have you performed any analysis?

9 A. Any analysis regarding if the CWIP
10 portion would affect any other portion of the MBSSO?

11 Q. Yes.

12 A. I have not.

13 Q. Have you performed any analysis to
14 determine whether Duke Energy - Ohio would continue
15 to invest in scrubbers if it were unable to recover
16 the CWIP-related expenses to install scrubbers?

17 THE WITNESS: Could you repeat the
18 question, please?

19 (Question read.)

20 A. No.

21 Q. A little bit ago you said that a scrubber
22 can be used to reduce emission levels; is that a
23 correction characterization of what you described
24 previously?

1 A. Yes.

2 Q. Do you know if there were substitutes to
3 scrubbers for controlling emissions?

4 A. Yes.

5 Q. And what are those?

6 A. A few examples would be emission
7 allowances and/or different qualities of coal could
8 be used. Those would be two examples that I can
9 think of at the moment.

10 Q. Could an alternative be not running the
11 plant and instead purchasing power?

12 A. Not running the plant would reduce the
13 emissions completely.

14 Q. Would you agree that in general the lower
15 the sulfur content in coal, the higher the price of
16 coal?

17 A. Not necessarily.

18 Q. Are you at all familiar with the market
19 for emission allowances?

20 A. I have a broad understanding of it.

21 Q. And are you aware that the price for
22 emission allowances changes?

23 A. I don't keep exact tabs on that, but I
24 would assume the price for those would change.

1 Q. Do you have any idea of what the range of
2 prices have been over the last two years?

3 A. No.

4 Q. Have you performed any analysis regarding
5 what forward emission allowance prices might be?

6 A. No.

7 Q. Mr. Haugh, are you -- would you consider
8 yourself generally aware of the history of the 03-93
9 case which resulted in the establishment of Duke
10 Energy - Ohio's MBSSO?

11 A. Generally, yes.

12 Q. Would you -- are you generally familiar
13 with the pricing structure that the company filed as
14 its initial MBSSO in January of 2004?

15 A. No. The initial application was actually
16 back in 2003.

17 Q. That is -- that is correct. The initial
18 application was in January of 2003. I am referring
19 to the rate stabilized MBSSO that was proposed in
20 January of 2004.

21 A. Yes, generally familiar with that.

22 Q. In the initial 03-93 proceeding, after
23 the company filed its application for its rate
24 stabilized MBSSO price, do you know if any OCC

1 witness opposed the inclusion of CWIP in Duke Energy
2 - Ohio's environmental compliance costs?

3 A. I believe OCC Witness Ross Pultz had an
4 argument against the inclusion of CWIP from
5 Mr. Steffen's testimony.

6 Q. And in approving the MBSSO price in its
7 November, 2004, entry on rehearing, do you know if
8 the Commission excluded CWIP from the AAC?

9 MR. SAUER: Object. Calls for a legal
10 conclusion.

11 EXAMINER KINGERY: Overruled.

12 THE WITNESS: Could you repeat the
13 question, please?

14 (Question read.)

15 A. Now, I am not positive if it was the
16 opinion and order or if it was the entry on
17 rehearing, but I know at one point the Commission did
18 reduce the amount of the AAC.

19 Q. But did it exclude CWIP?

20 A. I don't believe it specifically stated
21 what it was excluding in the reduction -- when it
22 reduced the AAC.

23 Q. Have you looked at the schedules or
24 performed any analysis to determine whether -- what

1 the numbers were that -- whether or not CWIP was
2 excluded?

3 A. As to the specifics, no.

4 Q. Mr. Haugh, in your opinion does the cost
5 of environmental cost compliance have an impact on
6 the cost of capacity?

7 A. I suppose it could have an impact on the
8 cost.

9 Q. Mr. Haugh, do you know how many
10 competitive retail electric service providers are
11 currently certified in Ohio?

12 A. Are currently certified in all of Ohio?

13 Q. Uh-huh.

14 A. The exact number, no.

15 Q. But you are aware that there are CRES
16 providers certified in Ohio?

17 A. Yes, yeah.

18 Q. And have you reviewed any of the pricing
19 structures of those CRES providers?

20 A. Now, currently I don't -- I am not sure
21 if there are -- at least for the residential class, I
22 don't believe there are any offers out there at the
23 current time. As for the past, I have looked at what
24 was offered in the past.

1 Q. Have you audited and reviewed those
2 offers that were made in the past?

3 A. What do you mean by audited?

4 Q. Do you know what factors went -- those
5 CRES providers took into consideration in developing
6 the price that they were offering into the market?

7 A. No. I didn't question individual
8 suppliers.

9 Q. So you don't know if those CRES providers
10 could have taken into consideration environmental
11 planned expenses such as CWIP?

12 A. No, I don't know that specifically.

13 Q. In your opinion and understanding, you
14 are not an attorney, do you know of any reason why a
15 CRES provider couldn't consider CWIP-related expenses
16 for environmental compliance in determining a price
17 that it was willing to sell in the market?

18 A. Going back to my original statement
19 regarding environmental compliance, emission
20 allowances, the different variations to keep within
21 regulations of clean air -- different clean air
22 regulations that I believe you would set your market
23 price based on what you are doing at that time, being
24 that if you are buying low sulfur coal, you would --

1 would result in one price of the generation coming
2 out of your plant.

3 If you were purchasing emission
4 allowances to cover the -- to cover the emissions
5 that are coming out, then that would be another
6 pricing. And if you were up to -- if you were up to
7 compliance, your price would be based on that. So I
8 don't know if you would be collecting for something
9 that's not operating at that time.

10 Q. But my question was is there anything
11 that would prevent them from considering on --

12 A. I suppose they could consider it. I
13 don't know if it's a logical way to get your price.

14 Q. Going back to page 3, line 17 of your
15 March 9 testimony, you recommend that the company's
16 AAC be audited like the SRT and FPP; is that correct?

17 A. Yes, that's correct.

18 Q. And the SRT and FPP are currently audited
19 by an outside auditor, outside meaning other than the
20 Commission; is that correct?

21 A. That's correct, yes.

22 Q. Mr. Haugh, do you know how much the SRT
23 and FPP audits cost?

24 A. No, I don't.

1 Q. Mr. Haugh, are you aware of the current
2 process by which Duke Energy - Ohio can change its
3 AAC price on an annual basis?

4 A. I believe the -- once again, I am not
5 sure if it was the opinion and order or entry on
6 rehearing, but the Commission stated that they -- to
7 increase the AAC can only be done annually and must
8 seek Commission approval.

9 Q. And the company must file -- file an
10 application; is that correct?

11 A. Yes, I believe that's part of it also.

12 Q. Mr. Haugh, do you know if OCC has an
13 opportunity to intervene in the case if the company
14 files to amend its AAC price?

15 A. I would assume.

16 Q. And if OCC does intervene, doesn't it
17 also have the ability to conduct discovery?

18 A. Yes.

19 Q. And if OCC intervenes and conducts
20 discovery, it has the ability to oppose whatever
21 price Duke Energy - Ohio applies for and -- for
22 support and litigate, if need be; isn't that correct?

23 A. Yes. But I believe that an audit -- an
24 auditor would be able to more fully examine what is

1 the appropriateness of what's being included in the
2 AAC.

3 Q. Well, Mr. Haugh, doesn't OCC employ a
4 technical staff?

5 A. Yes. But I believe an MP auditor would
6 be more fully able to audit the appropriateness of
7 what is being included in the AAC.

8 Q. So you don't think OCC would be able to
9 do that?

10 A. To do an MP audit? A full MP and
11 financial audit would be very difficult for the OCC
12 to conduct, mainly given the short time frame that
13 these cases are turned around.

14 Q. Is there a specified time frame for these
15 cases?

16 A. I know that the AAC was -- prior to all
17 of the extensions it was -- it was pretty quick, if I
18 am not mistaken. And, again, this has been pushed
19 off for quite a while so I very well could be
20 mistaken.

21 Q. Do you have any reason to believe that
22 the Commission's staff is not capable of conducting
23 an audit of the company's AAC filing?

24 A. I don't have any opinion really as to the

1 ability of the staff's.

2 MR. D'ASCENZO: No further questions.

3 EXAMINER KINGERY: Thank you.

4 Mr. Boehm?

5 MR. BOEHM: No questions.

6 EXAMINER KINGERY: Mr. Neilsen?

7 MR. NEILSEN: No questions, your Honor.

8 EXAMINER KINGERY: Mr. O'Brien?

9 MR. O'BRIEN: No questions.

10 MS. CHRISTENSEN: No questions.

11 EXAMINER KINGERY: Staff?

12 MR. REILLY: Thank you, your Honor.

13 - - -

14 CROSS-EXAMINATION

15 By Mr. Reilly:

16 Q. Mr. Haugh, just to follow up on a few
17 things, were you -- regarding your most recent answer
18 to Mr. D'Ascenzo's questions, do you feel that the
19 Commission staff has the ability to track -- to track
20 costs incurred by the company through their books to
21 verify them, the staff has that ability?

22 A. I really don't have an opinion as to the
23 staff's tracking of costs.

24 Q. Okay. You don't have an opinion at all

1 as to the staff's ability or inabilities; is that
2 correct?

3 A. That's correct, yes.

4 Q. Okay. You really don't have a knowledge
5 of what the staff's capable of doing and not capable
6 of doing; is that what you are saying?

7 A. Yeah. I don't have enough information as
8 to the abilities of the staff members that are
9 conducting the audit, so I don't want to present an
10 opinion as to their ability to conduct such an audit.

11 EXAMINER KINGERY: Just to clarify for
12 purposes of the record, you are talking about staff
13 of the Commission here in these questions.

14 THE WITNESS: Staff of the commission,
15 yes.

16 MR. REILLY: Thank you, your Honor. We
17 have nothing further.

18 EXAMINER KINGERY: Thank you.

19 Redirect?

20 MR. SAUER: Could we have a few minutes,
21 your Honor?

22 EXAMINER KINGERY: Yes, you may.

23 MR. SAUER: Thank you.

24 EXAMINER KINGERY: We will go off the

1 record obviously.

2 (Discussion off the record.)

3 EXAMINER KINGERY: Let's go back on the
4 record.

5 MR. SAUER: We just have a couple of
6 questions for redirect, your Honor.

7 EXAMINER KINGERY: Fine. Go ahead.

8 - - -

9 REDIRECT EXAMINATION

10 By Mr. Sauer:

11 Q. Mr. Haugh, do you recall Mr. D'Ascenzo's
12 questions regarding your recommendation regarding use
13 of an outside auditor for the AAC charge?

14 A. Yes.

15 Q. And were you also present this morning
16 when Mr. Tufts testified?

17 A. Yes.

18 Q. And what is your recommendation for the
19 audit of the AAC charge?

20 A. Well, I would -- I would envision this to
21 be more of a management performance audit similar to
22 what was conducted in the FPP and SRT cases where
23 they would not just verify the financial data but
24 also that the level of appropriateness of all the

1 charges that are included in the AAC and the -- in my
2 testimony I -- on page 10 I quote that the
3 Commission, that it will consider the reasonableness
4 of all the expenditures that go into the AAC, and
5 they want to ensure that the rates are market based.
6 And that was -- that's sort of what I am looking for
7 is to ensure that they are, in fact, appropriate and
8 market based.

9 MR. SAUER: Thank you, Mr. Haugh.

10 EXAMINER KINGERY: Thank you.

11 Recross?

12 MR. D'ASCENZO: Yes, your Honor, a few
13 questions.

14 - - -

15 RECROSS-EXAMINATION

16 By Mr. D'Ascenzo:

17 Q. Mr. Haugh, are you generally familiar
18 with audits that occur during a traditional rate
19 case?

20 A. Not directly familiar.

21 Q. Do you know if traditionally in a rate
22 case staff conducts a management performance audit?

23 A. I'm not specifically sure of that, if a
24 management performance audit is conducted.

1 MR. D'ASCENZO: No further questions.

2 EXAMINER KINGERY: Thank you.

3 Mr. Boehm?

4 MR. BOEHM: No questions, your Honor.

5 MR. NEILSEN: No questions.

6 MS. CHRISTENSEN: No questions.

7 MS. MOONEY: No questions.

8 MR. REILLY: No questions, your Honor.

9 EXAMINER KINGERY: You may step down.

10 Thank you very much.

11 (Witness excused.)

12 EXAMINER KINGERY: I believe the next
13 witness that we had determined would go today would
14 be Mr. Smith.

15 MR. COLBERT: Yes.

16 EXAMINER KINGERY: I believe we also have
17 a pending motion for the admission of Mr. Haugh's
18 testimony, OCC Remand Rider Exhibit 1. Is there any
19 objection to that admission?

20 Hearing none it will be admitted.

21 (EXHIBIT ADMITTED INTO EVIDENCE.)

22 MR. SAUER: Thank you, your Honor.

23 (EXHIBIT MARKED FOR IDENTIFICATION.)

24 - - -

1 PAUL G. SMITH

2 being first duly sworn, as prescribed by law, was
3 examined and testified as follows:

4 DIRECT EXAMINATION

5 By Mr. Colbert:

6 Q. Good morning, Mr. Smith.

7 A. Good morning.

8 Q. Mr. Smith, do you have in front of you
9 what has now been marked as DE-Ohio Remand Rider
10 Exhibit 6?

11 A. I do.

12 Q. And is that your direct testimony filed
13 in these proceedings?

14 A. Yes, it is.

15 Q. And was that testimony prepared under
16 your supervision and direction?

17 A. Yes, it was.

18 Q. And do you have any changes, amendments,
19 corrections to that testimony?

20 A. No, I do not.

21 MR. COLBERT: Your Honor, Mr. Smith is
22 available for cross-examination.

23 EXAMINER KINGERY: Thank you very much.

24 MR. SMALL: Your Honor, as a preliminary

1 matter, I have one motion to strike.

2 EXAMINER KINGERY: Okay.

3 MR. SMALL: Page 4, line 18, last word of
4 line 18 and continuing through the first three words
5 of line 20, a single sentence. In that sentence
6 Mr. Smith purports to understand staff's evaluation
7 of DE-Ohio's application. I purport he has no
8 personal knowledge and can't even formulate an
9 opinion regarding that matter.

10 MR. COLBERT: Your Honor, Mr. Smith does
11 indeed have personal knowledge. He was the person
12 from the company's perspective that had and
13 supervised the interaction with the staff, and he
14 certainly is entitled to voice his opinion on the
15 thoroughness and completeness of staff's audit. And
16 that is all that that sentence represents.

17 MR. SMALL: Your Honor, that's not what
18 it represents. He does not -- he does not testify
19 about what he provided to the company -- to the staff
20 and his interaction with the staff. He testifies as
21 to what the staff did.

22 EXAMINER KINGERY: We are going to hold a
23 ruling on this until after cross-examination.

24 MR. SMALL: Thank you, your Honor.

CROSS-EXAMINATION

By Mr. Small:

Q. Mr. Smith, I am sure you know I am Jeff Small, and I represent the Ohio Consumers' Counsel.

A. I do, and good morning.

Q. Good morning. The stipulation that you referred to on page 2 of your testimony, I think people understand this, but the stipulation that you are referring to is the stipulation that was filed in this case on April 9, 2007; is that correct?

A. That is correct.

Q. Okay.

EXAMINER KINGERY: Mr. Small, I believe your microphone is not on. Okay.

MR. SMALL: Maybe I am not close enough.

Q. All right. Now, regarding your statement that we just went over during some of the preliminaries, on page 4 starting with line -- on lines basically on 19 and 20 of your testimony -- you have your testimony in front of you, don't you?

A. I do.

Q. Do you have the stipulation? Do you have the stipulation with you on the stand?

A. I do have a copy.

1 Q. Regarding your statement that --
2 regarding staff's thorough review on page 4 and lines
3 18 through 20, is it your understanding that
4 Mr. Cahaan was responsible for the staff's position
5 regarding the SRT in this case?

6 A. Yes. I believe Mr. Cahaan was
7 participating in the audits or supervised Mr. Tufts,
8 Ms. Smith, Mr. Erickson. I believe there was one
9 other individual.

10 Q. Have you read Mr. Cahaan's testimony?

11 A. His supplemental testimony, yes, I have.

12 Q. He states that, doesn't he?

13 A. Yes, he does.

14 Q. And, I'm sorry, I think you responded by
15 saying who assisted Mr. Cahaan.

16 A. Correct. I am aware of at least three
17 individuals on site.

18 Q. On site, could you explain that?

19 A. Yeah, individuals that I met with at
20 least on one occasion there in Cincinnati.

21 Q. Okay. When you say "on site," you mean
22 that they came to the Duke Energy - Ohio's offices?

23 A. As part of their audit they also visited
24 our generating facilities.

1 Q. Okay. Now, you are referring to what
2 Mr. Tufts was describing earlier this morning?

3 A. That would have been part of the audit,
4 correct.

5 Q. Who was responsible for the staff
6 positions regarding the FPP?

7 A. I do not know.

8 Q. And who is responsible for the staff
9 positions regarding the AAC?

10 A. I do not know.

11 Q. Do you know who on staff worked on the
12 FPP matters?

13 A. Again, all of the audits were performed
14 simultaneously, so the FPP was going on at a similar
15 time frame as the AAC, as the SRT. We could have
16 seen several individuals, again, the three
17 individuals I referred to before.

18 Q. Would you please turn to page 5 of your
19 testimony and line 19. And there's a statement that
20 the -- regarding what constitutes a market price in
21 Ohio's deregulated environment for competitive retail
22 electric service. Do you see that?

23 A. Yes, I do.

24 Q. Do you rely -- in this part of your

1 testimony do you rely upon the testimony of other
2 witnesses in this case, for instance, Mr. Rose,
3 Mr. Steffen, Mr. Whitlock, other company witnesses,
4 or do you propose you are in a position to add
5 substantively to that testimony?

6 A. I think in terms of their own testimony
7 as well as the advice of counsel.

8 Q. What I am -- the question, though, is are
9 you adding to that testimony?

10 A. No, I am not.

11 Q. On page 6, line 1 of your testimony, you
12 mentioned that the stipulation is a compromise. Do
13 you see that?

14 A. I do.

15 Q. Now, if you could turn to paragraph 2 of
16 the stipulation. And I think you said you had it on
17 the stand.

18 A. Yes, I have it.

19 Q. There's a statement about the -- it's
20 paragraph 2 and it's the last -- last part of
21 paragraph 2 it refers to withdrawal of the auditor's
22 recommendation to on page 1 -- 1-9 of the audit
23 report. Do you see that?

24 A. I do.

1 Q. And this compromise that you mentioned in
2 your testimony is the withdrawal of the
3 recommendation to -- that's in paragraph 2 of the
4 stipulation, is that part of what the company gained
5 as part of the give and take as far as the
6 stipulation was concerned?

7 A. No. I don't believe so. I think over
8 the course of the negotiations and settlement we were
9 able to discuss thoroughly the auditor's
10 recommendation with staff and the other parties, and
11 I think they, too, came to the conclusion that active
12 management represents a least cost strategy. So I
13 would -- I don't take that as a concession on either
14 side.

15 Q. What is your understanding of
16 recommendation 2 on 1-9 of the audit report?

17 A. That the auditor was questioning the need
18 to actively manage the portfolio on a daily basis
19 rather than a quarterly, semi-annually, or annually
20 basis.

21 Q. And the practices that the auditor
22 criticized were that -- on a short-term -- that the
23 company is making coal purchases on a short-term and
24 spot basis with almost nothing being purchased after

1 December of 2008; is that correct?

2 A. That is true. The company is not
3 purchasing any of those inputs post-2008.

4 Q. Do you understand what the transactional
5 costs are for DE-Ohio's active management of its coal
6 purchases?

7 A. I do.

8 Q. Mr. Schwartz in his testimony -- I
9 believe you were present for Mr. Schwartz's
10 testimony; is that correct?

11 A. I was.

12 Q. Mr. Schwartz did not seem to believe he
13 had been presented with information on or he had
14 information on the transactional costs and whether --
15 and questioned whether they were worthwhile from a
16 consumer's standpoint. Do you recall that part of
17 his testimony?

18 A. I do. And I think that's part of the
19 concession here. I think he is not familiar with it
20 because that's a cost recovery from customers, so the
21 company and its shareholders bear that cost, thus,
22 what he is citing as an incremental cost, in fact,
23 was not and perhaps the reason for the withdrawal of
24 that recommendation.

1 Q. And you did not go through that with the
2 auditor; is that what you are saying?

3 A. He either forgot or was not aware of it
4 at the time of his report, but I think subsequently
5 he did become aware of it, yes.

6 Q. Would you agree with me his subsequent
7 awareness was not presented in his cross-examination
8 last week?

9 A. I don't think I heard any questions
10 regarding recoverability of broker costs.

11 Q. Well, I didn't say broker costs. I said
12 transaction costs.

13 A. Similar, I think I understood
14 Mr. Whitlock on the stand to refer to the broker
15 fees. That's the bulk of the transaction costs I
16 think that the auditor referred to, yes.

17 Q. What other transaction costs are -- and
18 you are correct. I included in my term transactional
19 costs broker costs but there would be other
20 transactional costs in doing active management,
21 correct?

22 A. Most definitely. One of the other costs
23 would be back room or office, the accountants, the
24 time that they take. The good news in the MBSSO

1 world, we recover none of our accounting costs. That
2 portion of our generation was set in 1992 long before
3 the markets developed; therefore, those costs are
4 passed through to the customers. Again, the company
5 is absorbing those costs, and the FPP customers are
6 not.

7 Q. What are the other transactional costs
8 that are involved?

9 A. Those are the two largest, and I consider
10 them very minimal costs that are incurred to actively
11 manage the portfolio, and those costs far outweigh
12 the gains in the reduction in the costs that are
13 passed through to customers.

14 Q. Your response is not responsive to my
15 question, and I had asked what the transaction costs
16 are and, you know, the size of it is in the eye of
17 the beholders. But what are the categories of
18 transaction costs that are needed for the active
19 management?

20 A. I think of third-party costs, which would
21 be the brokers, and I think of internal costs, which
22 are primarily management time and the financial or
23 accounting organizational time. Again, all of those,
24 I think, are not passed through.

1 Q. Individuals that carry out the
2 transactions internally. I think you talked about
3 management time.

4 A. Correct. Mr. Whitlock's group would be
5 the group that manages the daily portfolio.

6 Q. And so that would be a large portion of
7 the transactional costs that we have been discussing?

8 A. No. I don't think it's a large number at
9 all. I think when you are managing something daily,
10 the cost to manage it daily is obviously much less
11 than if you tried to manage it quarterly.

12 Q. I don't think you understood the
13 question. The question had to do with its
14 proportionality of total transaction costs. I don't
15 have any numbers before us as far as the size of
16 these numbers at all, but I'm asking about
17 proportionality as part of the transactional costs.

18 A. Yeah. I would think total FPP recoveries
19 in excess of 400 million, I think the transactional
20 costs we are talking about here are under 100,000,
21 and, therefore, you are right, I would consider them
22 a very small portion of the cost.

23 Q. You don't seem to ever want to answer my
24 question which has to do with the proportionality of

1 the total transactional costs. I didn't ask you
2 about the transactional costs of the parts, so let's
3 start again.

4 MR. COLBERT: I am going to object, your
5 Honor. The attorney is badgering the witness and
6 being argumentative. The witness is doing his best
7 to answer the question, and he could ask the
8 questions in a more respectful manner.

9 EXAMINER KINGERY: Overruled.

10 Q. I think maybe we need to reorganize here
11 a little bit. Going back to the transactional costs,
12 and we have established they are beyond the broker
13 costs, could you please list what you consider to be
14 the components of transactional costs for the active
15 management of the coal anti-emission allowances.

16 A. Right. I think in terms of third-party
17 costs, the brokers. In terms of internal costs, I
18 would consider it internal labor costs. That would
19 be managerial time and accounting time. And, again,
20 I think to -- as to managerial time, it's not like we
21 would reduce one individual, you know. It represents
22 just a portion of that person's day. It's like
23 filling out time sheets at the end of the day. If
24 you didn't have to fill out time sheets, there

1 wouldn't be much of a labor savings to a company.

2 In this particular case Mr. Whitlock, if
3 he did not manage daily, he would still be
4 compensated the way he is. He would still take on
5 the same activities he does on a daily basis but for
6 the few minutes he spends managing that portfolio.
7 The accountants similarly, they are managing and
8 accounting for a variety of activities. The daily
9 portfolio balancing is one of those.

10 Q. Is this the extent of the transactional
11 costs you can come up with?

12 A. Those are all I can think of, yes.

13 Q. All right. As far as -- turning back to
14 the stipulation, and I think this is going to be
15 related to the set of questions I just asked, if you
16 could turn to paragraph 3 of the stipulation, April
17 stipulation.

18 A. Yes, I have it.

19 Q. And there is -- on the fifth line of that
20 paragraph it mentions the auditor's finding, 6 at
21 page 1-8. Do you see that?

22 A. I apologize, which paragraph?

23 Q. Paragraph 3, line 5 of that paragraph. I
24 am in the April stipulation.

1 A. Okay.

2 Q. I am on page 5, paragraph 3.

3 A. Yes.

4 Q. On line -- on the fifth line of that
5 there is a mention of auditor's finding 6 at --

6 A. Yes, I have that.

7 Q. -- 1-8. We are in the same place?
8 What's your understanding of that auditor's finding?

9 A. Yes. It appeared the auditor was making
10 a finding, not a recommendation but a finding, that
11 by not purchasing coal emission allowances and power
12 for post-2008, that the market had an opportunity to
13 run up. We had not hedged those potential future
14 costs, and he thought it would be perhaps in the
15 consumer's best interest to begin procuring those
16 inputs.

17 I might add the company does agree that
18 beginning to secure post-2008 inputs does make sense.
19 The problem is the company, therefore, would bear the
20 risk of that and that's something that I think all
21 the parties in the settlement discussion understood
22 was something the company would not be able to
23 entertain.

24 Q. All right. Would you please turn to page

1 6 of your testimony, and down on lines 20 through 21,
2 and here you refer to adequate, reliable, safe,
3 efficient, nondiscriminatory, reasonably-priced
4 electric service -- I'm sorry -- retail electric
5 service through DE-Ohio. Do you see that?

6 A. I do.

7 Q. Would DE-Ohio provide inadequate retail
8 electric service if the stipulation was not approved
9 but the Commission just decided this case on the
10 merits? What I am missing here is why in the
11 stipulation is it important for these items.

12 A. Well, I think the continued financial
13 stability of the company is important to this
14 stipulation and to the ongoing performance, and I
15 think the extent you become financially distressed,
16 then perhaps the operation and the maintenance of the
17 units would become jeopardized.

18 Q. But in asking the question I was
19 comparing the stipulation versus the Commission
20 making the decision on the merits of the evidence
21 presented in this case. So what does the stipulation
22 add as far as providing adequate service?

23 A. I think it ensures the pricing that we
24 think is appropriate. The Commission can certainly

1 rule any way it deems appropriate.

2 Q. And the question is when they rule -- if
3 they made a ruling on the merits, would DE-Ohio
4 provide inadequate service?

5 A. No, it would not.

6 Q. If they made a ruling on the merits,
7 would DE-Ohio be providing unreliable service?

8 MR. COLBERT: Objection, your Honor.
9 Mr. Small has now asked a series of questions asking
10 the witness to speculate as to what the Commission's
11 decision in this case might be and compare that
12 speculated decision to the stipulation. You know,
13 the witness has no knowledge of how the Commission
14 might decide the case and what effects that might
15 have on the consumers or the company.

16 MR. SMALL: The testimony in this case --
17 I understand the company's position that they -- what
18 they want out of the Commission in the financial
19 reports they asked from the Commission. What I don't
20 understand in this piece of testimony is why the
21 stipulation is providing this.

22 I understand that the company's position
23 is that the MBSSO that it desires provides for these
24 items. I just don't understand and I want to explore

1 how the stipulation helps and that's what his
2 testimony is about, how the stipulation is an
3 improvement over just a decision on the merits.

4 EXAMINER KINGERY: The objection is
5 overruled.

6 MR. SMALL: I think would you like the
7 last question read?

8 THE WITNESS: Please.

9 MR. SMALL: Could we have that.

10 (Question read.)

11 A. And I don't know.

12 Q. How does the stipulation improve the
13 efficiency of Duke Energy's retail electric service?

14 A. I think the -- as discussed earlier by
15 Mr. Haugh, the use of and recovery of costs related
16 to environmental equipment allows the company to
17 employ lower costs and more efficient means to comply
18 with our environmental regulations.

19 Q. Is that what efficient means? I'm asking
20 what does efficient mean.

21 A. That would be one definition of
22 efficiency.

23 Q. How does the stipulation aid in reducing
24 or eliminating discrimination?

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

(Begin Confidential Portion.)

(End Confidential Portion.)

EXAMINER KINGERY: So should we make that
last answer?

MR. COLBERT: That last answer, that's
right.

EXAMINER KINGERY: Okay.

MR. COLBERT: Thank you.

1 EXAMINER KINGERY: Thank you. As well as
2 your comment.

3 MR. COLBERT: Yes, thank you. Frankly, I
4 didn't anticipate the answer.

5 MR. SMALL: We are all getting an
6 appreciation how difficult this is.

7 EXAMINER KINGERY: Yes.

8 MR. SMALL: We certainly appreciate a lot
9 of that difficulty ourselves.

10 Q. (By Mr. Small) Would you please turn to
11 page 7, line 9 of your testimony. And really the
12 question here is the same as I have been asking,
13 which is I understand that the company's position in
14 this case -- litigation position on what the company
15 wants for pricing, but how does the stipulation aid
16 the reliable, firm generation service for
17 customers -- for consumers that you mentioned?

18 A. Yeah. I think the key phrasing in this
19 particular sentence is for a reasonable price. So,
20 yes, there will continue to be reliable, firm
21 generation at a reasonable market price.

22 Q. Okay. So you are not suggesting that
23 there is going to be unreliable, unfirm generation
24 service if we don't approve the stipulation.

1 A. No. I think the opposite might be true,
2 that not approving the stipulation might lead to an
3 unreasonable market price.

4 Q. Right. I think we are on -- you are
5 concentrating on the second part, but I am asking
6 about the first part. You are not suggesting there
7 is any unreliable, unfirm generation service if we
8 don't --

9 A. Correct.

10 MR. SMALL: Okay. At this point if you
11 will excuse me if I don't do this completely
12 artfully, but I am going to ask that -- ask that the
13 document of clarification of April 9, 2007, that was
14 previously read into the -- read by Mr. Reilly be
15 marked and that -- and let's call that -- I would
16 like it marked as OCC Remand Rider Exhibit --

17 EXAMINER KINGERY: So far we have had
18 only one, but you may be saving some.

19 MR. SMALL: I am saving No. 2 for
20 Mr. Haugh's supplemental testimony, so I would like
21 it marked as 3, please.

22 EXAMINER KINGERY: Yes. It will be so
23 marked Remand Rider 3 OCC.

24 (EXHIBIT MARKED FOR IDENTIFICATION.)

1 Q. Do you have that on the stand?

2 A. I do.

3 Q. Were you present earlier -- I mean
4 earlier, I mean last week when Mr. Whitlock was
5 examined?

6 A. I was.

7 Q. Mr. Whitlock was examined regarding
8 paragraph 8 of the stipulation; is that correct?

9 A. Yes, he was.

10 Q. Is it your understanding that at least
11 partly as a result of that cross-examination, what
12 we've marked as OCC Remand Rider Exhibit 3 was
13 prepared?

14 A. Yes. That's part of it, yes.

15 Q. Now, I have -- sorry we don't have line
16 numbers and so forth so we are going to have to work
17 on this a little carefully. Paragraph 2, for short
18 version I would just call it Exhibit 3, it's OCC
19 Remand Exhibit 3, but Exhibit 3, paragraph 2 on the
20 very first page, I have as a significant part of the
21 clarification here the use of the words "emergency"
22 and "intermittent." Do you see that?

23 A. I do.

24 Q. Could you explain this clarification with

1 respect to emergency, intermittent?

2 A. I think emergency, as Mr. Whitlock
3 described, would be to sudden changes in either the
4 supply or the load side of our equation, meeting the
5 demand, that being could either be caused by a unit
6 being forced out, which happens periodically, or a
7 sudden rise in the load due to weather or other
8 factors. So those would be what I would consider
9 emergency. And then the intermittent means
10 periodically or intermittent opportunity.

11 Q. And those words, as I understand it,
12 provide additional limitations on what the company --
13 how the company would use the assets in addition to
14 the words that were in the stipulation itself; is
15 that -- is that a fair statement?

16 A. Yeah. I think the stipulation quantified
17 kind of emergency as a seven-day kind of period, and
18 I think there was some uncertainty as to could you
19 have periods of time in which you might have a need
20 within seven days and then have another need within
21 seven days from that event.

22 Q. So that you would tack it on and there
23 would essentially be no limitation at all?

24 A. Perhaps, or you could look back at 2006

1 and you might see we had a couple of events where we
2 purchased short-term power two seven-day periods in a
3 row. Infrequent, I think it happened only once or
4 twice in 2006, but it does occur and can occur
5 because, again, emergency isn't, unfortunately,
6 scheduled.

7 Q. One concern that I have about this
8 situation, and I am really referring to the whole
9 interpretation and the cross-examination of
10 Mr. Whitlock, what would prevent -- under the
11 clarification that's represented here, what would
12 prevent the company having overlapping seven-day
13 periods?

14 A. Yeah. I think nothing. For example, if
15 we were forced by an outage at a unit, if we see it
16 as boiler tube leaks, which typically take four to
17 five days to repair, and we go in and we shut down
18 the unit for four or five days, and we see it's more
19 than boiler tubes, something also has happened, coal
20 sludge has built up in the bottom of the boiler, that
21 may take an additional five or six days.

22 Well, you have now come into two
23 consecutive seven-day periods again near term. It's
24 not a long-term usage, but I think we were purposely

1 open to emergencies can happen back to back, and
2 hopefully they don't.

3 Q. Well, I guess that leads to some
4 additional confusion on my part. It says, and now I
5 am at the bottom of page 1 of Exhibit 3 and going to
6 the top of page 2, this has to do with consecutive
7 use of what is referred to as the DENA assets,
8 "DE-Ohio must obtain Commission approval before using
9 such capacity during the second seven-day period."
10 Do you see that?

11 A. And I agree, yes.

12 Q. You would agree to what?

13 A. I agree that's what the --

14 Q. What it says?

15 A. The clarification now is.

16 Q. Oh, okay. Does this approval process
17 that is contained in Exhibit 3 apply to the
18 overlapping seven-day periods we just discussed, or
19 it appears to purport to only be concerning two
20 consecutive -- two consecutive seven-day periods?

21 A. I read the bottom of page 1 during two
22 consecutive seven-day periods. I would agree.

23 Q. Okay. So if you have overlapping, then
24 the company doesn't need approval for that; is that

1 what you are saying?

2 A. Define -- I'm sorry. How you are
3 defining overlapping?

4 Q. Two seven-day periods, part of which
5 include the same days.

6 A. I would consider -- I think anything
7 beyond a seven-day window becomes a second
8 consecutive seven-day, so yes. To the extent you
9 have gone -- we purchased within a seven-day period
10 and we need to purchase what would be an eighth-day
11 relative to the first day we purchased, I would agree
12 that becomes a second seven-day period.

13 EXAMINER KINGERY: In other words, it
14 would take prior Commission approval to use the DENA
15 assets for an eighth day.

16 THE WITNESS: Correct. Once we reach
17 past the seventh day to the eighth day relative to
18 the day we had a purchase, I would consider that a
19 second seven-day period that is now falling under
20 this clarification.

21 Q. Let me explore overlapping a little bit.
22 Wouldn't it be possible to have a capacity purchase
23 for days 1 through 7 and another capacity purchase
24 for days 7 through 13? I am not talking about an

1 eighth day. I am talking about overlapping periods.

2 A. Well, I think if -- your overlap period
3 example being day seven.

4 Q. In this example it would be day seven,
5 but we could come up with a different combination.

6 A. We would assume we had 100 megawatts. We
7 need 100 megawatts on day seven. When we get out to
8 day five or six, we see we no longer have a need for
9 100 megawatts on day seven. We have an additional
10 need for additional 100 megawatts or 200 megawatts on
11 day seven. I consider that to be within the first
12 seven-day window.

13 Now, to the extent 200 megawatts
14 continues to day 8, 9, or 10, I believe day 8 would
15 become a second seven consecutive day and, therefore,
16 would require the Commission approval.

17 Q. So your understanding of this limitation
18 is that the example that I gave of overlapping, not
19 just -- not just tacking, which I mean there is no
20 overlap at all, they are just right next to one
21 another so the two -- tacking I am referring to days
22 1 through 7 and then 8 through 14, that this covers
23 overlapping. When I say this, I mean requiring
24 Commission approval covers overlapping as well as

1 tacking.

2 A. I agree.

3 Q. I am not sure I made that as a statement.
4 That was a question.

5 A. Oh, again, I think that eighth day, the
6 purchases for day eight or later will require
7 Commission approval.

8 Q. Okay.

9 EXAMINER KINGERY: And by the same token,
10 if there were one day in between two purchases, one
11 through seven and then nine, et cetera, it would not
12 require Commission approval.

13 THE WITNESS: That's right. I would say
14 you are talking again -- well, I am going to back up.
15 I don't think -- I apologize. I may have misled you.
16 I do think -- once you have got a time period in
17 between I think you do require -- you do not require
18 Commission approval, so I would say there's a window
19 in there. They are not consecutive periods.

20 Q. Okay. So the new limitation would work
21 for overlapping and for periods that touched, I
22 called it tacking, touched one another, but if there
23 was days one through seven and day eight there wasn't
24 anything, day nine and went on for another week, that

1 wouldn't be covered by this limitation?

2 A. That's not my interpretation. That may
3 be the staff's but that would not be my reading of
4 this document.

5 Q. How do you envision the Commission
6 approval process taking place? Let me continue my
7 question. These assets that would be used according
8 to the provisions that we mentioned earlier for
9 emergency and on an intermittent basis, what I am not
10 following is how something could get Commission
11 approval based on an emergency condition.

12 A. That's certainly a concern. I mean,
13 emergency implies short time frame and literally a
14 number of days, and I think the staff has committed
15 to work with us to get that approval, but it does say
16 Commission approval, not Commission staff approval,
17 and that's, again, putting an additional burden on
18 the Commission.

19 EXAMINER FARKAS: So are you saying you
20 need a Commission order or entry?

21 THE WITNESS: I am going to leave that to
22 the attorney.

23 EXAMINER FARKAS: Okay.

24 THE WITNESS: I apologize.

1 MR. COLBERT: If you want clarification,
2 the answer is, yes, we believe that's what everybody
3 is talking about is you would need a Commission order
4 as the witness said. That's of some concern,
5 frankly, and I will speak for the company here.

6 The reason that we have some comfort is
7 that we believe we are all talking about a situation
8 that has never occurred and is never likely to occur.
9 You know, we have had needs for one day before I
10 believe twice, so we were comfortable agreeing to
11 such a clarification and indeed to the provision in
12 the first instance. These are rare events and we
13 have no expectation that the event we are talking
14 about will ever happen.

15 EXAMINER FARKAS: Well, what would happen
16 in the event that you needed Commission approval and
17 it was Friday, let's say, and the Commission is not
18 going to meet until Wednesday the following week?
19 What happens?

20 THE WITNESS: Yeah, I think --

21 EXAMINER FARKAS: What does the company
22 do?

23 THE WITNESS: I think we need to keep in
24 perspective what the DENA assets are trying to do.

1 Can we acquire assets at a lower cost elsewhere? If
2 we don't have Commission approval, we are going to
3 have to go to the market at whatever cost and that
4 cost is going to be one that we would have said we
5 would have preferred not to, but this -- this
6 clarification, this settlement, and the OCC's
7 objection to that plan altogether is one we would
8 have to -- again, we will have to bear the market
9 price.

10 Q. One other small item. If you could turn
11 to the paragraph 8 that's been the subject of this
12 examination.

13 A. Not the clarification of page 8?

14 Q. No, the actual stipulation. Actually, it
15 doesn't make any difference. It's in both documents.

16 A. It appears in both.

17 Q. Line 2 of paragraph 8 uses the word
18 "purchases." Do you agree with me that's an
19 inappropriate word because there is no purchase
20 taking place here? The assets are owned by DE-Ohio;
21 is that correct?

22 A. I completely agree with you.

23 Q. And the word "purchase" is really not
24 appropriate.

1 A. Yes. I think we are talking about what
2 type and amount of recovery is allowed so.

3 Q. It's a discussion of pricing, not a
4 matter of purchasing because you can't purchase from
5 yourself; is that correct?

6 A. Completely agree.

7 MR. SMALL: Excuse me. I got off my
8 place a little bit when we improvised.

9 EXAMINER KINGERY: That's fine.

10 Q. Turn to page 5 of your testimony. And I
11 am going to refer throughout generally to lines 1
12 through 14 of that page.

13 A. Yes, I have it.

14 Q. Therein you discuss -- basically you go
15 over discussions with various parties regarding the
16 stipulation; is that correct?

17 A. That's correct.

18 Q. Are you familiar with the communications
19 that the company had with OCC regarding proposals for
20 terms of the stipulation?

21 A. I'm familiar with some of them, perhaps
22 not all of them.

23 Q. Does your knowledge -- this part of your
24 testimony refers to far as I can tell the early

1 stages November of 2006. That's found in line 6.
2 Does your knowledge of the -- these discussions
3 extend prior to November of 2006?

4 A. No, it does not.

5 Q. At any point in time do you believe that
6 CG&E provided the OCC with any work papers or other
7 data supporting how it would propose to use the DENA
8 assets -- I don't mean use, price as we discussed
9 earlier?

10 A. We would have -- we would have discussed
11 it in person there in November prior to the -- to the
12 remand. We would have -- we distributed a document
13 with initial proposals shortly thereafter the remand
14 in anticipation of a second meeting. We did not hold
15 that meeting the first week in December. I'm not
16 aware of any other alternatives that were
17 communicated.

18 Q. But my question specifically referred to
19 work papers and other supporting data, not proposals
20 by the company, not, you know, we propose the use of
21 DENA assets or something like that but work papers
22 and data that would give the OCC comfort as far as
23 limited use of DENA assets. Do you recall any
24 communications along those lines?

1 A. Again, when we are forward looking, I
2 don't know how you would -- what kind of work paper
3 you could provide in that type of a discussion so,
4 no, I am not aware of any.

5 MR. SMALL: I would like to try to figure
6 out where we are on our exhibits. 4? I would like
7 to have a document marked as OCC Exhibit Remand
8 Rider 4.

9 EXAMINER KINGERY: It will be so marked.
10 (EXHIBIT MARKED FOR IDENTIFICATION.)

11 Q. Mr. Smith, do you have Exhibit 4 in front
12 of you?

13 A. I do.

14 Q. Were you aware that DE-Ohio signed a
15 stipulation with the OCC and other parties which is
16 shown as OCC Remand Rider Exhibit 4?

17 A. I see Mr. Colbert's signature, yes.

18 Q. But were you aware of before seeing this
19 document there had been a stipulation entered into?

20 A. In the prior year's audit, yes.

21 Q. Would you turn to page 5 of the remainder
22 of paragraph 8 that starts on the previous page. And
23 the last portion of it is a little footnote there at
24 3, and I am going to start reading after footnote 3.

1 "CG&E shall provide OCC with work papers
2 and other data supporting the use of DENA assets as
3 part of the SRT." And that's the portion that I was
4 concerned about. I actually read that to you in my
5 question earlier. Are you saying in response to
6 your -- my earlier question are you saying there was
7 nothing to provide to the OCC? Because this document
8 seems to promise the OCC information.

9 A. Yeah. I think this was if we sought
10 recovery, we would provide. Again, I think that's
11 historical versus prospective view. This would say
12 to the extent we are seeking recovery, we would
13 provide the work papers. I think in terms of the
14 stipulation we are talking about the prospective
15 view. In which case we can determine what
16 documentation and audit trail is appropriate.

17 So I don't -- I don't see this being
18 related to the settlement and what we are proposing
19 today whatsoever. I see this as a request for
20 recovery of an already or preexisting event.

21 Q. How do you square that answer with the
22 fact that the second part of that sentence discusses
23 that proposal and a hearing? Isn't a fair reading of
24 this sentence that the data -- the work papers and

1 other data will be provided in order to provide OCC
2 with comfort prior to an application by the company?
3 And then if the OCC objects, then there will be a
4 hearing. Otherwise, there could be a stipulation.
5 Isn't that a fair reading of that sentence?

6 MR. COLBERT: Objection, your Honor.
7 Objection. This has been answered. The witness has
8 already answered he believes that that -- the data
9 would need to be provided based on an event that has
10 occurred. It's a historical look, and the
11 stipulation we are talking about here and considering
12 is a forward event and would define the type of data
13 that would need to be provided in the event that such
14 an event occurred, and, frankly, we are having a
15 hearing. That's what we are doing.

16 MR. SMALL: There's no dispute we are
17 having a hearing. What we are disputing is whether
18 OCC received the information and whether the company
19 has breached this part of the stipulation.

20 EXAMINER KINGERY: We are going to allow
21 the question.

22 Q. That was a long question.

23 A. Yeah, if you don't mind repeating or
24 reading it back.

1 MR. SMALL: I guess I would like you to
2 reread the question.

3 (Question read.)

4 A. I think the way I would like to
5 characterize it, again, not being a party, not being
6 involved in these discussions a year ago, but the way
7 I would read this is a historical view. Once we
8 sought recovery in an SRT, we would provide the work
9 papers and supporting data as part of the SRT and the
10 hearing that was a part of that filing, which in this
11 case is this particular proceeding.

12 Q. I'm not sure I understand that question.
13 If your interpretation of this is the work papers and
14 data supporting the use of DENA assets which are
15 referred to here is after the fact, then the hearing
16 that's referred to in this sentence would also be the
17 hearing after they were used.

18 A. I agree or when they sought recovery, I
19 agree.

20 Q. Not this hearing but a future hearing.

21 A. Correct, in the recovery hearing which we
22 have annually with this particular rider.

23 Q. What work papers and other data
24 supporting the use of DENA assets would you

1 anticipate the company would be able to provide in
2 that setting? You know, I am using your
3 interpretation now of it. There was some statement
4 earlier that there -- that you didn't know what
5 information could be provided. Now, let's put it in
6 the setting you have in a recovery hearing. What
7 work papers and other supporting -- data support
8 could be provided at that point?

9 A. Right. I think the way I view that, and
10 I think there is a discovery response that provided
11 this answer, but to the extent we received quotes
12 from brokers or from the market, we are relying on
13 the market or specific brokers, we can provide that
14 in the form of an e-mail, instant messaging. We can
15 record voice communications with brokers. I think
16 all of those can become the documentation in support.

17 Q. Well, they can be but will they? I mean,
18 that depends especially on the company recording all
19 those things. Is it your statement that the company
20 will record all those things?

21 A. We don't currently, but to the extent
22 that's the documentation everyone feels is required,
23 I think the company will need to voice record or not
24 seek recovery.

1 Q. That's really what I am asking, is what
2 work papers and other data supporting means in this
3 stipulation.

4 A. I think that's yet to be determined.

5 Q. Well, I guess the problem I am having is
6 that if it's yet to be determined, then when we get
7 there, we won't have the material because it hasn't
8 been recorded. Are there any efforts to record this
9 information?

10 A. Yeah. I think -- now, we are kind of --
11 we need to keep our eyes on what paragraph 8 of the
12 stipulation and the clarification says. There is a
13 part C to that which talks about some other method,
14 and I have to be cautious to tell you here the form
15 of documentation when I don't even know what the
16 ultimate part C may turn out to be, so I can't tell
17 what your documentation is there if I don't know what
18 the pricing mechanism is going to be.

19 Q. Well, I am referring to a stipulation
20 signed in 2005. There was no stipulation, and it
21 hasn't been approved yet so I am asking for what --
22 what the company would provide to satisfy the
23 stipulation that it's already signed and already been
24 approved by the Commission. Are you recommending

1 any -- are you saying that there will be no
2 additional effort to record these things?

3 MR. COLBERT: Objection, your Honor.
4 That mischaracterizes the witness's answer. He's
5 answered that, you know, we could record various
6 price quotes, e-mails, instant messaging. He has
7 given a variety of things. He simply represented
8 that he doesn't know at this time which one will be
9 appropriate because we don't know the pricing
10 methodology.

11 EXAMINER KINGERY: Can you rephrase your
12 question, please?

13 Q. Well, there has been a lot of
14 concentration on the pricing mechanism, but do you
15 anticipate that there would be work papers and data
16 supporting the circumstances under which the DENA
17 assets were proposed to be used?

18 A. Most definitely.

19 Q. That would be recording of what, an
20 emergency and how it was being used in an
21 intermittent fashion?

22 A. Right, any time a unit -- any time one of
23 our generating units is either de-rated, being it
24 comes down partly, or fully has to come off line,

1 shut down completely, I'm -- I believe we file that
2 type information with a variety of agencies, but we
3 certainly keep track of those particular outages.

4 Q. And that information would be provided to
5 the OCC.

6 A. Correct. It would be provided to all
7 parties, correct.

8 Q. I know, but I am reading a stipulation
9 that says it will be provided to the OCC.

10 A. I am sure they would be one of the
11 parties, yes.

12 EXAMINER KINGERY: Mr. Small, how much
13 more do you have, roughly?

14 MR. SMALL: We are very close, very close
15 to the end.

16 EXAMINER KINGERY: Okay.

17 MS. MOONEY: Are we on the record?

18 EXAMINER KINGERY: We are on the record,
19 yes.

20 MS. MOONEY: Can we go off the record?

21 EXAMINER KINGERY: Yes. Let's go off the
22 record.

23 (Discussion off the record.)

24 EXAMINER KINGERY: Let's go back on the

1 record.

2 Q. (By Mr. Small) Now, getting back to the
3 pricing portion of the paragraph A of the
4 stipulation, you say it's unknown what the pricing
5 would be but there are -- under parts A and B there
6 are pricing methods.

7 A. Correct.

8 Q. Is that correct? And the company would
9 be able to document those items; that's not
10 indeterminate; is that correct?

11 A. That's correct. For instance, I think
12 the average -- what's listed here as part B average
13 price of third-party transaction, that could most
14 certainly be a worksheet of either transactions we're
15 incurring that particular month, it could -- it could
16 take a different form to the extent we are purchasing
17 in the market already. Again, that would have
18 flown -- would have come through the SRT in the first
19 place. Therefore, that documentation might be
20 different than an instantaneous price quote we would
21 be receiving.

22 Q. So will the documentation for methods A
23 and B be recorded and available for an after-the-fact
24 inspection?

1 A. Most certainly.

2 Q. And, then, of course, if C was determined
3 at some point, then that additional documentation of
4 whatever it would be would also be recorded and be
5 available to parties for after-the-fact inspection.

6 A. Yeah. I completely agree. What we have
7 to keep in mind here is emergency use of an asset
8 without going to the market and taking on extreme
9 price volatility risk and uncertainty, and to the
10 extent we constrain these too fine, the DENA assets,
11 they will take those to market elsewhere.

12 We have got to be cautious here. The
13 more we constrain this, the little opportunity and
14 value there are to customers. And providing the
15 documentation is fine. I think we're getting a
16 little tight here on the wording, define a specific
17 answer now what you are going to want to pay in
18 August of a year versus May of the year.

19 Q. Now, turning to C, paragraph 8 and C,
20 that is the portion that you said hasn't been
21 determined because there haven't been those
22 discussions and those determinations with staff,
23 correct?

24 A. Yeah. We've -- throughout the

1 negotiation of the settlement process we have opened
2 up the door to all parties to suggest opportunities
3 to price this particular capacity, and we are still
4 open to any suggestions and ideas that people have.
5 I don't want to look at this as one-sided. We are
6 only offering, and people have to take it or leave
7 it.

8 Q. The company has rejected OCC proposals
9 along those lines, have they not?

10 A. I don't know what they proposed regarding
11 the DENA assets other than this. I am not aware of
12 any proposals that they have made.

13 Q. But specifically the reason why I mention
14 paragraph C is that it contrasts greatly with your
15 statement of clarification Remand Rider Exhibit 3 in
16 that it's a staff agreement, whereas, your Remand
17 Rider Exhibit 3, I say yours because the company
18 entered into it, okay, but the top of -- for the end
19 of page 7 of the clarification, it says Commission
20 approval. What is the process for approving this
21 method C under paragraph 8 of the stipulation?

22 A. I think that's still to be worked out.

23 Q. So we've got a hole in the stipulation
24 that doesn't -- doesn't state how this is going to --

1 how this process is going to be worked out?

2 A. No. I disagree. Similar to timing, you
3 know, we could talk about refunds within -- at some
4 point. There's always a little bit of uncertainty as
5 to what you are doing. You need to -- we need to tie
6 down those issues, and I think we will.

7 Q. Well, here is really the question. The
8 company and staff agree upon a price. I suppose we
9 will have to debate whether it's a reasonable price,
10 but they agree upon a pricing method under C. Does
11 the company's interpretation of stipulation paragraph
12 8, provision C mean that you can go ahead and do that
13 now?

14 A. No. I think -- I think this says we
15 haven't come up with the alternative yet pricing.

16 Q. This is a hypothetical, all right? We
17 are in the hypothetical where the company and the
18 staff agree to a pricing method. Is it your
19 interpretation that company can now start pricing --
20 pricing according to that agreement without further
21 approval from the Commission?

22 A. Yeah. If there is a formula determined
23 and approved by this Commission in this proceeding,
24 then, yes.

1 Q. Well, I don't -- I don't think there is
2 going to be a formula determined in this --

3 A. I think I agree with you. I apologize.
4 I think I misspoke. Obviously, it would have to come
5 at a different point in time. The Commission would
6 have to approve that pricing formula.

7 Q. That's your interpretation? I don't see
8 it in the stipulation. That's the question. Your
9 interpretation it would need to be approved by the
10 Commission, not just by -- agreed to by the staff.

11 A. Well, either in advance of those
12 purchases or the next SRT filing, the Commission
13 would have to approve that recovery, yes.

14 MR. SMALL: That concludes my
15 examination. Thank you very much.

16 EXAMINER KINGERY: Thank you very much.

17 Ms. Mooney?

18 MS. MOONEY: Thank you your Honor.

19 - - -

20 CROSS-EXAMINATION

21 By Ms. Mooney:

22 Q. Let me refer you to page 4, line 18 of
23 your testimony where you refer to several
24 organizations representing consumers as parties to

1 the stipulation. Can you tell me what those several
2 organizations representing consumers are?

3 A. I apologize. I can't other than the ones
4 I have signed. I know all parties to this proceeding
5 were invited. I don't know that all of them
6 attended. Certainly some of them did not attend any
7 meetings. Many attended multiple meetings.

8 Q. Well, the way I read the answer, which is
9 different from the question, but the way I read the
10 answer it says the parties to the stipulation include
11 the staff, DE-Ohio, and several organizations
12 representing consumers in the DEO service territory.
13 Do you have a copy of the stipulation as filed, the
14 April 9 stipulation with you?

15 A. I do but not with the signatures.

16 Q. I don't either. My copy also has no
17 signatures. I'm sorry.

18 EXAMINER KINGERY: I have a copy with
19 signatures.

20 THE WITNESS: Thank you.

21 A. Okay. I have it.

22 Q. Do you have a copy of the signed
23 stipulation?

24 A. Correct.

1 Q. Could you tell me for the record who did
2 sign the stipulation besides the staff and the
3 company?

4 A. Yes. The Ohio Energy Group, the Ohio
5 Hospital Association, the City of Cincinnati, People
6 Working Cooperatively, and that's it.

7 Q. And is it your understanding that these
8 are organizations that represent consumers?

9 A. Yes, or their interests, correct.

10 Q. And do you know if all those of the
11 consumers being represented by those signatory
12 parties, if they actually pay the charges that are
13 being adjusted in this proceeding?

14 A. Yeah. I think the members of the Ohio
15 Energy Group, the Ohio Hospital Association,
16 certainly the City of Cincinnati, and the individuals
17 represented benefit from PWC do pay those charges.

18 Q. Now, do you know -- okay. Then at page 5
19 of your testimony on lines 11, 12, 13, you refer to
20 the third settlement discussion that occurred on
21 March 30, 2007. Do you see that?

22 A. I do.

23 Q. Do you know if representatives of the
24 Ohio Energy Group were present at the third

1 settlement discussion on March 30, 2007?

2 A. I think one attended in person and one --
3 a representative attended via phone, I recall.

4 Q. Do you know if a representative of the
5 Ohio Hospital Association was present at the
6 March 30, 2007, settlement discussion?

7 A. I do not recall.

8 Q. Do you know if a representative on behalf
9 of the City of Cincinnati was present at the
10 March 30, 2007, settlement discussion?

11 A. I don't recall.

12 Q. Do you know if a representative of People
13 Working Cooperatively was present?

14 A. I do not believe so.

15 Q. So of the signature -- of the signatory
16 parties that attended the March 30, 2007, settlement
17 conference, the only ones you are certain attended is
18 the Ohio Energy Group besides the -- well --

19 A. In addition to the staff.

20 Q. That represent customers.

21 A. I think that's right. We met on the
22 27th, which I think all of the parties were present.
23 There was a refinement of that particular document on
24 the 30th, a very short meeting on the 30th.

1 Q. And then in that -- your sentence there
2 on the line 14, "The stipulation is a result of those
3 discussions," is that referring to the third
4 settlement discussion or the second one and the first
5 one as well?

6 A. No. It refers to the cumulative total of
7 all discussions.

8 Q. Well, then I would have to go back and
9 ask you do you know with regard to the first
10 settlement discussion whether or not the Ohio
11 Hospital Association, the City of Cincinnati, or
12 People Working Cooperatively were present?

13 A. All were present at the first one.

14 Q. They all were present at the first one?
15 What about the second settlement discussion March 27,
16 2007, do you know if the four groups that signed --
17 the four groups representing consumers that signed
18 the stipulation were present at that settlement
19 discussion?

20 A. No, I do not.

21 Q. And do you remember if the Ohio Energy
22 Group, the Ohio Hospital Association, the City of
23 Cincinnati, and People Working Cooperatively were
24 active participants in the settlement negotiations

1 and discussions at those meetings?

2 A. Very much so, yes.

3 Q. They were?

4 A. At least at the first one, yes.

5 Q. At the first one? What about the second
6 and the third one?

7 A. I don't recall.

8 Q. Mr. Small asked you a few questions about
9 what the stipulation would give you that a Commission
10 decision on the merits would not give you. And my
11 question -- I would like to come back to that. What
12 do you think the purpose of the stipulation is in
13 this case?

14 A. Yeah, I think it's a balancing of the
15 interests given the issues being litigated in this
16 proceeding.

17 Q. But what purpose do you think it serves
18 to have the stipulation presented in the record and
19 offered to the Commission?

20 A. I think it finds -- it determines a
21 reasonable balance acceptable by the parties that
22 sign the stipulation so the company found it
23 acceptable, perhaps not as good an outcome as we
24 would have gotten in a litigated outcome, but we are

1 willing to accept the terms of the stipulation. I
2 can't speak to what the other parties were gaining
3 out of the particular stipulation.

4 Q. Well, I recognize the stipulation
5 represents a bargain. I was just wondering what is
6 the purpose of the stipulation as far as presenting
7 -- recommending it to the Commission.

8 A. I think it resolves a number of issues
9 that they would have been faced with. I think it
10 finds a reasonable outcome for the parties that
11 litigated the issues in the three riders that were
12 documented.

13 Q. And if there were -- if there were no
14 stipulation in this case, do you think the Commission
15 would still make a decision in this case?

16 A. I would hope so, yes.

17 Q. And do you have any reason to believe the
18 Commission's decision would not be reasonable?

19 A. No.

20 Q. And if the Commission were to modify the
21 stipulation, what would be the effect of that
22 modification?

23 MR. COLBERT: Objection, your Honor. It
24 calls for a legal conclusion.

1 EXAMINER KINGERY: Did you mean that to
2 ask about the legal effect or the practical impact?

3 MS. MOONEY: Well, as far as I know, to
4 me his testimony has a lot of legal conclusions in it
5 and the stipulation does have provisions for
6 modification and he's supporting the stipulation, so
7 I am asking him what is his understanding if the
8 Commission modifies the stipulation, what effect that
9 has on the stipulation.

10 EXAMINER KINGERY: I will allow the
11 question.

12 A. Well, I know there are conditions under
13 which the company or the other parties can terminate
14 the stipulation.

15 Q. Now, the three questions that you have
16 asked yourself in your direct testimony, the ones on
17 page 4 -- the one on page 4, line 15, 16, the one on
18 page 5, line 15, 16, and the one on page 6, lines 7
19 and 8, do you know what the origin of those questions
20 is?

21 A. The preparation of my testimony was with
22 the assistance of legal counsel, so I do not know the
23 origin. I do know the answers.

24 Q. Do you know what the Commission's

1 three-pronged test for the reasonableness of
2 stipulations is?

3 MR. COLBERT: Objection, your Honor.
4 This is clearly legal questioning. These are, you
5 know, well known and, you know, long held legal
6 principles with many court cases, Commission cases
7 behind them. The witness is not an attorney.

8 MR. REILLY: Your Honor, we would -- we
9 would join in the company's objection. I think we
10 ought to keep in mind what the purpose of a lay
11 witness not testifying as to legal conclusions -- as
12 to legal matters is and that is the lack of
13 qualifications to do so. He has not been qualified
14 as a legal expert here.

15 MR. SMALL: Your Honor, I would point out
16 his testimony is based around the three-pronged test.
17 I don't see -- I don't exactly know where Ms. Mooney
18 is going, but I can't see how that preliminary
19 question could be objectionable.

20 EXAMINER KINGERY: We are going to allow
21 the question.

22 THE WITNESS: I apologize. Do you mind
23 reading that question?

24 (Question read.)

1 A. I know it's an issue in the remand case.

2 Q. Yes.

3 A. My exposure to the three-pronged test is
4 limited to the remand case and what I have heard
5 discussed there.

6 Q. Is your exposure to the three-pronged
7 test also given in those three questions in your
8 testimony?

9 A. I think many of the issues that were
10 raised in the remand are addressed in these three
11 questions, yes.

12 Q. Do you recognize the three questions in
13 your testimony as the Commission's three-pronged
14 test?

15 A. I've never seen the three-pronged test
16 written out, so I know these are the issues that are
17 discussed and have been discussed in the remand, yes.

18 Q. So you are telling me you did not know
19 that the three questions in your testimony are
20 referred to -- are practically word for word the
21 Commission's three-pronged test for considering the
22 reasonableness of stipulations?

23 MR. COLBERT: Objection, your Honor.

24 A. I didn't see that in my testimony.

1 MR. COLBERT: This has been asked and
2 answered.

3 MS. MOONEY: Well, I mean, I can't
4 believe his answers, so I am giving him the
5 opportunity to give me something I can believe in.

6 EXAMINER KINGERY: We will allow her to
7 ask it one more time.

8 A. No.

9 Q. You really don't?

10 A. I really don't.

11 Q. Okay. Do you know if absent the
12 stipulation in this case the Commission would be
13 considering your answers to those three questions?

14 MR. REILLY: Objection. I don't
15 understand the question myself.

16 MR. COLBERT: Objection.

17 EXAMINER KINGERY: Can you clarify the
18 question?

19 Q. If there were no stipulation -- you are
20 sponsoring the stipulation in this case that was
21 filed April 9, correct?

22 A. Correct.

23 Q. Now, if the Commission were to decide
24 this case in the absence of a stipulation, would

1 those three questions be relevant?

2 MR. COLBERT: Objection --

3 MR. REILLY: Objection.

4 MR. COLBERT: -- your Honor.

5 EXAMINER KINGERY: Sustained.

6 Q. So you are not giving any legal opinion
7 in your testimony at all?

8 A. Not that I am aware of.

9 Q. You are only giving a factual opinion in
10 your testimony?

11 A. I believe so, yes.

12 MS. MOONEY: That's all the questions I
13 have.

14 EXAMINER KINGERY: Thank you.

15 Mr. Neilsen?

16 - - -

17 CROSS-EXAMINATION

18 By Mr. Neilsen:

19 Q. Mr. Smith, I am Daniel Neilsen
20 representing Industrial Energy Users-Ohio. I have
21 just a couple of quick questions for you, I hope.

22 Mr. Smith, are you familiar with a
23 Commission's November 23, 2004, entry on rehearing in
24 Case No. 03-93-EL-ATA, et al., in which it modified

1 and approved Duke Energy - Ohio's current rate
2 stabilization plan?

3 A. I am generally familiar with that order,
4 yes.

5 Q. Okay. Now, specifically at page 13 of
6 the entry on rehearing and other portions of -- in
7 that entry, the Commission made it clear that it
8 would continue to evaluate the reasonableness of the
9 expenditures eligible for recovery through the FPP,
10 SRT, and AAC mechanisms and authorize the amount to
11 be recovered. Would you accept that subject to
12 check?

13 A. Yes, I do.

14 Q. Now, is there anything in the stipulation
15 and recommendation filed in this proceeding on
16 April 9, 2007, which I believe has been marked as
17 Joint Exhibit 1, that would affect the scope or
18 nature of the Commission's ability to review costs
19 eligible for recovery through the FPP, SRT, and AAC
20 mechanisms?

21 A. No.

22 Q. And I have a follow-up question then as
23 well or to exercise discretion regarding the amount
24 recoverable through such mechanisms?

1 A. No, not that I am aware of.

2 MR. NEILSEN: That's all I have, your
3 Honor. Thank you.

4 EXAMINER KINGERY: Thank you. It being 1
5 o'clock why don't we take a lunch break and come back
6 then for any redirect.

7 MR. COLBERT: Thank you, your Honor.

8 EXAMINER KINGERY: Let's come back at 2
9 o'clock.

10 (Thereupon, at 12:56 p.m., a lunch recess
11 was taken until 2:00 p.m. of the same day.)

12 - - -

13

14

15

16

17

18

19

20

21

22

23

24

1 Thursday Afternoon Session,
2 April 19, 2007.

3 - - -

4 EXAMINER KINGERY: Back on the record.

5 MR. COLBERT: Just a preliminary matter.

6 This morning we had off-the-record discussions about
7 producing information previously requested by OCC
8 during the cross-examination of Mr. Whitlock last
9 week. This morning we offered to read that into the
10 record. We were asked to produce it in writing. We
11 have done so.

12 We discussed it with OCC, and they
13 believe this is satisfactory, so I don't know whether
14 it's proper to mark this as an exhibit, but we would
15 tender this for the record -- this information for
16 the record.

17 MR. SMALL: Your Honor, Mr. Colbert has
18 correctly represented, we are satisfied with it. We
19 would like to mark this as an exhibit, and I would
20 suggest an exhibit number that connects it with
21 Mr. Whitlock's supplemental testimony. His testimony
22 I have as --

23 EXAMINER KINGERY: Duke Remand Rider 1.

24 MR. SMALL: No. 2?

1 EXAMINER KINGERY: Yes, the supplemental
2 was No. 2.

3 MR. SMALL: If we would make it 2A.

4 MR. COLBERT: That's fine with us, your
5 Honor.

6 (EXHIBIT MARKED FOR IDENTIFICATION.)

7 EXAMINER KINGERY: Are we to assume, in
8 essence, Mr. Whitlock is sponsoring this information?

9 MR. COLBERT: Yes, this information comes
10 directly from him via e-mail.

11 MR. SMALL: It is being offered as an
12 exhibit as if he responded to the questions in this
13 fashion.

14 EXAMINER KINGERY: That's fine. It will
15 be marked Duke Remand Rider Exhibit 2A, and hearing
16 no objections, I assume, to its admission, will be
17 admitted.

18 (EXHIBIT ADMITTED INTO EVIDENCE.)

19 EXAMINER KINGERY: Did you have any
20 redirect?

21 MR. COLBERT: We don't, your Honor.

22 EXAMINER KINGERY: Thank you. You may
23 step down.

24 (Witness excused.)

1 EXAMINER KINGERY: I believe the next on
2 the docket is staff?

3 MR. REILLY: Thank you, your Honor.

4 MR. COLBERT: We would move Mr. Smith's
5 testimony into evidence. It is Remand Rider Exhibit
6 6. Thank you.

7 EXAMINER KINGERY: Any objections?

8 MR. SMALL: Yes, your Honor. The OCC
9 renews it objection. It was not ruled on or it was
10 held in abeyance, page 4 of Mr. Smith's testimony,
11 basically lines 19 and 20, and the OCC renews its
12 objection and points out that the witness basically
13 was able to identify the information being supplied
14 to the staff but had very vague knowledge as far as
15 the staff's actual work.

16 MR. COLBERT: Your Honor, frankly I don't
17 think that's a fair characterization of his
18 testimony. He answered specific questions. He later
19 answered specific questions about his knowledge of
20 the FPP auditor who is clearly familiar with. He
21 clearly had direct knowledge of the entire audit
22 process and, you know, the testimony, I think, is
23 reasonable based on his actual knowledge.

24 MR. SMALL: This clause has nothing to do

1 with the auditor. It is just staff's review.

2 EXAMINER KINGERY: We will deny the
3 motion to strike, but we will point out that
4 cross-examination did bring out the level of his
5 knowledge on this issue.

6 MR. SMALL: Your Honor, a little more
7 housekeeping regarding Mr. Smith's testimony. The
8 OCC moves for the admission of Remand Rider 3 and
9 4 used during cross-examination.

10 EXAMINER KINGERY: When we rule on that.
11 Were there any further objections to the admission of
12 Duke Remand Rider 6?

13 Then it will admitted.

14 (EXHIBIT ADMITTED INTO EVIDENCE.)

15 EXAMINER KINGERY: As to OCC Remand Rider
16 Exhibits 3 and 4, 3 was clarification of the
17 stipulation and 4 was the stipulation in the prior
18 case. Any objection to the admission of either of
19 those exhibits?

20 They will both be admitted.

21 (EXHIBITS ADMITTED INTO EVIDENCE.)

22 MR. SMALL: For my bookkeeping here what
23 was the number of Mr. Smith's testimony?

24 EXAMINER KINGERY: Remand Rider Exhibit

1 6. Duke Exhibit No. 1 was Mr. Whitlock's testimony.
2 2 was the supplemental testimony --

3 MR. SMALL: I see it now. We are up to
4 6. Thank you.

5 EXAMINER KINGERY: Okay. You may
6 proceed.

7 MR. REILLY: Thank you, your Honor. We
8 call Mr. Richard Cahaan.

9 (EXHIBIT MARKED FOR IDENTIFICATION.)

10 - - -

11 RICHARD C. CAHAAN

12 being first duly sworn, as prescribed by law,
13 testified as follows:

14 DIRECT EXAMINATION

15 By Mr. Reilly:

16 Q. Good afternoon, Mr. Cahaan.

17 A. Good afternoon.

18 Q. I laid before you on the witness table a
19 document entitled Prepared Testimony of Mr. Richard
20 Cahaan, and at the bottom of the document in the
21 bottom right hand part of the document it says date
22 processed and there's a 4-10-07 there. Do you see
23 that document?

24 A. I do.

1 Q. Do you recognize that document,
2 Mr. Cahaan?

3 A. Yes, I do.

4 Q. Could you tell me what it is?

5 A. It was actually a draft of the testimony
6 that I forwarded up in the flurry, and it is my
7 testimony in this case at this time.

8 Q. Do you have -- did you have corrections
9 to that documents?

10 A. Oh, yes, I do. As I indicated, this was
11 not the final-final. I was going to do that
12 clean-up, but in the flurry of things, stuff wasn't
13 cleaned up, and so I apologize for the lack of line
14 numbers, but it's short enough that I think we can
15 make it without it.

16 Question No. 2 in the answers there's
17 parentheses that says, "(by the question staff
18 ????)". That should have been deleted and is simply
19 an indication even at the late date that the staff --
20 there was a certain persistent inclusiveness to get
21 the people on board.

22 In addition, in the same question and
23 answer on the last line the words -- the line says:
24 "does not violate and important regulatory principle

1 or practice." It should have been "any" instead of
2 the word "and."

3 In question No. 3 the last line of the
4 answer should have a period at the end.

5 I think that's it. I hope that's it.

6 Q. With those modifications if I were to ask
7 you the questions that are presented in what has been
8 marked as Staff Remand Rider Exhibit 3, would your
9 answers be the same to those answers as reflected in
10 what has been marked as Staff Remand Rider Exhibit 3?

11 A. Yes.

12 MR. REILLY: With that, your Honor, we
13 offer Mr. Cahaan for cross-examination and offer
14 staff Remand Rider Exhibit 3 subject to
15 cross-examination.

16 EXAMINER KINGERY: Thank you.

17 OCC?

18 - - -

19 CROSS-EXAMINATION

20 By Mr. Small:

21 Q. Good afternoon, Mr. Cahaan.

22 A. Good afternoon.

23 Q. Would you please turn to question and
24 answer 5 in your testimony?

1 A. I see it.

2 Q. And there you state you were responsible
3 for the staff position regarding SRT; correct?

4 A. Correct.

5 Q. You were -- do I take it you were not
6 responsible for staff's position on the AAC?

7 A. The AAC is a complicated thing. I
8 indicated I was responsible for the CWIP policy, but
9 I think most of the other stuff was covered by
10 Mr. Tufts.

11 Q. Is there a staff person responsible for
12 this overall? You state that the staff was -- you
13 were responsible for staff positions regarding the
14 SRT. Is there a staff person responsible to be a
15 lead person for all the writers in this case?

16 A. We can probably furnish somebody if
17 necessary, but no.

18 Q. No, there isn't?

19 A. Well, let me put it this way. What is
20 your question? I'm not sure I understand. Is there
21 anyone addressing the SRT? I can do that. The other
22 calculations have already been addressed. If there's
23 certain policy areas that are missing, I may or may
24 not be able to address them, but I'm not primarily

1 responsible for the other policy areas inside of the
2 AAC.

3 Q. Do I understand from that you are not
4 primarily responsible for any of the riders except
5 for the SRT?

6 A. Yes.

7 MR. SMALL: No further examination.

8 Thank you.

9 EXAMINER KINGERY: Mr. Neilsen?

10 MR. NEILSEN: No questions, your Honor.

11 EXAMINER KINGERY: Redirect?

12 MR. REILLY: No redirect, your Honor.

13 EXAMINER KINGERY: Thank you. You may
14 step down.

15 (Witness excused.)

16 EXAMINER KINGERY: Mr. Small, you were
17 going to call Mr. Haugh, I believe.

18 MR. SMALL: I'm trying to reflect where
19 we are in the schedule. Mr. Sauer will handle that.

20 At this time the OCC calls Michael Haugh
21 to the stand.

22 EXAMINER KINGERY: I want to remind you
23 you remain under oath.

24 (Witness sworn.)

1 EXAMINER KINGERY: I believe we have a
2 pending motion for admission of Mr. Cahaan's
3 testimony. Any objections?

4 It will be admitted.

5 (EXHIBIT ADMITTED INTO EVIDENCE.)

6 MR. REILLY: Thank you, your Honor.

7 - - -

8 MICHAEL P. HAUGH

9 being previously sworn, as per law, testified as
10 follows:

11 DIRECT EXAMINATION

12 By Mr. Small:

13 Q. I know we have been through this
14 recently, but would you state your name and business
15 address.

16 A. It is Michael Haugh, 10 West Broad
17 Street, Suite 1800, Columbus, Ohio 43215.

18 Q. And you are the same Mr. Haugh you were
19 this morning when you testified earlier; is that
20 correct?

21 A. I have not changed.

22 Q. On whose behalf do you appear this time?

23 A. Still on behalf of the Ohio Consumers'
24 Counsel.

1 Q. Do you have your testimony with you on
2 the stand?

3 A. My supplemental testimony. Actually I
4 have both pieces of testimony, so yes.

5 MR. SMALL: I may have neglected -- and,
6 your Honor, I would like to have the supplemental
7 testimony marked as OCC Remand Rider No. 2.

8 EXAMINER KINGERY: Yes, it will be so
9 marked.

10 (EXHIBIT MARKED FOR IDENTIFICATION.)

11 MR. SMALL: I believe it was distributed,
12 but the court reporter doesn't have it so.

13 For the Bench's information, this is a
14 piece of testimony that the OCC stated earlier we
15 would be refileing without redactions.

16 EXAMINER KINGERY: Yes, thank you.

17 Q. Did you say you have your testimony on
18 the stand with you?

19 A. Yes.

20 Q. We just marked that as Remand Rider
21 Exhibit 2. Did you prepare the testimony or have
22 that testimony prepared at your direction?

23 A. Yes.

24 Q. Do you have any changes or corrections to

1 your testimony?

2 A. No.

3 Q. If I asked you the same questions today
4 that are contained in your prepared testimony marked
5 as Remand Rider Exhibit 2, would your answers be the
6 same?

7 A. Yes.

8 MR. SMALL: OCC moves for admission of
9 OCC Remand Rider Exhibit 2 and tenders the witness
10 for cross-examination.

11 EXAMINER KINGERY: Thank you.

12 Mr. Colbert?

13 MR. COLBERT: If I may have just a
14 moment, your Honor.

15 EXAMINER KINGERY: You may.

16 - - -

17 CROSS-EXAMINATION

18 By Mr. Colbert:

19 Q. Good afternoon, Mr. Haugh. How are you?

20 A. Good.

21 Q. Good.

22 MR. COLBERT: Just before I proceed, your
23 Honor, just to clarify, as we said before, no need to
24 go over again cross-examination on the issues already

1 covered.

2 EXAMINER KINGERY: That is correct.

3 MR. COLBERT: Thank you.

4 EXAMINER KINGERY: By the same token, you
5 may if you wish to.

6 MR. COLBERT: Yes. I appreciate that.
7 I'll try to keep that to a minimum.

8 THE WITNESS: I appreciate that.

9 Q. (By Mr. Colbert) Mr. Haugh, this
10 morning -- well, actually, let's start with page 2 at
11 lines 7 through 21 of your testimony opposing the
12 stipulation. Are you there?

13 A. Yes.

14 Q. All right. Now, in this area you
15 criticize the stipulation for the inclusion of the
16 paragraph permitting discussions to arrive at better
17 efforts to agree to make a recommendation regarding
18 post-2008 coal emission allowances and power
19 purchases; is that correct?

20 A. I'd say that's the gist of my argument.

21 Q. And you then say that those issues would
22 be best addressed in the 06-986-EL-UNC case that is
23 our offer to amend the market based stipulation; is
24 that correct?

1 A. Yes.

2 Q. And are you familiar with the audit
3 report of financial and management performance audit
4 of the fuel and purchase power rider of Duke
5 Energy - Ohio dated October 12, 2006?

6 A. Subject to check on the date, yes. Now
7 that you're holding it up, yes, I am familiar with
8 that.

9 Q. Okay. Do you know whether the auditor
10 made a finding that DE-Ohio should be at least
11 preparing or doing something to purchase coal
12 emission allowances, purchase power long-term 2008?

13 A. Yes. I can't remember the exact number
14 but that was a finding and recommendation, I believe.

15 Q. All right. Do you know whether the
16 auditor made a specific recommendation regarding
17 that?

18 A. That would have to be subject to check
19 exactly how he classified that. I know that was
20 mentioned in his report, though.

21 Q. Subject to check would you agree that's
22 finding No. 6 on page 1-8?

23 A. Subject to check.

24 Q. Have you had in your experience with OCC

1 much experience auditing or involved with OCC's
2 policies regarding audit documents such as this in
3 other cases?

4 A. I don't think I understand your question,
5 the policies.

6 Q. For example, in this case you are
7 sponsoring testimony regarding the company's reaction
8 to and treatment of and ultimately the Commission's
9 decision regarding this audit; correct?

10 A. Yes.

11 Q. Okay. Have you done that in other cases?

12 A. Yes.

13 Q. Okay. Do you have a lot of experience in
14 such audits?

15 A. A lot being a subjective term, I would
16 say that I've worked on probably about a half dozen
17 gas cases and this one, I'm trying to think of
18 another one, at least this one and one other case
19 that I handled like this.

20 Q. So six to seven similar cases, something
21 like that?

22 A. Rough estimate, sounds reasonable.

23 Q. Okay. And when an auditor makes a
24 finding and the parties try and address that finding,

1 is it generally the position of OCC that the parties
2 ignore the finding in that case?

3 THE WITNESS: Could you repeat the
4 question, please.

5 (Question read.)

6 A. I think that would depend on what the
7 finding is.

8 Q. Okay. Well --

9 A. We don't have a broad policy saying yes
10 or no to that.

11 Q. Okay. Are you aware in these cases
12 that -- well, these cases represent a consolidation
13 of a number of cases; is that your understanding?

14 A. Yes.

15 Q. And one of those cases is 05-725-EL-UNC.
16 Are you familiar with that case?

17 A. I know that 05-724 and 05-725 are the SRT
18 and FPP cases from '05, and subject to check on that
19 fact, but both of those are covered under this, is my
20 understanding.

21 Q. Okay. And do you know what the
22 06-1068-EL-UNC case is?

23 A. That one -- once again, the same
24 situation, 06-1069.

1 MR. COLBERT: And 1069, I'm not sure
2 which is which but one is the SRT and one is the FPP
3 for 2006.

4 Q. And the auditor has made a finding in
5 05-725 and also the auditor or some auditor will take
6 a look at what the company has done in 06-1068. Do
7 you think that it might be reasonable for the company
8 to try and address the findings made by the Remand
9 Rider in 05-725 so that they don't get criticized in
10 06-1068 later for ignoring it?

11 A. Well, yes, they should. What I'm saying
12 in my testimony, the stipulation doesn't do anything
13 to address this problem. It just said, well, we
14 agree everybody will talk about it later. What I am
15 proposing here is that -- I'm proposing a concrete
16 place that this can be discussed and this can be
17 determined. That's my goal with this question and
18 answers.

19 Q. And you believe there's a qualitative
20 difference in discussing that in the 06-986 case
21 versus the 06-1068 case?

22 A. When I was -- in this question and
23 answer, I am setting up the arena for this to be
24 discussed. There was no suggestion in the

1 stipulation that it would be discussed. I'm saying
2 that I believe this can be taken care of in this
3 docket.

4 Q. And it's your position that the
5 stipulation being discussed in this case does not
6 provide for the discussion of coal purchases,
7 purchased fuel and emission allowances in this
8 docket?

9 A. I apologize. I lent my copy of the
10 stipulation to Ms. Mooney. If I could have a copy of
11 that.

12 Q. Not a problem.

13 A. Thank you. Now, the paragraph 3, which I
14 assume we're referring to in the stipulation, is only
15 suggesting that discussions will occur. And I
16 believe that by including this in the 06-986 case
17 will give a proper place for these discussions to
18 occur for interested parties to weigh in, serve
19 discovery, et cetera, and figure out how this will be
20 handled post-2008.

21 Q. And you don't think they can do that in
22 this case pursuant to the terms and conditions of the
23 stipulation.

24 A. I don't believe so. I believe -- my

1 understanding, the stipulation is just saying that
2 discussions will occur.

3 Q. Well, if you look at the bottom four
4 lines of paragraph 3, it also says that the parties
5 will use their best efforts to agree and make a
6 recommendation regarding the purchase and cost
7 recovery of coal emission allowances and purchased
8 power; is that correct?

9 A. I believe you've read it correctly, but I
10 still believe that the language isn't strong enough
11 in this. I believe that this needs to be a point of
12 serious discussion and debate.

13 Q. Mr. Haugh, moving on to page 4 of your
14 testimony, I believe you address CWIP on that page;
15 is that correct?

16 A. The first sentence just refers to my
17 testimony filed on March 9.

18 Q. Okay. And in that testimony you
19 recommend that as part of its AAC market price not be
20 permitted to collect CWIP.

21 A. Yes, that CWIP should be removed from the
22 calculation of the AAC.

23 Q. Mr. Haugh, have you reviewed Mr. Wathen's
24 testimony in this case?

1 A. Yes, both the initial and supplemental.

2 Q. Have you reviewed the schedules attached
3 to Mr. Wathen's testimony, particularly attachment
4 WDW-1 that's also marked as attachment JPS-4?

5 A. I've reviewed all of his schedules. I
6 would assume that was one if that was attached to his
7 original testimony, yes.

8 Q. Do you have that schedule with you?

9 A. I don't believe I have Mr. Wathen's
10 testimony. No, I don't.

11 Q. While Ms. Schafer is getting that for
12 you, let me ask, do you have the attachment to
13 Mr. Tufts' testimony passed out this morning, LET-1?

14 A. No, I don't have Mr. Tufts' testimony
15 either.

16 MR. COLBERT: Your Honor, we don't have
17 an extra copy. If it's all right, may I approach to
18 look at it with the witness?

19 EXAMINER KINGERY: That would be fine.

20 MR. COLBERT: Thank you.

21 MR. SMALL: Your Honor, I'm not entirely
22 comfortable with this arrangement. We have a copy of
23 Mr. Tufts' testimony, if that's what's needed here.

24 MR. COLBERT: We found it.

1 Mr. Small, you said you have an extra
2 copy of LET-1?

3 MR. SMALL: Of Mr. Tufts' testimony.

4 MR. COLBERT: Yes, he will need page 2 of
5 6. Thank you. I appreciate that.

6 Q. (By Mr. Colbert) I just want to make sure
7 you have the right document. My version of the
8 stipulation and Mr. Tufts' actual testimony didn't
9 have the complete LET-1, and you need page 2 of 6
10 specifically. He amended that this morning and
11 passed it out. I want to make sure you have it.

12 A. Is this it?

13 Q. The numbers are approximately the same.

14 EXAMINER KINGERY: You can look at the
15 Bench copy.

16 MR. COLBERT: We have it. I just want to
17 make sure we are talking about the same thing, thank
18 you.

19 Q. Okay. Thank you for your patience,
20 Mr. Haugh. If you would turn your attention to WDW-1
21 and JPS-4.

22 A. I'm there.

23 Q. Okay. Do you see the column that is
24 marked "as of 6-30-2004"?

1 A. Yes.

2 Q. And, first of all, what can you tell
3 me --

4 MR. SMALL: This has been a little
5 disorganized for us. Can you repeat where you are
6 at?

7 MR. COLBERT: Yes, I'm on WDW-1.

8 MR. SMALL: This is material you provided
9 to the witness.

10 MR. COLBERT: Yes.

11 MR. SMALL: I thought we were on
12 Mr. Tufts'.

13 MR. COLBERT: We are going to compare
14 numbers on the two documents.

15 MR. SMALL: Okay.

16 Q. What numbers are in that column that
17 are -- what does that represent where it says "as of
18 6-30-2004" if you know?

19 A. I can read the first column with the
20 descriptions of what they are and then going across
21 as to what those values are as of 6-30-2004.

22 Q. What do the values represent? What does
23 the value at Net Book Value \$389,416,025 value
24 represent?

1 A. I would assume that it is the net book
2 value of the environmental plant.

3 Q. Did I read that number correctly? Is it
4 a 389 million plus number?

5 A. Yes.

6 Q. If you turn to LET-1, page 2 of 6 --

7 A. I'm assuming the same as stipulation
8 attachment 2, page 2 of 8?

9 Q. Yes, I believe that's correct.

10 A. You pointed me to that earlier.

11 Q. Yes.

12 A. Okay.

13 Q. There's a column there that says at the
14 top 5-31-2006. Do you see that?

15 A. Yes, I see that.

16 Q. Then on line 3 there's a row that's
17 marked Net Plant. Do you see that?

18 A. Yes.

19 Q. And under the 5-31-2006 there's a number.
20 What is that number?

21 A. That's the 5-31-2006 column line 3.

22 Q. Yes.

23 A. 461,405,497.

24 Q. Can you tell me what that number says?

1 A. Once again, not preparing this, I would
2 assume that is the net book value of environmental
3 plant as of 5-31-2006.

4 Q. And how much higher is the net book value
5 of the plant at 5-31-2006, approximately, not to the
6 penny, than it was at 6-30-2004 as shown on
7 Mr. Wathen's schedule?

8 A. 71 to 72 million dollars, it looks like.

9 Q. Uh-huh.

10 A. Subject to check on that.

11 Q. And going back to Mr. Wathen's schedule,
12 do you see the line marked "Total Environmental
13 Plant"?

14 A. Yes.

15 Q. Okay. And do you see again in the
16 6-30-2004 column -- I'm sorry. I gave you the wrong
17 line. See the line marked Construction Work in
18 Progress at 12/31/2003-2004 Additions above the line
19 we discussed.

20 A. Yes.

21 Q. If you go over to the 6-30-2004 line,
22 there are two numbers there. Do you agree they would
23 represent the construction work in progress as of
24 6-30-2004, the two of those numbers combined.

1 A. Once again, I didn't prepare this
2 document, but I would assume those were the values.
3 That's what those values represent.

4 Q. And two of those numbers together are
5 approximately -- what's the total of those two
6 numbers?

7 A. Subject to check, about 175,900,000 and
8 change.

9 Q. And, again, if you go back to LET-1, on
10 line 4 there, Construction Work in Progress, under
11 the 5-31-2006 column, how much construction work in
12 progress does the company have as of 5-31-2006?

13 A. The amount shown on line 4 under
14 5-31-2006 is \$249,891,773.

15 Q. And about how much more construction work
16 in progress is that than this 175 million and change
17 that is represented on WDW-1 at 6-30-2004?

18 A. You're testing my calculating abilities,
19 aren't you?

20 Q. We're almost done.

21 A. That's roughly 74, 75 million dollars,
22 subject to check once again.

23 Q. Fair enough. I'm not looking for exact
24 numbers.

1 So would you agree that upwards -- the
2 company has now made upwards of \$70 million more in
3 investment in environmental plant and has upwards of
4 \$70 million more Construction Work in Progress
5 between 6-30-04 and 5-31-06? Is that your
6 understanding?

7 A. I would say that those increases -- those
8 are just -- those show the differences between WDW-1
9 and LET-1.

10 Q. Uh-huh. And they show the difference in
11 the net -- well, the first number shows the
12 difference in the net plant in service between those
13 dates, environmental plant; is that correct?

14 A. No, there's -- you say the first number.

15 Q. The difference between the 389 million
16 and the 461 million.

17 A. Well, yes, that shows the difference
18 between what LET-1 demonstrates. Once again, I would
19 assume that is the value of 5-31-2006 and WDW-1 shows
20 the value as of 6-30-2004.

21 MR. COLBERT: Okay. Your Honor, I have
22 no more questions.

23 EXAMINER KINGERY: Thank you.

24 Mr. Boehm?

1 MR. BOEHM: No questions, your Honor.

2 EXAMINER KINGERY: Staff?

3 MR. REILLY: Thank you, your Honor.

4 - - -

5 CROSS-EXAMINATION

6 By Mr. Reilly:

7 Q. Good afternoon, Mr. Haugh.

8 A. Good afternoon.

9 Q. I have a few questions for you. You were
10 part of the OCC negotiating team involved with the
11 rider phase of this case; is that not true?

12 A. Yes, I was a member of the case team.

13 Q. As member of the case team, you
14 participated along with others in the Office of
15 Consumers' Counsel in negotiations involving
16 resolution of this case by stipulation, if possible?

17 A. Yes.

18 Q. And those negotiations took place right
19 up until the last day, by the last day I mean
20 April 10, did they not? Do you recall?

21 A. Not sure of the exact dates, but yes, I
22 know there was back and forth amongst different
23 parties up until shortly before. I don't think the
24 stipulation was filed either the day of the hearing

1 or the day before.

2 Q. And OCC was involved in negotiation of
3 the stipulation right up until practically the end.
4 Would that be a fair characterization?

5 A. Subject to check, yes, I believe so.

6 Q. And during that entire time OCC was
7 discussing and presenting proposals as were other
8 parties; is that not true?

9 A. I know the OCC was. I'm not sure of all
10 the proposals that were put together by other
11 parties. I guess I know staff had discussions and
12 the company had proposals, so yes.

13 Q. And are you aware, was OCC given the
14 opportunity to enter the stipulation?

15 A. I believe so.

16 MR. REILLY: May I have a moment, your
17 Honor?

18 EXAMINER KINGERY: Yes.

19 Q. Mr. Haugh, in discussion with this
20 question I don't want you to identify any specific
21 discussions, can you tell me without doing that were
22 any of the OCC proposals adopted into the
23 stipulation, if you know?

24 A. I hesitate because I'm not sure how you

1 would classify the proposals. Some of them were
2 actually the auditor's discussions that OCC supported
3 that other parties may not have, so I don't know if
4 they were ours alone or suggestions from the auditor
5 that got through.

6 MR. REILLY: Thank you, your Honor,
7 that's all.

8 Thank you, Mr. Haugh.

9 - - -

10 EXAMINATION

11 By Examiner Kingery:

12 Q. Mr. Haugh, on the first page of your
13 testimony, the third question, you note there are
14 three prongs that the Commission considers in looking
15 at stipulations, and your testimony addresses the
16 second and third. Is there a reason you don't
17 address the first prong?

18 A. I don't have an opinion on the first
19 prong.

20 EXAMINER KINGERY: Thank you.

21 Any redirect?

22 MR. SMALL: No, your Honor.

23 EXAMINER KINGERY: You may step down.

24 (Witness excused.)

1 MR. NEILSEN: IEU would like to state for
2 the record that they do not oppose the stipulation in
3 this case.

4 EXAMINER KINGERY: Thank you.

5 MR. SMALL: I would like -- OCC has a
6 pending motion to admit OCC Remand Rider Exhibit 2.

7 EXAMINER KINGERY: Yes. Any objections?
8 It will be admitted.

9 (EXHIBIT ADMITTED INTO EVIDENCE.)

10 EXAMINER KINGERY: We don't have a motion
11 yet on the stipulation.

12 MR. COLBERT: We would move the
13 stipulation into evidence, your Honor.

14 EXAMINER KINGERY: Any objections?

15 MR. REILLY: None.

16 EXAMINER KINGERY: It will be admitted.

17 And we would clarify that OCC is going to
18 refile Mr. Haugh's testimony as a public document as
19 we discussed earlier.

20 MR. SMALL: Yes, your Honor. I don't
21 think it has any effect whatsoever on the record.

22 EXAMINER KINGERY: No, I don't.

23 With that, let's go off the record.

24 (Discussion off record.)

1 EXAMINER KINGERY: While we are off the
2 record we discussed the schedule for the filing of
3 briefs in this phase of the hearing as well as the
4 previous phase. We have postponed the replies due on
5 the first phase of the hearing so that instead of
6 being due on Tuesday the 24th, they will now be due
7 on Friday the 27th.

8 With regard to this phase of the
9 hearings, the initial briefs will be due on Thursday,
10 May 17; replies will be due on Wednesday, May 30.

11 MR. SMALL: I believe you said you were
12 going to address the refiling or more extensive
13 filing of the stipulation in the 03-93 docket later
14 on. That's the only thing I have left over that
15 hasn't been addressed.

16 EXAMINER KINGERY: I don't think we
17 decided yet what to do with that. We will do that by
18 entry or by e-mail, one or the other, but you're
19 right, it is outstanding.

20 Is there anything else?

21 (No response.)

22 EXAMINER KINGERY: This case is submitted
23 on the record. We are adjourned.

24 (The hearing concluded at 3:13 p.m.)

1 CERTIFICATE

2 I do hereby certify that the foregoing is a
3 true and correct transcript of the proceedings taken
4 by me in this matter on Thursday, April 19, 2007, and
5 carefully compared with our original stenographic
6 notes.

7 Rosemary J. Anderson/ja
8 Rosemary Foster Anderson,
9 Professional Reporter.

10 Karen Sue Gibson/ja
11 Karen Sue Gibson, Registered
12 Merit Reporter.

13 (KG-4663)

14 - -

A				
AAC 5:11 29:15 29:19 30:17 33:22 34:10 35:1,11,24 36:4,6,20 37:3 37:7,14 38:8 38:13 40:6,11 40:21 41:5,9 42:24 43:17,20 44:5 49:10,16 49:21 50:1,7,8 50:12,16 51:1 51:3 55:8,18 55:22 58:16 59:3,7,14 60:2 60:7,16,23 63:13,19 64:1 64:4 70:9,15 122:10,19 131:6,7 132:2 142:19,22 abeyance 126:10 abilities 62:8 148:18 ability 59:17,20 61:1,19,21 62:1,10 122:18 able 28:5,9 59:24 60:6,8 72:9 79:22 102:1 106:9 126:13 131:24 about 7:8 8:20 9:13 11:15 13:17 14:17,21 14:24 36:8 43:6 45:5,10 46:16 62:12 67:19 71:19 76:2,16,20 77:2 82:2 85:6 88:7 90:24 91:1 94:3,7,14 96:1 99:4,14 100:11 103:13 109:3 114:15 115:5,8 117:2 124:6 126:19 138:16 140:14 144:17 148:7 148:15 above 147:18 absence 120:24 absent 120:11 absorbing 75:5 accept 116:1 122:11 acceptable 17:13 115:21,23 accepted 43:17	according 93:7 109:20 accountants 74:23 78:7 accounted 29:15 accounting 18:15 29:20 30:1,6 32:18 75:1,23 77:19 78:8 accounts 30:3 accuracy 29:18 accurately 12:24 13:1 acknowledge 8:11 acquire 95:1 across 145:20 act 16:6,20 Acting 3:4 active 72:11 73:5 74:20 75:18 77:14 114:24 actively 72:18 75:10 activities 21:6 21:16 28:14,17 28:22 29:5,7,9 29:10 31:22 78:5,8 actual 20:8 95:14 126:15 126:23 144:8 actually 41:11 41:18 46:13 54:15 95:14 99:4 112:12 129:5 134:3 136:10 152:2 add 6:12 35:13 37:20 71:4 79:17 80:22 adding 71:9 addition 13:17 51:23 87:13 113:19 129:22 additional 13:6 28:13,17 31:21 41:13,17 87:12 88:21 89:4 91:9,10 93:17 104:2 107:3 additions 19:7 24:11 147:18 address 18:7,10 23:9 47:18,19 131:24 133:15 138:24 140:8 140:13 142:14 152:17 154:12 addressed 119:10 131:22 136:22 154:15	addresses 152:15 addressing 131:21 adequate 40:10 41:3,6 42:1 80:2,22 adjourned 154:23 adjusted 112:13 Adjustment 1:5 admission 26:24 44:17 48:22,24 65:17,19 125:16 127:8 127:11,18 133:2 135:8 admit 11:9 153:6 admitted 22:5,6 22:12 44:24 45:1 65:20,21 125:17,18 127:13,14,20 127:21 133:4,5 153:8,9,16 ADMTD 4:21 5:1,7 adopted 25:21 151:22 advance 110:11 advanced 12:13 12:16 advice 71:7 affect 10:15 46:13 52:6,10 122:17 Affordable 3:16 after 8:14 10:19 13:14 14:3,9 45:2 49:1 54:22 67:23 72:24 98:24 101:15,17 afternoon 124:1 128:16,17 130:21,22 135:19 150:7,8 after-the-fact 106:23 107:5 again 14:17 38:19,20 59:4 60:18 70:13,16 75:4,23 77:3 77:19 88:5,23 92:5,14 93:17 95:8 98:1 99:10 101:5 106:17 135:24 139:23 147:1 147:15 148:1,9 148:22 149:18 against 55:4 agencies 105:2 ago 52:21 101:6	agree 8:15 20:5 53:14 74:6 79:17 89:11,12 89:13,22 90:11 92:2 95:18,22 96:6 101:18,19 107:6 109:8,10 109:18 110:3 136:17 137:21 140:14 142:5 147:22 149:1 agreed 7:21 110:10 agreeing 94:10 agreement 8:11 108:16 109:20 agrees 9:8 ahead 11:7 39:15 63:7 109:12 aid 82:23 84:15 air 34:18 57:21 57:21 AK 2:13 al 121:24 allow 35:16 100:20 117:10 118:20 120:6 allowance 54:5 allowances 53:7 53:19,22 57:20 58:4 77:15 79:11 136:18 137:12 141:7 142:7 allowed 17:7 96:2 allows 82:16 almost 72:24 148:20 alone 31:2 152:4 along 97:24 108:9 150:14 already 8:4 36:9 44:20 99:20 100:8 103:23 103:23 106:17 131:22 135:24 alternative 53:10 109:15 alternatives 97:16 altogether 95:7 always 109:4 amend 59:14 136:23 amended 144:10 amendments 66:18 America 12:3,9 amongst 150:22 amount 55:18 96:2 122:10,23 148:13	amounts 32:18 analysis 52:3,8 52:9,13 54:4 55:24 Anderson 155:7 and/or 53:7 Ann 2:16 annual 59:3 annually 59:7 72:19 101:22 another 13:4 58:5 87:20 90:23 91:21 92:22,24 138:18 answer 9:14 32:12,15 33:13 33:14 38:15,19 43:2 61:17 76:23 77:7 83:20,21 84:4 94:2 99:21 102:11 104:4 107:17 111:8 111:10 129:23 130:4,24 140:23 answered 28:20 35:5 100:7,8 104:5 120:2 126:18,19 answering 40:4 answers 19:12 26:9,14 48:19 117:23 120:4 120:13 129:16 130:9,9 135:5 140:18 anticipate 17:8 84:4 102:1 104:15 anticipation 97:14 anti-emission 77:15 anybody 9:19 17:18 25:24 anyone 20:21 39:12 131:21 anything 58:10 90:6 92:24 122:14 140:12 154:20 apologize 22:20 78:22 92:15 93:24 110:3 111:3 118:22 129:13 141:9 apparently 11:3 appear 19:11,13 26:7,13,14 48:1 133:22

appearances 2:1 3:1 6:11 appeared 79:9 appears 26:9 89:19 95:16 applicant 33:17 33:21 applicant's 20:6 34:7 application 14:11 29:19 34:1,6 43:19 43:22 49:13 54:15,18,23 59:10 67:7 100:2 applied 16:10 applies 59:21 apply 89:17 appreciate 84:8 136:6,8 144:5 appreciation 84:6 approach 143:17 approached 32:15 34:2 appropriate 32:2 35:1,11,23 36:13,16,21 37:15 38:13,17 39:2 64:7 80:24 81:1 95:24 99:16 104:9 appropriately 21:13 29:15 appropriateness 14:6 29:20,23 36:9 60:1,6 63:24 approval 12:18 59:8 89:8,16 89:24 90:14 91:16,24 92:7 92:12,18 93:6 93:11,15,16,16 94:16 95:2 108:20 109:21 approve 84:24 110:6,13 approved 36:4,6 36:9 37:3 80:8 103:21,24 109:23 110:9 122:1 approving 55:6 85:2 108:20 approximately 45:13 144:13 147:5 148:5 April 1:13 6:2 11:23 46:9	68:10 78:16,24 85:13 111:14 120:21 122:16 124:2 150:20 155:4 area 136:14 areas 131:23 132:1 arena 140:23 argument 55:4 136:20 argumentative 77:6 arise 43:3 arisen 42:20 arises 40:14 arithmetic 29:18 ARMSTRONG 1:21 around 60:13 118:16 arrangement 143:22 arrive 136:16 artfully 85:12 asked 33:1 35:5 37:10 38:5 75:15 78:15 81:9,19 115:8 117:16 120:1 124:10 135:3 asking 32:21 35:9 36:8 43:6 76:16 80:18 81:9 82:19 84:12 85:5 103:1,21 117:7 asset 32:19 107:7 assets 12:2 51:9 51:10,11 87:13 89:7 90:15 93:7 94:24 95:1,20 97:8 97:21,23 99:2 101:14,24 104:17 107:10 108:11 assistance 41:14 44:2,5 117:22 Assistant 2:17 3:6 assisted 69:15 associated 49:14 association 6:22 21:16 112:5,15 113:5 114:11 114:22 assume 51:19 53:24 59:15 91:6 125:7,16 141:14 143:6 146:1 147:2	148:2 149:19 assuming 146:7 assure 29:17 30:16 attached 25:15 25:16,22,23 143:2,6 attachment 143:3 143:4,12 146:8 attachments 24:19 25:5 attend 111:6 attended 111:6,7 113:2,3,16,17 attention 21:7 24:1,15 144:20 attorney 3:3 57:14 77:5 93:22 118:7 Attorneys 3:6 audit 28:13,17 28:22 29:4,7,9 29:10,11,13,17 29:24 30:5,11 30:15,20 31:10 31:21 32:11 34:8,16,20,22 35:6,7,20 36:19 37:6,13 38:4,7,11 39:1 40:17,20 41:9 41:18,21,24 42:2,11,18,21 43:5,16,23 44:3,5 59:23 60:6,10,11,23 62:9,10 63:19 63:21 64:22,24 67:15 69:23 70:3 71:22 72:16 98:20 99:16 126:21 137:2,3 138:2 138:9 audited 57:1,3 58:16,18 auditing 138:1 auditor 40:16 44:3 58:19 59:24 60:5 63:13 72:17,21 74:2,16 79:9 126:20 127:1 137:9,16 138:23 140:4,5 140:5 152:4 auditor's 71:21 72:9 78:20 79:5,8 152:2 audits 42:4,7,15 43:1 58:23 64:18 69:7	70:13 138:14 August 107:18 authorize 122:10 automobiles 41:22 availability 41:22 available 41:8 41:11,13 66:22 106:23 107:5 Avenue 2:21 average 106:12 106:12 avoid 50:4,6,12 avoidable 50:1,8 aware 9:11,18 53:21 54:8 56:15 59:1 69:16 74:3,5 97:16 98:4,14 98:18 108:11 121:8 123:1 139:11 151:13 awareness 74:7 a.m. 1:13 <hr/> B <hr/> B 106:5,12,23 back 33:13 37:22 38:21 45:5,7 54:16 57:18 58:14 63:3 74:23 77:11 78:13 87:24 89:1,1 92:14 100:24 105:24 106:2 114:8 115:11 123:5,8 124:4 147:11 148:9 150:22 background 31:19 badgering 77:5 balance 115:21 balancing 78:9 115:14 bargain 116:5 Barth 2:20 based 57:23 58:7 64:5,8 93:11 100:9 118:16 126:23 136:23 basically 68:19 96:14 126:11 126:12 basis 12:10,11 17:2 37:2 59:3 72:18,20,24 78:5 93:9 bear 73:21 79:19 95:8 bearing 16:13	become 74:5 80:15,17 91:15 102:16 becomes 90:7,12 before 1:1,10 7:3 10:13 12:18 13:5 17:16,16,18 18:12 45:4 70:17 75:2 76:15 89:8 94:9 98:18 128:18 135:22 135:23 150:23 151:1 begin 79:15 83:1 beginning 79:18 begins 45:4 behalf 2:5,9,13 2:19,22 3:8,12 3:16,20 6:15 6:21 8:23 48:1 48:2 113:8 133:22,23 behind 11:20 21:15 118:7 beholders 75:17 being 8:5 11:20 13:7 18:2 23:2 28:23 37:21 38:2 46:22 47:2,13 57:23 60:1,7 66:2 72:24 77:6 87:5,6 91:3 99:17 101:5,5 104:20,23 112:11,13 115:15 123:4 125:11 126:13 128:12 133:9 138:15 141:5 154:6 believe 6:23 7:7 7:14 8:2 13:7 31:8 33:9 36:11 41:3,6,7 42:10,18,23 43:14 44:1,4 45:3 49:11,23 50:5 51:11 55:3,20 56:22 57:22 59:4,11 59:23 60:5,21 65:12,16 68:13 69:6,8 72:7 73:9,12 91:14 94:2,7,10 97:5 105:1 113:14 116:17 120:4,5 121:11 122:16 124:13 126:1
---	--	--	--	---

132:17 133:1 134:11 137:14 140:19 141:2 141:16,24,24 142:9,10,11,14 143:9 146:9 151:5,15 154:11 believes 40:19 100:8 Bell 2:20 Bench 144:15 Bench's 134:13 benefit 112:17 besides 112:2 113:18 best 77:6 79:15 136:22 142:5 better 136:16 between 14:4 28:14 92:10,17 149:5,8,12,15 149:18 beyond 41:17 43:7 77:12 90:7 bit 52:21 77:11 90:21 96:8 109:4 Bloomfield 3:10 board 129:21 Boehm 2:10,10 7:1,1 61:4,5 65:3,4 149:24 150:1 boiler 88:16,19 88:20 book 145:23 146:1 147:2,4 bookkeeping 127:22 books 33:17 34:1 34:7 61:20 both 8:23 14:20 15:19 16:10 26:2,20 29:10 95:15,16 127:20 134:4 139:19 143:1 bottom 88:20 89:5,21 128:20 128:21 142:3 Boulevard 3:19 breached 100:19 break 10:2 17:18 45:4 123:5 Bricker 3:9 brief 11:19 25:2 25:9 briefs 154:3,9 bring 127:4	broad 1:12 2:17 3:7 18:10 23:10 47:20 53:20 133:16 139:9 broker 74:10,11 74:14,19 77:12 brokers 75:21 77:17 102:12 102:13,15 brought 16:18,19 built 88:20 bulk 74:15 burden 93:17 business 18:7,10 23:9 47:18 133:14 buying 57:24 C c 3:13 4:15 5:12 103:13,16 107:2,19,19 108:14,21 109:10,12 128:11 Cahaan 4:15 5:12 9:17 14:16 69:4,6,15 128:8,11,16,20 129:2 130:13 130:21 Cahaan's 69:10 133:2 calculating 21:11 148:18 calculation 30:17 51:1,3 142:22 calculations 33:23 131:22 call 17:19,22 22:14,17 85:15 86:18 128:8 132:17 called 1:13 6:7 40:16 92:22 calls 32:4 47:5 55:9 116:24 132:20 came 10:5 19:2 24:22 69:22 72:11 Campus 3:19 capable 60:22 62:5,5 capacity 12:4,5 12:10,11,14,18 46:12 56:6 89:9 90:22,23 108:3	care 14:12 141:2 carefully 86:17 155:5 carry 76:1 case 1:3 6:7,8 6:12 14:6,7 18:24 19:1 31:8 36:4 54:9 59:13 64:19,22 68:10 69:5 71:2 78:2 80:9 80:21 81:11,14 81:16 84:14 99:15 101:11 115:13 116:14 116:15 119:1,4 120:12,20,24 121:24 127:18 129:7 131:15 136:22 138:6 138:18 139:2 139:16,22 140:20,21 141:5,16,22 142:24 150:11 150:12,13,16 153:3 154:22 cases 1:5 6:9 47:23 60:13,15 63:22 118:6,6 138:3,11,17,20 139:11,12,13 139:15,18 categories 75:17 caused 87:5 cautious 103:14 107:12 Center 2:7,11 certain 14:20 113:17 129:20 131:23 certainly 7:15 9:8,12 11:10 40:14 67:14 80:24 84:8 93:12 105:3 106:14 107:1 111:6 112:16 CERTIFICATE 155:1 certified 31:7 56:11,12,16 certify 155:2 cetera 92:11 141:19 CG&E 41:23 97:6 99:1 chance 10:19 11:10 change 53:24 59:2 148:8,16	changed 133:21 changes 48:10 53:22 66:18 87:3 134:24 characterization 50:17 52:23 126:17 151:4 characterize 101:5 charge 34:10 35:11 63:13,19 charges 30:2,7 64:1 112:12,17 check 13:24 122:12 137:6 137:18,21,23 139:18 147:10 148:7,22 151:5 Chief 3:4 choose 15:10,20 chosen 14:6 Christensen 3:17 3:17,18 6:12 6:14,16,16,17 20:20 61:10 65:6 Cincinnati 2:4 2:12 3:12 69:20 112:5,16 113:9 114:11 114:23 circumstances 104:16 citing 73:22 City 3:12 112:5 112:16 113:9 114:11,22 clarification 5:4 7:14 8:20 9:12 11:16 25:9 28:20 29:23 85:13 86:21,24 88:11 89:15 90:20 94:1,11 95:6 95:13 103:12 108:15,19 127:16 clarifications 11:16 clarify 7:11 11:2 12:6 22:11 62:11 120:17 135:23 153:17 clarifying 7:8 10:24 class 56:21 classified 30:3 137:19 classify 152:1	clause 126:24 clean 34:18 57:21,21 cleaned 129:13 clean-up 129:12 clear 7:19 122:7 clearly 118:4 126:20,21 close 68:15 105:14,14 closer 28:3 Co 2:20 coal 51:14 53:7 53:15,16 57:24 72:23 73:5 77:15 79:11 88:19 136:18 137:11 141:6 142:7 Colbert 2:2 4:8 4:13,18 8:1 9:4,7,23 10:1 12:24 13:4,8 13:13 32:6 36:2,24 37:2 37:19 38:14 39:5,13,18,23 40:2,13,23,24 43:10 44:6 45:12,22,23 46:6,9,18,21 65:15 66:5,21 67:10 77:4 81:8 83:21,24 84:3 94:1 100:6 104:3 116:23 118:3 119:23 120:1 120:16 121:2,4 123:7 124:5,17 125:4,9,21 126:4,16 135:12,13,18 135:22 136:3,6 136:9 140:1 143:16,20,24 144:4,6,16 145:7,10,13 149:21 153:12 Colbert's 98:17 collect 142:20 collecting 58:8 Colleen 3:14 Columbus 1:12,22 2:8,18,21 3:7 3:11,19 18:11 23:11 47:20 133:17 column 144:23 145:16,19 146:13,21 147:16 148:11
---	--	---	--	---

combination 91:5	59:9,13 61:20	computers 41:22	75:9 76:21	144:15
combined 147:24	67:19 71:3	concentrating	77:13,18 87:8	corner 23:22
come 17:16 24:8	72:4,23 73:2	85:5	90:6,18 91:11	Corporation 2:2
45:4 78:11	73:21 75:4	concentration	consideration	correct 7:12
88:22 91:5	78:1 79:17,19	104:14	57:5,10	23:20 27:18,23
104:24 106:18	79:22 80:13	concern 7:18	considered 49:1	33:11 45:23
109:15 110:4	81:15 82:16	88:7 93:12	considering 14:5	46:7 49:22
115:11 123:5,8	84:14 87:12,13	94:4	26:10,15 58:11	50:11,16 54:17
comes 104:24	88:12 89:24	concerned 7:7	100:11 119:21	58:16,17,20,21
125:9	94:5,21 96:19	14:21,24 72:6	120:13	59:10,22 62:2
comfort 94:6	97:20 100:2,18	99:4	considers 152:14	62:3 68:10,11
97:22 100:2	102:1,18,19,23	concerning 10:17	consistent 29:6	69:16 70:4
comfortable 28:9	103:22 106:8	41:15 89:19	Consolidated 1:3	73:1,10 74:18
94:10 143:22	108:8,17 109:8	concession 72:13	consolidation	74:21 76:4
coming 58:1,5	109:17,19	73:19	139:12	85:9 86:8
comment 84:2	112:3 115:22	concluded 154:24	constitutes	90:16 95:21
commercial/in...	117:13 140:6,7	concludes 110:14	70:20	96:5,16,17
50:6	148:12 149:2	conclusion 32:5	constrain 107:10	101:21 105:6,7
Commission 103:24	151:12	35:14 37:1	107:13	106:7,8,10,11
110:10	company's 21:6	55:10 72:11	construction	107:23 111:24
commission 1:1	34:10 49:10,13	116:24	31:23 32:20	112:9 120:21
1:11 6:6 11:18	50:16 58:15	conclusions	33:6 35:23	120:22 131:3,4
12:18 18:14	60:23 67:12	117:4 118:11	50:21,23	133:20 136:2
36:3,10,13	81:17,22 84:13	concrete 140:15	147:17,23	136:19,24
43:18 55:8,17	109:11 118:9	condition 93:11	148:10,11,15	138:9 142:8,15
58:20 59:6,8	138:7	conditions	149:4	146:9 149:13
61:19 62:13,14	compare 81:11	117:12 141:22	consult 41:14	155:3
64:3 80:9,19	145:13	conduct 30:21	consumers 2:15	corrected 5:9
80:24 81:13,18	compared 155:5	31:1,4 40:10	2:17,19 48:2	23:14 24:6
81:19 89:8	comparing 80:19	40:19 41:4,8	50:2,4 68:4	25:13 27:9
90:14 91:16,24	compensated 78:4	41:21 42:2,11	81:15 84:17	correcting 25:17
92:7,12,18	competitive	43:16 44:3,5	110:24 111:2	correction 48:12
93:5,10,16,16	56:10 70:21	59:17 60:12	111:12 112:8	52:23
93:18,20 94:3	complaints 40:3	62:10	112:11 114:17	corrections 19:7
94:16,17 95:2	complete 31:24	conducted 31:9	133:23 150:15	24:11 48:10
108:19 109:21	33:8 144:9	31:16 42:3,20	consumer's 73:16	66:19 129:8
109:23 110:5	completed 50:22	63:22 64:24	79:15	134:24
110:12 115:9	completely 53:13	conducting 42:7	contacted 28:19	correctly 124:18
115:19 116:7	85:11 95:22	42:15 60:22	contain 29:9	142:9 146:3
116:14,20	96:6 105:1	62:9	contained 89:17	cost 33:18 34:20
117:8 118:6	107:6	conducts 59:19	135:4	56:4,5,6,8
120:12,23	completeness	64:22	content 53:15	58:23 72:12
122:7 152:14	67:15	conference	continuation	73:20,21,22
Commission's	compliance 31:23	113:17	6:10 10:11	76:10,22 95:1
33:20 36:11,15	33:6 34:9,17	confidential	continue 52:14	95:3,4 142:6
48:15 60:22	34:24 35:22	45:10 46:1,10	84:20 93:6	costs 29:14,18
81:10 116:18	49:15 55:2	83:1,18	122:8	29:21 30:16
117:24 119:13	56:5 57:16,19	confidentiality	continued 3:1	33:23,24 35:10
119:21 121:23	58:7	46:11	80:12	49:14,21 55:2
122:18 138:8	compliant 34:18	confusion 11:3	continues 91:14	61:20,23 73:5
committed 93:14	complicated	11:20 12:1	continuing 67:4	73:14 74:10,11
communicated	131:7	89:4	contrasts 108:14	74:12,15,17,19
97:17	comply 82:17	connection 16:15	controlling 53:3	74:19,20,22
communications	component 35:1	connects 124:20	Cooperatively	75:1,3,5,7,10
96:18 97:24	35:23 36:21	consecutive	3:21 6:15	75:11,12,15,18
102:15	37:3,15 38:8	12:16 88:23	112:6 113:13	75:20,21 76:7
company 4:21	39:2 49:16	89:6,20,20,22	114:12,23	76:14,17,20
7:21 8:3,9,18	components 52:4	90:8 91:15	copy 8:2 68:24	77:1,2,11,13
8:22 9:5,6,8	77:14	92:19	111:13,16,18	77:14,17,17,18
13:24 14:16	compromise 71:12	consider 26:23	111:22 141:9	78:11 79:14
28:19 32:6,20	72:1	54:7 57:15	141:10 143:17	82:15,17
35:8 54:13,23		58:12 64:3	143:22 144:2	122:18

cost-based 32:3 32:16,22 34:3 counsel 2:15,17 2:19 48:3 68:4 71:7 117:22 133:24 150:15 counted 34:14 couple 63:5 88:1 121:21 course 42:4 72:8 107:2 court 8:2 33:12 46:5 118:6 134:12 cover 46:24 58:4 58:4 covered 15:19 17:4,4 93:1 131:9 136:1 139:19 covers 14:20 91:22,24 CRES 50:4 56:15 56:19 57:5,9 57:15 criticize 136:15 criticized 72:22 140:9 cross 21:20 26:24 40:12,14 40:14 cross-examina... 4:5,7,8,10,10 4:13,14,14,16 4:18,19 10:18 11:11 15:5 16:9,10,12,15 19:16,18,22 26:19,22 27:4 39:17 45:14,15 45:24 48:23 49:1,5 61:14 66:22 67:23 68:1 74:7 86:11 88:9 110:20 121:17 124:8 127:4,9 130:13,15,19 135:10,17,24 150:5 cross-examine 15:2,11,21,22 17:11 cross-examined 14:23 15:3 cross-examining 16:5 crystal 7:19 cumulative 114:6 current 19:1 51:1 56:23 59:1 122:1	currently 56:11 56:12,20 58:18 102:21 customers 50:6,9 73:20 75:4,5 75:13 84:17 107:14 113:20 CWIP 34:24 35:22 36:7 50:15,18 50:20,24 51:4 51:6,8 52:4,6 52:9 55:1,4,8 55:19 56:1 57:11 131:8 142:14,20,21 CWIP-related 52:16 57:15 <hr/> D daily 72:18 76:5 76:9,10 78:3,5 78:8 Daniel 2:6 121:19 Dann 3:2 data 63:23 97:7 97:19,22 99:2 99:24 100:1,8 100:12 101:9 101:14,23 102:7 103:2 104:15 date 18:15 28:14 28:15 29:2 128:21 129:19 137:6 dated 23:15 46:9 50:13 137:5 dates 149:13 150:21 David 3:13 31:11 31:13 day 12:17,19 77:22,23 90:11 90:15,17,17,18 91:1,3,4,7,8,9 91:11,14,14,15 92:5,6,10,23 92:24 94:9 123:11 150:19 150:19,24 151:1 days 12:13,16 87:20,21 88:17 88:18,21 90:5 90:23,24 91:21 92:23 93:14 deal 10:12,20 debate 109:9 142:12 December 73:1	97:15 decide 81:14 120:23 decided 80:9 154:17 deciding 15:11 decision 80:20 81:11,12 82:3 115:10 116:15 116:18 138:9 decisions 16:4 47:1 deem 15:4 deems 81:1 define 90:2 100:12 107:16 defining 90:3 definitely 74:22 104:18 definition 49:12 82:21 deleted 129:18 demand 87:5 demonstrates 149:18 DENA 12:9 89:7 90:14 94:24 97:7,21,23 99:2 101:14,24 104:16 107:10 108:11 deny 127:2 DEO 38:8 111:12 DEO's 29:14 depend 139:6 depends 102:18 deregulated 70:21 described 35:6 52:23 87:3 describes 32:11 describing 70:2 descriptions 145:20 designation 50:21 designed 34:17 desire 10:22 desires 81:23 determination 31:22 determinations 107:22 determine 8:14 8:15 13:21 38:8,24 39:1 52:3,14 55:24 99:15 determined 14:9 65:13 103:4,6 107:2,21 109:22 110:2	140:17 determines 115:20 determining 34:8 34:16 57:16 developed 75:3 developing 57:5 DE-Ohio 4:22 29:19 30:16 35:22 36:21 37:16 41:23 43:19 51:4 66:9 80:5,7 81:3,7 89:8 95:20 98:14 111:11 137:10 DE-Ohio's 30:8 30:13 34:24 67:7 73:5 de-rated 104:23 difference 14:1 95:15 140:20 149:10,12,15 149:17 differences 149:8 different 36:3 40:17 53:7 57:20,21 91:5 106:16,20 110:5 111:9 150:22 difficult 60:11 84:6 difficulty 84:9 direct 4:4,7,9 4:13,16,18,24 5:2,12 18:4 21:7 23:4 24:1 24:14 47:15 66:4,12 117:16 126:21 128:14 133:11 direction 48:8 66:16 134:22 directly 64:20 125:10 Director 3:4 disagree 109:2 discovery 59:17 59:20 102:10 141:19 discretion 122:23 discrimination 82:24 discuss 72:9 96:14 discussed 7:4,5 13:5 14:8 82:14 89:18 97:8,10 119:5	119:17,17 124:12 140:16 140:24 141:1,5 147:19 153:19 154:2 discusses 99:22 discussing 37:23 76:7 140:20 151:7 discussion 14:9 22:10 63:2 79:21 96:3 98:3 105:23 112:20 113:1,6 113:10 114:4 114:10,15,19 141:6 142:12 151:19 153:24 discussions 45:10 96:15 97:2 101:6 107:22 114:3,7 115:1 124:6 136:16 141:15 141:17 142:2 151:11,21 152:2 disorganized 145:5 dispute 14:17 100:16 disputing 100:17 distinction 38:2 distressed 80:15 distributed 97:12 134:11 Division 18:15 docket 126:2 141:3,8 154:13 document 10:7,19 12:19 13:1,11 18:13,19,21 19:2,5,8 23:14 23:23 24:3,8 24:12,16 85:13 93:4 97:12 98:7,19 99:7 106:9 113:23 128:19,20,21 128:23 129:1 144:7 148:2 153:18 documentation 99:16 102:16 102:22 103:15 103:17 106:19 106:22 107:3 107:15 documented 116:12 documents 23:12 26:2 30:2,7,12
--	--	---	---	--

32:19 95:15 129:9 138:2 145:14 doing 57:23 62:5 62:6 74:20 77:6 100:15 109:5 137:11 151:21 dollars 147:8 148:21 domain 47:2 Dominion 2:22 Donchatz 3:17 6:16 done 16:20 59:7 124:11 138:11 140:6 148:20 door 108:2 down 21:23 44:14 65:9 80:1 88:17 104:24 105:1 109:6 125:23 132:14 152:23 dozen 138:16 draft 129:5 Duane 3:3 due 27:22 87:7 154:4,6,6,9,10 Duke 1:3 2:2,5 11:17 12:2,3,4 12:7,8,9,11,14 12:17 49:16 51:1,15 52:5 52:14 54:9 55:1 59:2,21 69:22 82:13 122:1 124:23 125:15 127:12 128:1 137:4 Duke's 12:22 duly 18:2 23:2 47:13 66:2 128:12 during 12:16,18 64:18 68:17 89:9,21 124:8 127:9 151:6 D'Ascenzo 2:3 4:10,11 49:3,6 61:2 64:12,16 65:1 D'Ascenzo's 61:18 63:11	97:9 99:5,6 102:4 133:19 134:14 146:10 153:19 early 96:24 East 1:12 2:3,7 2:11 3:7,19 18:10 23:10 Eckler 3:9 educational 31:18 effect 10:18 116:21 117:2,8 153:21 effectively 36:14 effects 81:14 efficiency 82:13 82:22 efficient 80:3 82:17,19,20 effort 104:2 efforts 103:8 136:17 142:5 eight 92:6,23 eighth 90:15,17 91:1 92:5 eighth-day 90:10 either 8:17 14:12 72:13 74:3 87:3,5 104:23 106:14 110:11 111:16 127:18 143:15 150:24 electric 56:10 70:22 80:4,4,8 82:13 Electricity 18:15 eligible 122:9 122:19 eliminating 82:24 elsewhere 95:1 107:11 emergencies 89:1 emergency 12:10 12:11 86:21 87:1,2,9,17 88:5 93:9,11 93:13 104:20 107:7 emission 52:22 53:6,19,22 54:5 57:19 58:3 79:11 136:18 137:12 141:7 142:7 emissions 51:24 53:3,13 58:4	emitted 51:24 employ 60:3 82:17 end 77:23 83:18 105:15 108:18 130:4 151:3 endeavor 13:14 Energy 1:3 2:2,5 2:13 3:16 7:2 11:17 12:2,3,4 12:7,8,9,12,14 12:17 49:17 51:1,15 52:5 52:14 54:10 55:1 59:2,21 69:22 112:4,15 112:24 113:18 114:21 121:20 122:1 137:5 Energy's 82:13 engage 28:13 engineers 31:7 enough 39:6 62:7 68:15 129:14 142:10 148:23 ensure 64:5,7 ensures 80:23 enter 151:14 entered 30:8,13 98:19 108:18 entertain 79:23 entire 37:7 50:12 126:21 151:6 entirely 40:16 143:21 entitled 67:14 128:19 entry 33:20 36:5 48:15 55:7,16 59:5 93:20 121:23 122:6,7 154:18 environment 70:21 environmental 31:23 33:6 34:9,17,24 35:22 49:15 51:12 55:2 56:5 57:10,16 57:19 82:16,18 146:2 147:2,12 149:3,13 envision 63:20 93:5 equation 87:4 equipment 41:21 41:23 42:1 82:16 Erickson 31:11 31:13,19 69:8	especially 10:13 102:18 essence 125:8 essentially 87:23 establish 43:19 established 37:16 77:12 establishment 54:9 estimate 138:22 estimated 46:12 estimates 32:20 et 92:11 121:24 141:19 evaluate 122:8 evaluation 67:6 even 67:8 103:15 129:19 event 12:14 87:21 94:13,16 99:20 100:9,12 100:13,14 events 88:1 94:12 ever 76:23 94:14 everybody 6:24 8:8 11:2 22:20 94:2 140:14 everyone 8:10 102:22 evidence 22:6 45:1 65:21 80:20 125:18 126:5 127:14 127:21 133:5 153:9,13 exact 51:17 53:23 56:14 137:13 148:23 150:21 exactly 118:17 137:19 exam 16:13 examination 4:4 4:5,7,9,11,13 4:16,18,19 10:15 16:7 18:4 21:1 23:4 47:15 63:9 66:4 95:12 110:15 128:14 132:7 133:11 152:10 examine 15:10,12 59:24 examined 18:3 23:3 47:14 66:3 86:5,7 Examiner 4:19 6:4,19,23 7:3 7:23 8:4,13	9:15,21 11:6 13:2,4,9,16 14:2 15:17 16:1 17:1,8,15 19:19 20:17,21 21:19,22 22:4 22:8,11 25:10 26:4,23 28:2 32:24 33:12 35:16 36:17 37:9,22 38:2 38:18 39:9,12 39:15,21,24 40:22 43:9 44:8,13,20,22 45:2,7,21 46:3 46:8,15,19 47:3,9 48:24 49:3 55:11 61:3,6,8,11 62:11,18,22,24 63:3,7 64:10 65:2,9,12,16 66:23 67:2,22 68:13 77:9 82:4 83:19,23 84:1,7 85:17 85:22 90:13 92:9 93:19,23 94:15,21 96:9 98:9 100:20 104:11 105:12 105:16,18,21 105:24 110:16 111:18 117:1 117:10 118:20 120:6,17 121:5 121:14 123:4,8 124:4,23 125:1 125:7,14,19,22 126:1,7 127:2 127:10,15,24 128:5 130:16 132:9,11,13,16 132:22 133:1 134:8,16 135:11,15 136:2,4 143:19 144:14 149:23 150:2 151:18 152:11,20,23 153:4,7,10,14 153:16,22 154:1,16,22 Examiners 1:11 examining 15:14 example 15:10 31:7 41:22 88:14 91:3,4 91:18 138:6 examples 53:6,8
--	---	---	---	--

except 8:7 132:4 exception 45:13 excerpt 46:10 excess 76:19 exclude 55:19 excluded 50:15 50:18 55:8 56:2 excluding 55:21 excuse 7:1 20:23 85:11 96:7 excused 22:1 44:15 65:11 125:24 132:15 152:24 exercise 122:23 exhibit 8:1,3,5 8:8,9,17 18:17 18:18 19:11,13 19:17 22:3,6 22:12,13 23:19 23:21 24:2,15 24:20,20,22 25:5,6,14,16 25:19,21 26:8 26:10,11,13,14 26:16,21,21 27:8 28:10 29:6 44:19 47:7,10,22 48:18,22 65:18 65:21,23 66:10 85:16,24 86:12 86:18,19,19 89:5,17 98:7 98:10,11,16 108:15,17 122:17 124:14 124:19,20 125:6,12,15,18 126:5 127:14 127:24 128:1,9 130:8,10,14 133:5 134:10 134:21 135:5,9 153:6,9 exhibits 4:21 5:1,7 22:22 44:17 45:1 98:6 127:16,19 127:21 existence 19:3 24:9,22 26:10 26:15 30:22 existing 10:23 exists 12:11 expanding 43:6 expect 16:8 expectation 94:13 expenditures 50:24 51:17	64:4 122:9 expenses 52:16 57:11,15 experience 137:24 138:1 138:13 expert 118:14 expertise 42:10 42:14 explain 69:18 86:24 explained 26:2 explaining 46:24 explanation 25:2 explore 81:24 90:21 exposure 119:3,6 expressed 11:21 extend 97:3 extended 30:17 extensions 60:17 extensive 154:12 extent 28:18 34:5 78:10 80:15 90:8 91:13 99:12 102:11,21 106:16 107:10 extra 143:17 144:1 extreme 107:8 eye 75:16 eyes 103:11 e-mail 102:14 125:10 154:18 e-mails 104:6	78:13 80:22 85:17 96:24 97:22 116:6 117:3 126:14 Farkas 1:10 93:19,23 94:15 94:21 fashion 104:21 125:13 fast 39:6 Fax 1:23 feel 61:18 feels 102:22 fees 74:15 FERC 30:3 few 39:13 53:6 61:16 62:20 64:12 78:6 115:8 150:9 fifth 1:21 2:7 78:19 79:4 figure 98:5 141:19 file 43:19 59:9 59:9 105:1 filed 7:16 11:24 25:12 27:10 28:23 47:2,23 54:13,23 66:12 68:9 111:13 120:21 122:15 142:17 150:24 files 59:14 filing 14:7 28:22 33:21 43:22 60:23 101:10 110:12 154:2,13 fill 77:24 filling 77:23 final-final 129:11 financial 29:10 29:13,24 30:5 30:11,13,15,18 38:11 60:11 63:23 75:22 80:12 81:18 137:3 financially 80:15 find 37:5 38:3 40:18 48:13,15 finding 78:20 79:5,8,10,10 137:10,14,22 138:24,24 139:2,7 140:4 findings 27:22 28:8,10 140:8 Findlay 3:15	finds 115:20 116:10 fine 9:20 47:4 63:7 96:9 107:10,15 125:4,14 143:19 fired 51:14 firm 6:16 84:16 84:20 first 10:5 14:10 14:13 15:11,13 15:21 16:5,12 16:20 17:4,20 18:2 23:2 47:13 50:3,5 66:2 67:4 85:6 86:20 90:11 91:11 94:12 97:15 106:18 114:4,9,13,14 115:4,5 128:12 142:16 145:2 145:19 149:11 149:14 152:12 152:17,18 154:5 five 88:17,18,21 91:8 fixed 32:19 Floor 3:7 flown 106:18 flurry 129:6,12 follow 61:16 following 14:14 26:24 93:10 94:18 follows 11:22 18:3 23:3 47:14 66:3 128:13 133:10 follow-up 122:22 footed 30:17 footnote 98:23 98:24 forced 87:6 88:15 foregoing 155:2 forfeited 15:22 forgone 16:12 forgot 44:18 74:3 form 35:18 38:12 102:14 103:14 106:16 formed 38:5,16 formerly 12:2 formula 109:22 110:2,6 formulate 34:23 35:21 36:20 37:14 67:8	forth 13:12 86:16 150:22 forward 54:5 98:1 100:12 forwarded 129:6 Foster 155:7 found 48:18 97:1 115:22 143:24 foundation 33:10 four 88:16,18 114:16,17 142:3 Fourth 2:3 FPP 58:16,18,23 63:22 70:6,12 70:14 75:5 76:18 122:9,19 126:20 139:18 140:2 frame 60:12,14 70:15 93:13 frankly 7:17 10:8 46:10 84:3 94:5 100:14 126:16 Friday 94:17 154:7 friendly 40:12 40:14 from 6:10 13:11 15:13 29:13 31:9 37:2 46:10 49:12 50:15,18 51:24 55:4,8 58:11 67:12 73:15,20 81:19 87:21 96:4 102:12,12 109:21 111:9 112:17 125:10 132:3 139:18 142:21 152:4 front 20:10,14 23:13 66:8 68:20 98:11 fuel 137:4 141:7 full 25:12 60:10 fully 59:24 60:6 104:24 furnish 131:16 further 9:9 20:16 21:19 61:2 62:17 65:1 109:20 127:11 132:7 Furthermore 46:16 future 34:19 42:24 43:1 79:13 101:20
--	---	---	---	--

G				
G4:12,24 66:1	98:24 100:20	82:15 132:17	62:21 63:6	129:24
gained 72:4	103:18 107:8	132:20 133:8	64:12 65:4,8	improper 16:22
gaining 116:2	107:17 108:24	133:16,18	65:22 66:21,24	improve 82:12
gains 75:12	109:1 110:2	135:19 136:9	67:10,17,24	improvement 82:3
gas 138:17	118:18,20	142:13,23	77:5 81:8	improvised 96:8
gave 91:18	129:11 132:17	144:20 150:7	100:6 104:3	inabilities 62:1
147:16	145:13,20	151:19 152:8	110:18 116:23	inability 27:21
general 3:3,6	147:11 153:17	152:12	118:3,8,15	inadequate 80:7
53:14	154:12	Haugh's 45:19	119:23 121:4	81:4
generally 54:8	gone 90:9	46:22 65:17	123:3,7 124:17	inappropriate
54:11,12,21	good 18:6 19:24	85:20 153:18	125:5,21 126:3	95:19
64:17 96:11	20:1 23:6,7	having 9:10 30:9	126:8,16 127:6	Inc 1:4,21 2:22
122:3 139:1	27:6,7 39:19	88:12 100:14	128:7 130:12	3:21 6:15
generating 69:24	39:20 45:3	100:17 103:5	132:10,12	include 32:19
104:23	49:7,8 66:6,7	hear 17:9 38:18	133:6 134:6	33:23 51:13
generation 49:21	68:5,6 74:24	heard 74:9 119:4	135:14,23	90:5 111:10
51:12 58:1	115:23 128:16	hearing 1:11 6:7	143:16,21	included 29:14
75:2 84:16,21	128:17 130:21	6:10 30:9 47:1	149:21 150:1,3	29:18 30:16
84:23 85:7	130:22 135:19	65:20 99:23	151:17 152:6	33:24 34:9
getting 84:5	135:20,21	100:4,15,17	152:22 153:13	35:11 36:6,7,8
106:2 107:15	150:7,8	101:10,15,17	153:20	51:20 60:1,7
143:11	gotten 115:24	101:20,20,21	Honors 9:7	64:1 74:18
Gibson 155:9	Grant 2:21	102:6 125:15	hope 116:16	including 141:16
gist 136:20	great 8:12	150:24 154:3,5	121:21 130:5	inclusion 36:15
give 22:18 72:5	greatly 108:14	154:24	hopefully 89:2	55:1,4 136:15
97:22 115:9,10	grossed 21:13	hearings 154:9	Hospital 6:22	inclusiveness
120:5 141:17	group 2:13 7:2	hedged 79:13	112:5,15 113:5	129:20
given 60:12	76:4,5 112:4	held 118:5	114:11,22	incorporated
104:7 115:15	112:15,24	126:10	host 6:9	25:22,22
119:7 151:13	113:18 114:22	helps 51:22 82:1	Hotz 2:16	increase 33:22
giving 120:4	groups 114:16,17	her 120:6	housekeeping	59:7
121:6,9	guess 89:3 101:1	hesitate 6:8	127:7	increases 149:7
go 6:4 10:8 11:7	103:5 151:11	151:24	hypothetical	incremental
22:7 39:15		higher 53:15	109:16,17	73:22
45:7 62:24	H	147:4		incurred 33:19
63:3,7 64:4	half 7:1 45:13	him 9:13,19	I	61:20 75:10
65:13 74:1	138:16	13:11 15:3,3	idea 54:1	incurring 106:15
88:17 95:3	hand 128:21	15:10,12,14,21	ideas 108:4	indeed 67:11
96:14 105:20	handle 9:24 14:3	15:22 38:16	IDENTIFICATION	94:11
105:21,24	132:19	117:7 120:4	18:18 22:22	indeterminate
109:12 114:8	handled 138:19	125:10	47:10 65:23	106:10
135:24 147:21	141:20	historical 99:11	85:24 98:10	INDEX 4:1
148:9 153:23	handling 14:18	100:10 101:7	125:6 128:9	indicated 10:4
goal 140:17	happen 89:1	history 54:8	134:10	129:10 131:8
goes 12:20 14:13	94:14,15	hold 67:22 97:14	identified 26:2	indicates 7:16
going 7:3 8:15	happened 88:3,19	holding 137:7	identify 126:13	indication
8:16 9:10,17	happens 16:21	hole 108:23	151:20	129:19
10:8 11:8	87:6 94:19	homeland 49:14	IDFD 4:21 5:1,7	individual 57:7
13:10,19,24	hate 10:2	Honor 6:14,18	IEU 153:1	69:9 77:21
17:6 29:22	Haugh 4:9,17 5:2	8:21 9:16 10:2	IEU-Ohio 2:9	individuals
35:16 36:17	5:3 7:16 14:13	10:21 11:17	ignore 139:2	69:17,19 70:16
38:14 41:11	14:17,18 15:11	13:3,13 15:8	ignoring 140:10	70:17 76:1
43:7 57:18	16:5 17:6,11	16:17 17:14,21	II 1:16	112:16
58:14 67:22	40:15 45:4	19:15 20:23	imagine 16:18	Industrial
70:14 77:4,11	46:20 47:6,12	22:2,16,19	impact 52:4 56:5	121:20
78:14 84:23	47:19,21 49:7	25:1,8 26:5,18	56:7 117:2	information 4:23
85:12 86:16	50:13 52:2	27:2 32:5,7	implication	13:6,10 27:22
89:5 92:14	54:7 56:4,9	36:2 39:8,14	21:13	27:24 28:4,6
93:21 94:18	58:22 59:1,12	40:13,23 43:10	implies 93:13	28:18 33:16
95:2,4 96:11	60:3 61:16	44:7,11,16	important 48:16	34:6 38:11
	63:11 64:9,17	45:11,23 49:2	80:11,13	62:7 73:13,14
		61:7,12 62:16		99:8 100:18

102:5 103:9 105:2,4 124:7 124:15 125:8,9 126:13 134:13 Infrequent 88:3 initial 54:14,15 54:17,22 97:13 143:1 154:9 inputs 73:3 79:16,18 inside 132:1 inspection 31:1 31:3 106:24 107:5 inspections 30:21 31:5,16 install 52:16 installation 51:14 instance 30:1,6 71:2 94:12 106:11 instances 16:10 instant 102:14 104:6 instantaneous 106:20 instead 48:14 53:11 130:1 154:5 intended 12:8 intent 7:11,18 7:22 8:24 9:23 11:19 12:21,23 13:1 intention 46:23 interaction 67:13,20 interest 79:15 interested 141:18 interests 112:9 115:15 intermittent 12:10 86:22 87:1,9,10 93:9 104:21 internal 75:21 77:17,18 internally 76:2 interpretation 88:9 93:2 101:13 102:3 109:11,19 110:7,9 intervene 59:13 59:16 intervenes 59:19 introduction 19:17 22:3 26:20 44:19	invest 52:15 investigation 32:14,16 34:3 40:6,11,20 41:5,15 42:24 44:3 investigations 42:15 investment 34:24 35:22 149:3 invited 111:5 involve 34:8,16 involved 41:15 75:8 101:6 138:1 150:10 151:2 involving 150:15 issue 13:17,21 41:15 119:1 127:5 issues 14:20 42:19 109:6 115:15 116:8 116:11 119:9 119:16 135:24 136:21 item 13:5 15:19 95:10 items 7:4 30:22 36:16 80:11 81:24 106:9	110:10 116:5 121:21 124:5 127:1 134:20 135:13,22,23 140:13 142:1 142:16 144:6 144:16 149:8	124:4,23 125:1 125:7,14,19,22 126:1,7 127:2 127:10,15,24 128:5 130:16 132:9,11,13,16 132:22 133:1 134:8,16 135:11,15 136:2,4 143:19 144:14 149:23 150:2 151:18 152:11,20,23 153:4,7,10,14 153:16,22 154:1,16,22 know 10:6 11:1,4 16:14 20:12 24:21 32:9 34:14 35:14 36:14 38:12 50:1,24 53:2 54:24 55:7,17 56:9 57:4,9,12 57:14 58:8,13 58:22 59:12 60:16 64:21 68:3 70:7,10 70:11 75:16 77:21 81:12 82:11 94:9 97:20 98:2 102:2,4 103:15 103:17 104:5,8 104:9 105:8 108:10 109:3 111:4,5 112:10 112:18,23 113:4,8,12 114:9,16 117:3 117:12,19,22 117:23,24 118:5,5,17 119:1,16,18 120:11 124:13 126:22 133:13 137:9,15,19 139:17,21 145:18 150:22 151:9,11,23 152:3 knowledge 62:4 67:8,11 81:13 96:23 97:2 126:14,19,21 126:23 127:5 known 118:5 Kurt 2:10 7:1 Kurtz 2:10	L 2:14,15 3:14 labeled 27:9 labor 77:18 78:1 lack 27:22 118:12 129:13 laid 128:18 language 142:10 large 76:6,8 largest 75:9 Larry 2:16 last 6:10 25:20 37:23,24 38:21 54:2 67:3 71:20,20 74:8 82:7 83:20,21 86:4 98:23 124:8 129:23 130:3 150:19 150:19 late 129:19 later 8:11,14 10:20 14:3 92:6 126:18 140:10,14 154:13 latitude 42:19 43:2 latter 10:16 law 6:16 18:2 23:2 47:13 66:2 128:12 133:9 lay 118:10 lead 85:2 131:15 leads 89:3 leaks 88:16 least 7:20 13:22 25:19 31:24 35:6 56:21 69:16,20 72:12 86:10 115:4 137:10 138:18 leave 93:21 108:6 left 154:14 legal 32:5 35:14 37:1 55:9 116:24 117:2,4 117:22 118:4,5 118:11,12,14 121:6 lent 141:9 less 12:13,15 76:10 let 15:17 26:11 40:24 41:7 90:21 93:6 110:22 131:19 143:12 letter 46:24 let's 6:4 33:12 38:19 41:4
---	---	--	--	--

45:7 63:3 77:2 85:15 94:17 102:5 105:21 105:24 123:8 136:10 153:23 LET-1 23:23 143:13 144:2,9 146:6 148:9 149:9,18 level 63:24 127:4 levels 52:22 light 14:19 like 7:22,24 8:3 8:10 10:6,12 11:19 15:1,9 17:5,19 21:7 24:1,14 30:22 37:11 39:21 47:6 58:16 77:20,22 82:6 85:16,20 97:21 98:5,6 101:1,4 115:11 124:19 134:6 138:19 138:21 147:8 153:1,5 likely 94:8 Lima 3:14 limit 51:24 limitation 87:23 91:17 92:20 93:1 limitations 87:12 limited 43:5 97:23 119:4 line 46:1,2,2 48:12 50:14 58:14 67:3,4,5 68:18 70:19 71:11 78:19,23 79:4,4 84:11 86:15 95:17 97:1 104:24 110:22 114:2 117:17,18 129:13,23,23 130:3 146:16 146:21 147:12 147:17,17,18 147:21 148:10 148:13 lines 68:19 69:2 80:1 96:11 97:24 108:9 112:19 117:18 126:11 136:11 142:4 list 77:13 listed 106:12	literally 93:13 litigate 59:22 litigated 115:15 115:24 116:11 litigation 84:14 little 28:3 45:2 52:21 77:11 86:17 90:21 96:8 98:23 107:13,16 109:4 127:6 145:4 LLC 2:6 LLP 3:9,18 load 87:4,7 logical 58:13 long 22:21 75:2 100:22 118:5 longer 91:8 long-term 88:24 137:12 look 32:9 37:6 42:19 87:24 100:10 108:5 140:6 142:3 143:18 144:14 looked 55:23 56:23 looking 64:6 98:1 148:23 152:14 looks 147:8 lot 84:8 104:13 117:4 138:13 138:15 lots 31:16 low 57:24 lower 53:14 82:17 95:1 Lowry 2:10 LPA 2:20 Luckey 3:3 lunch 13:15 123:5,10 L'Nard 4:6 5:10 22:17 23:1,10 23:15 M M2 16 made 16:4 33:21 57:2 81:3,6 92:3 108:12 122:7 137:10 137:16 140:4,8 149:2 mainly 60:12 maintenance 80:16 majority 28:21 28:24 29:1	make 7:10,19 8:19 11:7,8,19 15:17 21:12 25:1,8 27:22 31:22 34:18 50:14 79:18 83:19 95:15 116:15 125:3 129:15 136:17 142:5 144:6,11 144:17 makes 138:23 making 8:22 40:15 72:23 79:9 80:20 manage 72:18 75:11 76:10,11 78:3 management 63:21 64:22,24 72:12 73:5 74:20 75:19,22 76:3 77:15 137:3 managerial 77:19 77:20 manages 76:5 managing 76:9 78:6,7 manner 77:8 many 34:9 41:8 42:6 56:9 111:7 118:6 119:9 Marc 3:2 March 18:16 23:15 28:15 47:7 50:14 58:15 112:21 113:1,6,10,16 114:15 142:17 Margard 3:5 mark 124:14,19 marked 7:24 8:3 18:16,18 19:11 22:22 23:19,21 24:2 25:14,19 26:8 47:7,9,10 47:22 65:23 66:9 85:15,16 85:21,23,24 86:12 98:7,9 98:10 122:16 125:6,15 128:9 130:8,10 134:7 134:9,10,20 135:4 143:4 144:24 146:17 147:12,17 market 36:21 37:4,7,15 38:13 46:13 53:18 57:6,17	57:22 64:5,8 70:20 79:12 84:21 85:3 95:3,8 102:12 102:13 106:17 107:8,11 136:23 142:19 markets 75:3 market-based 36:22 37:16 38:9 Mary 3:18 6:17 material 103:7 145:8 matter 1:3 15:19 17:12 20:24 36:12 67:1,9 96:4 124:5 155:4 matters 7:5 17:16 36:7,9 70:12 118:12 may 11:7 15:9 21:22 22:14 25:10 37:10 42:20 43:2,11 44:13 62:22 65:9 85:18 88:21 92:15 93:2 103:16 107:18 125:22 128:5 131:23 131:23 132:13 134:5 135:13 135:15 136:5 143:17 151:16 152:3,23 154:10,10 maybe 10:19 68:15 77:10 MBSSO 39:2 49:17 52:5,10 54:10 54:14,19,24 55:6 74:24 81:23 McNamee 3:6 McNees 2:6 mean 20:8 28:16 29:23 57:3 69:21 82:20 86:3,4 91:19 91:23 93:12 97:8 102:17 109:12 117:1 120:3 150:19 meaning 7:8 12:6 52:6 58:19 means 9:1,3,5 82:17,19 87:9 103:2 meant 10:24	mechanism 103:18 104:14 mechanisms 122:10,20,24 meet 12:4,11,14 94:18 meeting 87:4 97:14,15 113:24 meetings 111:7,7 115:1 megawatts 91:6,7 91:9,10,10,13 member 31:11 150:12,13 members 31:2,5,6 41:17 42:14 62:8 112:14 mention 79:5 108:13 mentioned 30:22 71:12 72:1 84:17 93:8 137:20 mentions 78:20 Merit 155:10 merits 80:10,20 81:3,6 82:3 115:10 messaging 102:14 104:6 met 69:19 113:21 method 103:13 108:21 109:10 109:18 methodology 104:10 methods 106:6,22 Michael 4:9,17 5:2,3 47:5,12 47:19,21 132:20 133:8 133:16 microphone 28:3 39:22 68:14 Migden-Ostrander 2:14 might 41:24 45:3 54:5 79:17 81:11,14,14 85:1,2 87:19 88:1 106:19 140:7 million 76:19 146:4 147:8 148:16,21 149:2,4,15,16 mind 100:23 107:7 118:10 118:22 minimal 75:10
---	--	---	---	---

minimum 136:7 minutes 45:5 62:20 78:6 mischaracterizes 104:4 misled 92:15 missing 80:10 131:23 misspoke 110:4 mistake 25:12 mistaken 60:18 60:20 modification 116:22 117:6 modifications 130:6 modified 121:24 modifies 117:8 modify 116:20 moment 10:12 11:6 22:19 43:18 45:17 53:9 135:14 151:16 month 106:15 Mooney 3:14 4:14 20:18,19 39:10 39:11 65:7 105:17,20 110:17,18,21 117:3 118:17 120:3 121:12 141:10 more 44:7 59:24 60:6 63:21 77:8 82:17 88:18 105:13 107:13 120:7 127:6 148:15 149:2,4,22 154:12 morning 6:1 7:4 10:9 13:6 18:6 19:24 20:1 23:6,7 27:6,7 39:19,20 49:7 49:8 63:15 66:6,7 68:5,6 70:2 124:6,9 133:19 136:10 143:13 144:10 most 7:13 40:13 45:12 61:17 74:22 104:18 106:13 107:1 131:9 motion 65:17 67:1 127:3 133:2 153:6,10 move 14:14 19:17 22:3 26:20 28:3 44:17,19	126:4 153:12 moves 48:21 127:8 135:8 moving 142:13 MP 60:5,10,10 much 58:22 65:10 66:23 76:10 78:1 105:12 110:15,16 115:2 138:1 147:4 148:11 148:15 multiple 111:7 must 12:17 59:7 59:9 89:8 myself 120:15 <hr/> N name 8:14 18:7,9 18:9 23:8 47:17 50:22 133:14 nature 17:9 122:18 near 88:23 necessarily 7:14 53:17 necessary 7:15 12:12,15 40:20 41:21 131:17 need 6:12 7:5 8:16 10:12 17:16,18 40:1 41:13,14 45:15 59:22 72:17 77:10 87:19,20 89:24 90:10 91:7,8,10 93:20 94:3,23 100:9,13 102:23 103:11 109:5,5 110:9 135:23 144:4,9 needed 41:24 75:18 94:16 143:23 needs 9:9 13:23 45:17,18 94:9 142:11 neglected 134:5 negotiating 150:10 negotiation 108:1 151:2 negotiations 72:8 114:24 150:15,18 Neilsen 2:6 4:14 61:6,7 65:5 121:15,18,19 123:2 132:9,10	153:1 net 145:23 146:1 146:17 147:2,4 149:11,12 never 94:8,8 119:15 new 43:20 92:20 news 74:24 next 22:14 65:12 91:20 110:12 126:1 nine 92:11,24 nondiscrimina... 80:3 none 25:16 65:20 75:1 153:15 nonresidential 50:11 normal 16:8 North 12:9 Northern 12:3 Nos 1:3 note 9:16 10:22 152:13 notes 155:6 nothing 62:17 72:24 88:14 99:7 126:24 notice 12:13,16 November 27:11 27:13,20 28:14 28:23 32:10 36:5 55:7 97:1 97:3,11 121:23 number 7:4 34:14 36:7 56:14 76:8 93:14 116:8 124:20 127:23 137:13 139:13 146:3,4 146:19,20,24 149:11,14 numbers 6:8,8 14:6 21:10 35:8 56:1 76:15,16 86:16 129:14 144:13 145:14,16 147:22,24 148:4,6,24 numerous 31:16 41:10 Nurick 2:6 <hr/> O O 2:3 oath 132:23 object 16:11,14 35:12 38:14 40:12 43:4 55:9 77:4	objection 9:12 11:4 17:3 32:4 32:7 33:9,11 35:2,2,13 36:1 36:1,2,3,23,24 37:18,19,20,24 39:5 44:22 46:21 65:19 81:8 82:4 95:7 100:6,7 104:3 116:23 118:3,9 119:23 120:14 120:16 121:2,3 126:9,12 127:18 objectionable 118:19 objections 10:7 17:9 22:4 125:16 126:7 127:11 133:3 153:7,14 objects 100:3 obligated 15:2 obtain 12:17 28:5,5 89:8 obviously 63:1 76:10 110:4 OCC 5:1 13:22 14:13 16:8 27:1 36:8 47:5 47:7 48:18,21 48:22 54:24 55:3 59:12,16 59:19 60:3,8 60:11 65:18 85:16,23 86:12 86:18 96:19 97:6,22 98:7 98:15,16 99:1 99:7,8 100:1,3 100:18 105:5,9 108:8 124:7,12 126:8,11 127:8 127:15 130:17 132:20 134:7 134:14 135:8,9 137:24 139:1 150:10 151:2,6 151:9,13,22 152:2 153:5,6 153:17 occasion 69:20 occur 64:18 88:4 88:4 94:8 141:15,18 142:2 occurred 15:5 94:8 100:10,14 112:20 OCC's 46:23 95:6 138:1	October 137:5 off 22:7,8,10 60:19 62:24 63:2 96:7 104:24 105:20 105:21,23 153:23,24 154:1 offer 13:12 19:16 26:19 37:8,17 130:13 130:13 136:23 offered 11:14 37:21 56:24 115:19 124:9 125:11 offering 11:1 57:6 108:6 offers 56:22 57:2 office 48:2 74:23 150:14 offices 69:22 off-the-record 124:6 Oh 20:10 51:10 51:10 89:16 92:5 129:10 Ohio 1:1,4,12,13 1:22 2:4,5,8 2:12,13,15,18 2:19,21 3:3,7 3:11,15,16,19 6:6,22 7:2 11:17 12:4,7,8 12:17 18:11,15 23:11 47:20 51:15 52:14 56:11,12,16 59:2,21 68:4 112:4,4,14,15 112:24 113:5 113:18 114:10 114:21,22 133:17,23 137:5 Ohio's 12:2,12 12:14 49:17 51:1 52:5 54:10 55:2 69:22 70:21 122:1 okay 14:2 17:15 17:19 23:18 24:14,21,24 37:12 39:15 41:2,7,16 42:6 43:15 44:1,21 47:4 61:24 62:4 67:2 68:12,14 69:21 70:1 79:1
--	---	---	--	--

83:23 84:22 85:10 89:16,23 92:8,20 93:23 105:16 108:18 111:21 112:18 120:11 122:5 128:5 137:9 138:11,13,23 139:8,11,21 142:18 144:19 144:23 145:15 146:12 147:15 149:21 OKEY 1:21 once 59:4 88:3 90:16 92:16 101:7 139:23 147:1 148:1,22 149:18 one 14:13 15:4 23:13 25:16 35:4 36:18 39:2 40:2 48:12 49:16 55:17 58:1 67:1 69:8,20 74:22 77:21 78:9 82:21 85:18 88:7 91:20 92:10,10 92:22,23 94:9 95:4,7,10 104:8,22 105:10 113:2,2 114:4,5,13,14 115:4,5,6 117:17,17,18 120:7 138:17 138:18,18,18 139:15,23 140:2,2 143:6 154:18 ones 111:3 113:17 117:16 one-sided 108:5 ongoing 80:14 only 25:15 29:17 59:7 85:18 88:3 89:19 108:6 113:17 121:9 141:14 154:14 on-site 30:21 open 89:1 108:4 opened 108:1 operating 58:9 operation 80:16 operational 12:5 12:12,15 opinion 14:1 34:23 35:10,18 35:21 36:20	37:14,21 38:5 38:12,17 40:10 40:19 42:13 55:16 56:4 57:13 59:5 60:24 61:22,24 62:10 67:9,14 121:6,9 152:18 opportunities 108:2 opportunity 10:13 11:11 59:13 79:12 87:10 107:13 120:5 151:14 oppose 59:20 153:2 opposed 14:15 55:1 opposing 10:10 136:11 opposite 85:1 opposition 45:20 order 14:8,12 28:6 36:12,15 55:16 59:5 93:20 94:3 100:1 122:3 organizational 75:23 organizations 110:24 111:2 111:11 112:8 origin 117:19,23 original 57:18 143:7 155:5 other 6:9 10:3 14:23 15:6 17:16 21:15 23:18,21 31:2 31:5,6 39:3 41:23 42:3,14 48:13,15 52:4 52:7,10 58:19 69:9 71:1,3 72:10 74:17,19 74:22 75:7 87:7 90:13 95:10 97:6,16 97:19 98:15 99:2 100:1 101:23 102:7 103:2,13 108:11 111:3 116:2 117:13 122:6 131:9,21 132:1 138:3,11 138:18 151:7 151:10 152:3 154:18 others 16:18 150:14	Otherwise 100:4 ought 118:10 ourselves 84:9 out 8:1 37:6 38:4 40:18 56:22 58:2,5 76:1 77:23,24 81:18 87:6 91:7 98:6 103:16 108:22 109:1 116:3 118:15 119:16 126:12 127:3,4 141:19 143:13 144:11 outage 88:15 outages 105:3 outcome 32:17 115:23,24 116:10 outside 40:16 44:2 58:19,19 63:13 outstanding 28:1 154:19 outweigh 75:11 over 12:1 26:11 42:6 54:2 68:17 72:7 82:3 96:15 135:24 147:21 154:14 overall 131:12 overlap 91:2,20 overlapping 88:12 89:18,23 90:3,21 91:1 91:18,23,24 92:21 overruled 40:22 43:9 55:11 77:9 82:5 Owen 3:18 Owens 6:17 own 16:22 71:6 owned 12:3 95:20 owns 51:15 O'Brien 3:10 61:8,9 o'clock 123:5,9 O-D 48:14 O-F 48:14 <hr/> P <hr/> P 4:9,17 5:2,3 47:5,12,19,21 133:8 page 4:3 20:2 30:22 45:13 46:1,2 48:12 49:12 50:14	58:14 64:2 67:3 68:7,18 69:2 70:18 71:11,22 78:21 79:2,24 84:11 86:20 89:5,6 89:21 95:13 96:10,12 98:21 98:22 108:19 110:22 112:18 117:17,17,18 117:18 122:5 126:10 136:10 137:22 142:13 142:14 144:4,9 146:6,8 152:12 paper 98:2 papers 97:6,19 97:21 99:1,13 99:24 101:9,13 101:23 102:7 103:2 104:15 paragraph 7:9 11:20,22 12:6 12:7,20 71:15 71:20,21 72:3 78:16,20,22,23 78:23 79:2 86:8,17,19 95:11,17 98:22 103:11 106:3 107:19 108:14 108:21 109:11 136:16 141:13 142:4 parentheses 129:17 part 7:13 10:16 25:15 27:21 29:24 30:5,11 30:15,20 31:21 32:1,10 34:22 35:19,20 36:19 37:6,7,13 38:4 38:7,13 52:7 59:11 69:23 70:3,24 71:20 72:4,5 73:16 73:18 76:17 85:5,6 86:14 86:20 89:4 90:4 96:23 99:3,22 100:19 101:9,10 103:13,16 106:12 128:21 142:19 150:10 participants 114:24 participated 150:14	participating 69:7 particular 7:8 15:4,12 31:18 31:23 78:2 84:19 101:11 101:22 105:3 106:15 108:3 113:23 116:3 particularly 7:16 42:18 143:3 parties 7:11,18 7:18 8:23,24 10:3,13,22 11:1,9,16 12:1 13:19 14:4,23 15:2 25:18 45:9 72:10 79:21 96:15 98:15 105:7,11 107:5 108:2 110:24 111:4 111:10 112:12 113:16,22 115:21 116:2 116:10 117:13 138:24 139:1 141:18 142:4 150:23 151:8 151:11 152:3 partly 86:11 104:24 Partners 3:16 parts 77:2 106:5 party 9:13 15:9 15:13 101:5 passed 8:1 75:4 75:13,24 143:13 144:11 past 41:5 56:23 56:24 57:2 90:17 patience 144:19 Paul 2:2 4:12,24 66:1 pay 46:13 107:17 112:12,17 pending 19:17 65:17 133:2 153:6 penny 147:6 people 3:20 6:15 40:3 68:8 108:4,6 112:5 113:12 114:12 114:23 129:21 per 133:9 percent 31:24 33:8 50:3,5,8 50:10,10
--	--	--	--	--

percentages 50:9	95:20 96:8	postponed 154:4	previous 98:22	process 59:2
performance	106:19 140:16	post-2008 73:3	154:4	89:16 93:6
63:21 64:22,24	141:17 150:18	79:12,18	previously 6:11	108:1,20 109:1
80:14 137:3	placed 23:12	136:18 141:20	28:9 29:7	126:22
performed 29:5,7	51:23	potential 12:2	52:24 85:14	processed 128:22
40:17 52:2,8	plan 1:4 95:7	79:13	124:7 133:9	procuring 79:15
52:13 54:4	122:2	power 51:23,24	price 36:21 37:4	produce 124:10
55:24 70:13	planned 57:11	53:11 79:11	37:15 38:13	producing 124:7
perhaps 8:17	plant 30:22 31:1	88:2 136:18	43:20 46:13	Professional
73:23 79:14	31:16 34:18	137:4,12 142:8	49:10,17 50:16	155:8
80:16 87:24	51:23 52:1	practical 117:2	53:15,21,24	progress 50:23
96:21 115:23	53:11,12 58:2	practically	54:24 55:6	147:18,23
period 12:19	146:2,17 147:3	119:20 151:3	57:6,16,23	148:10,12,16
87:17 89:9	147:5,13 149:3	practice 43:18	58:1,7,13 59:3	149:4
90:9,12,19	149:12,13	130:1	59:14,21 70:20	project 31:24
91:2 92:16	plants 51:12,14	practices 32:20	84:19,21 85:3	projects 33:6
130:4	please 9:7 11:6	72:21	95:9 97:8	34:9,15,17
periodically	18:8 22:9	preceding 33:13	104:6 106:13	35:1,23
87:6,10	34:12 47:17	preclude 15:13	106:20 107:9	promise 99:8
periods 12:17	52:18 55:13	preexisting	108:3 109:8,9	prong 152:17,19
87:19 88:2,13	70:18 77:13	99:20	142:19	prongs 152:14
88:23 89:18,20	79:24 82:8	preferred 95:5	prices 54:2,5	proper 11:4
89:22 90:4	84:10 85:21	prejudice 16:11	pricing 46:12	124:14 141:17
91:1 92:19,21	104:12 130:23	preliminaries	54:13 56:18	properly 30:3,8
permit 12:8	139:4	68:18	58:6 80:23	30:13,17
permitted 142:20	plus 146:4	preliminary	84:15 96:3	proportionality
permitting 36:15	point 7:11 55:17	66:24 118:18	103:18 104:9	76:14,17,24
136:16	85:10 97:5	124:5	104:14 106:3,4	proposal 99:23
persistent	102:8 107:3	preparation	106:6 109:10	proposals 96:19
129:20	109:4 110:5	117:21	109:15,18,19	97:13,19 108:8
person 67:11	118:15 127:3	prepare 13:11	109:20 110:6	108:12 151:7
97:11 113:2	142:11	19:5 28:6 48:7	primarily 75:22	151:10,12,22
131:11,14,15	pointed 146:10	134:21 148:1	131:24 132:4	152:1
personal 67:8,11	points 126:12	prepared 9:14	primary 41:12	propose 71:4
personally 31:4	policies 138:2,5	24:10,23 27:12	principle 129:24	97:7,20
personnel 28:19	policy 131:8,23	27:20 45:12	principles 118:6	proposed 20:6
41:8	132:1 139:9	47:6,22 48:4,8	prior 28:22 29:1	29:14 33:17
persons 41:12	portfolio 72:18	48:11,18 66:15	43:16 60:16	34:10 54:19
person's 77:22	75:11 76:5	86:13 128:19	90:14 97:3,11	104:17 108:10
perspective	78:6,9	134:22 135:4	98:20 100:2	proposing 7:10
29:13 67:12	portion 11:14	preparing 29:5	127:17	99:18 140:15
94:24	45:16,24 51:5	48:16 137:11	probably 13:15	140:15
phase 15:4,6,12	51:7,8 52:10	147:1	131:16 138:16	prospective
15:13,14,15,16	52:10 75:2	prescribed 18:2	problem 25:17	99:11,14
15:21,23 16:5	76:6,22 77:22	23:2 47:13	79:19 103:5	provide 12:3
16:7,20,21,22	83:1,18 98:23	66:2 128:12	140:13 141:12	13:14 80:7
16:24 17:3,4	99:3 106:3	present 62:9	problems 15:7	81:4 87:12
17:11,12 37:8	107:20	63:15 73:9	30:9	98:3 99:1,7,10
150:11 154:3,4	portions 13:18	86:3 112:24	proceed 128:6	99:13 100:1
154:5,8	14:19 48:13,15	113:5,9,13,22	135:22	101:8 102:1,13
phases 14:20	122:6	114:12,13,14	proceeding 10:16	103:22 141:6
15:20	position 31:14	114:18	11:21 19:12	provided 13:7
phone 113:3	69:4 71:4	presented 16:16	24:7 32:3,17	25:20 67:19
phrasing 84:18	81:17,22 84:13	16:23 73:13	32:23 34:4	97:6 100:1,9
physical 29:10	84:14 131:3,6	74:7 80:21	54:22 101:11	100:13 102:5,8
30:20,21 31:10	139:1 141:4	115:18 130:7	109:23 111:4	102:10 105:4,6
41:21 42:1	positions 70:6,9	presenting 116:6	112:13 115:16	105:9 145:8
piece 10:24	131:13	151:7	122:15	provider 50:4
81:20 134:14	positive 55:15	pretty 60:17	proceedings 1:9	57:15
pieces 134:4	possible 90:22	prevent 58:11	11:24 31:17	providers 56:10
place 6:7 28:22	150:16	88:10,12	66:13 155:3	56:16,19 57:5
29:1 79:7 93:6				57:9

provides 81:23	33:2,13,14	R	150:20	99:20 101:8,18
providing 80:22	34:11,13 35:15	raise 7:17	received 13:11	101:21 102:6
81:7,21 107:14	35:17 37:11	raised 119:10	28:17 100:18	102:24 110:13
provision 94:11	38:16,19,22,23	range 54:1	102:11	122:9,19 142:7
109:12	41:1 43:11,13	rare 94:12	receiving 106:21	Recross 64:11
provisions 93:8	52:18,19 55:13	rate 1:4 20:6,7	recent 61:17	Recross-Exami...
117:5	55:14 57:7	20:8,12 21:6	recently 133:14	4:11 64:15
public 1:1,11	58:10 71:8	21:11,16 32:16	recess 45:6	redaction 45:18
3:4 6:6 11:18	75:15 76:13,13	32:22 34:3	123:10	redactions
18:14 46:14,22	76:24 77:7	54:19,23 64:18	recognize 24:3	134:15
47:2 153:18	80:18 81:2	64:21 122:1	24:16 116:4	redirect 4:5,11
PUCO 3:8	82:7,10 84:12	rates 64:5	119:12 129:1	21:1 44:9,10
Pultz 55:3	92:4 93:7	rather 72:19	recommend 58:15	62:19 63:6,9
purchase 90:10	97:18 99:5,6	reach 28:9,10	142:19	123:6 125:20
90:18,22,23	100:21,22	90:16	recommendation	132:11,12
95:19,23 96:4	101:2,3,12	reaction 138:7	5:5 11:23	152:21
137:4,11,12	104:12 109:7	read 10:7,14,19	40:15 50:15	reduce 52:22
142:6	110:8 111:9	11:15 12:24	52:3 63:12,18	53:12 55:18
purchased 72:24	115:11 117:11	33:13,14 34:13	71:22 72:3,10	77:21
88:2 90:9,11	118:19,21,23	35:15 37:22	72:16 73:24	reduced 55:22
141:7 142:7	118:24 120:15	38:1,21,23	79:10 122:15	reducing 82:23
purchases 72:23	120:18 122:22	43:12,13 48:14	136:17 137:14	reduction 55:21
73:6 92:6,10	129:16,17,22	52:19 55:14	137:16 142:6	75:12
95:18 110:12	130:3,23	69:10 82:7,10	recommending	refer 74:14 80:2
136:19 141:6	131:20 138:4	85:14,14 89:21	103:24 116:7	96:11 110:22
purchasing 53:11	139:4,5 140:17	99:4 101:3,7	reconsider 10:18	110:23 112:19
58:3 73:3	140:22 151:20	111:8,9 118:24	record 4:23 6:5	references 46:4
79:11 96:4	152:13	124:9 139:5	7:4,6,10,22	46:6,12
106:16	questioned 73:15	142:9 145:19	10:9 11:13,15	referred 68:7
purport 67:7	questioning	146:3	13:6 15:1,9	70:17 74:16
89:19	72:17 118:4	reading 33:19	18:7 22:7,8,10	89:7 97:18
purports 67:6	questions 9:14	93:3 98:24	23:9 25:11	101:15,16
purpose 21:5,15	9:19 19:10	99:23 100:5,24	32:10 33:10	119:20
115:12,17	20:16,19 26:7	105:8 118:23	45:8 47:17	referring 27:12
116:6 118:10	26:12 28:19,20	reads 11:22	62:12 63:1,2,4	31:10 54:18
purposely 88:24	38:1,4 39:7,11	really 8:8 60:24	102:15,20,23	68:9 70:1 88:8
purposes 62:12	39:13 40:5	61:22 62:4	103:8 104:2,5	91:21 103:19
pursuant 47:1	42:20 43:2,6	84:11 88:8	105:17,18,20	114:3 141:14
141:22	44:7 48:17	95:23 103:1	105:22,23	refers 71:21
pushed 60:18	61:2,5,7,9,10	109:7 120:9,10	106:1 112:1	96:24 114:6
put 7:22 18:12	61:18 62:13	reask 40:24	115:18 124:4	142:16
38:16 102:5	63:6,12 64:13	reason 16:18	124:10,15,16	refile 46:24
131:19 151:10	65:1,4,5,6,7,8	27:19 33:19	153:2,21,23,24	153:18
putting 93:17	74:9 77:8	46:11 57:14	154:2,23	refiling 134:15
PWC 112:17	78:15 81:9	60:21 73:23	recorded 103:8	154:12
p.m 123:10,11	115:8 117:15	94:6 108:13	106:23 107:4	refinement
154:24	117:19 119:7	116:17 152:16	recording 102:18	113:23
Q	119:11,12,19	reasonable 84:19	104:19	reflect 11:14
qualifications	120:13 121:1	84:21 109:9	records 32:18,19	15:1,9 21:13
118:13	121:12,21	115:21 116:10	33:18 34:7	132:18
qualified 118:13	125:12 126:18	116:18 126:23	recover 49:14	reflected 130:9
qualitative	126:19 130:7	138:22 140:7	52:15 75:1	reformulate
140:19	132:10 135:3	reasonableness	recoverability	37:10
qualities 53:7	149:22 150:1,9	64:3 118:1	74:10	refunds 109:3
quantified 87:16	quick 20:24	119:22 122:8	recoverable	regard 7:22
quarterly 72:19	60:17 121:21	reasonably-pr...	122:24	14:11 15:5
76:11	quite 10:8 60:19	80:3	recovered 49:21	16:5 21:6
question 9:13	quote 49:12 64:2	recall 40:6	122:11	114:9 154:8
16:22 20:3	106:20	63:11 73:16	recoveries 76:18	regarding 8:17
32:12,12 33:1	quotes 102:11	97:23 113:3,7	recovery 34:10	40:5 42:17
	104:6	113:11 115:7	73:20 82:15	52:4,9 54:4
			96:2 99:10,12	57:19 61:17

63:12,12 67:9 68:16 69:1,2,5 70:6,9,20 74:10 86:7 96:15,19 108:10 122:23 127:7 131:3,13 136:17 137:16 138:2,7,9 142:6 Registered 155:9 regular 10:11 regulations 34:18 57:21,22 82:18 regulatory 129:24 rehearing 33:20 36:5 48:16 49:13 55:7,17 59:6 121:23 122:6 Reilly 3:5 4:4,5 4:7,10,16,19 7:7,13,24 8:7 8:21 9:8,16,22 10:4,21 11:13 13:3 15:8,24 16:3,17 17:2 17:14,19,21 18:5 19:15 20:23 21:2,18 21:24 22:2,7 22:14,16 23:5 25:1,8,11 26:5 26:6,18 32:4 33:9 35:2,4,12 36:1,23 37:1 37:18,20 44:10 44:16,21 61:12 61:15 62:16 65:8 85:14 118:8 120:14 121:3 126:3 128:7,15 130:12 132:12 133:6 150:3,6 151:16 152:6 153:15 rejected 108:8 related 49:22 51:11 78:15 82:15 99:18 relative 90:11 90:17 relevance 16:9 35:4,13 relevancy 37:21 relevant 15:15 121:1 reliable 80:2 84:16,20	rely 70:24 71:1 relying 102:12 remain 46:1 132:23 remainder 98:21 remand 1:5,16 4:21 5:1,7 8:5 22:12 23:19,21 24:2,15,20,20 24:21 25:4,4,5 25:14,19 26:8 26:9,10,13,14 26:15,20,21 44:17,19 65:18 66:9 85:16,23 86:12,19 97:12 97:13 98:7,16 108:15,16 119:1,4,10,17 124:23 125:15 126:5 127:8,12 127:15,24 130:8,10,14 134:7,20 135:5 135:9 140:8 153:6 remember 114:21 137:13 remind 132:22 removal 52:6 removed 142:21 renews 126:9,11 reorganize 77:10 repair 88:17 repeat 12:20 52:17 55:12 139:3 145:5 repeated 34:12 repeating 100:23 rephrase 33:4 104:11 replies 154:4,10 report 71:23 72:16 74:4 137:3,20 reporter 8:2 33:13 134:12 155:8,10 reports 81:19 represent 45:12 45:17 68:4 112:8 113:20 139:12 145:17 145:22,24 147:23 148:3 representation 9:9 representative 9:2,4 113:3,4 113:8,12 representatives 8:22 112:23	represented 13:23 88:11 104:7 112:11 112:17 124:18 148:17 representing 110:24 111:2 111:12 114:17 121:20 represents 67:16 67:18 72:12 77:21 116:5 request 99:19 requested 4:22 124:7 requests 27:24 require 44:2,5 91:16 92:6,12 92:17,17 required 102:22 Requirement 5:11 requirements 12:5,12,15 requiring 91:23 reread 101:2 residential 50:3 50:10 56:21 resolution 14:4 150:16 resolve 13:20 resolves 116:8 resources 40:10 41:4,6 respect 87:1 respectful 77:8 responded 69:14 125:12 response 75:14 99:5 102:10 154:21 responsibility 25:12 responsible 69:4 70:5,8 131:2,6 131:8,11,13,14 132:1,4 responsive 75:14 restate 37:10 result 45:18 58:1 86:11 114:2 resulted 12:1 54:9 retail 2:22 56:10 70:21 80:4,7 82:13 return 20:6,7,12 21:7,11 34:23 35:21 51:4 revenue 5:11 50:19	review 11:10 21:5 29:19 32:1 33:15 69:2 122:18 127:1 reviewed 28:18 56:18 57:1 142:23 143:2,5 revisit 17:5 Richard 4:15 5:12 128:8,11 128:19 Rick 6:21 rider 1:5,16 5:1 5:7 8:5 10:11 22:12 33:22 65:18 66:9 85:16,23 86:12 98:8,16 101:22 108:15,17 124:23 125:15 126:5 127:8,12 127:15,24 130:8,10,14 134:7,20 135:5 135:9 137:4 140:9 150:11 153:6 riders 116:11 132:4 right 8:13 10:1 15:22,24 17:1 20:11 33:3,8 39:5 68:16 76:21 77:16 78:13 79:24 83:22 85:4 91:20 92:13 102:9 104:22 109:16 113:21 128:21 136:14 137:15 143:17 144:7 150:18 151:3 154:19 right-hand 23:22 Rinebolt 3:13 rise 87:7 risk 79:20 107:9 Rocco 2:3 room 1:12 8:8 10:3,5 22:20 74:23 Rose 71:2 Rosemary 155:7 Ross 55:3 Rough 138:22 roughly 105:13 148:21 row 88:3 146:16 Royer 2:20,20 RR-1 47:8,22 48:19,22	RR-2 27:8 28:11 28:15 29:6 rule 81:1,2 127:10 ruled 126:9 rules 16:9 ruling 67:23 81:3,6 run 79:13 running 53:10,12 <hr/> S safe 80:2 Sally 3:10 same 14:22 19:12 26:9,12,14 36:1 37:2,19 37:20 47:21 48:17,19 78:5 79:7 84:12 90:5 92:9 123:11 129:22 130:9 133:18 135:3,6 136:4 139:23 144:13 144:17 146:7 Sanders 2:20 satisfactory 124:13 satisfied 124:18 satisfy 103:22 Sauer 2:16 4:5,7 4:9,11 19:20 19:23 20:16 21:19,21 27:2 27:5 32:8 33:3 33:5 35:9 37:5 37:12,23 39:7 40:5,12 43:4 47:5,16 48:21 49:2 55:9 62:20,23 63:5 63:10 64:9 65:22 132:19 Sauer's 38:21 saving 85:18,19 savings 78:1 saying 16:2,4,14 28:21 62:6 69:15 74:2 90:1 93:19 99:5,6 104:1 139:9 140:11 141:1 142:1 says 33:21 48:13 89:4,14 103:12 105:9 108:19 109:14 111:10 128:21 129:17 129:23 142:4 145:17 146:13
---	---	---	---	---

146:24 Schafer 143:11 schedule 132:19 143:8 147:7,11 154:2 scheduled 88:6 schedules 36:6 55:23 143:2,5 Schwartz 73:8,12 Schwartz's 73:9 scope 29:4,6 32:11,13,23 33:15 35:6,7 38:10 40:5 42:17 43:7,7 122:17 Scott 1:10 scrubber 51:19 51:21,22 52:21 scrubbers 51:14 52:15,16 53:3 seal 45:16 sealed 13:19,24 second 12:19 15:14,15,16,23 16:7,13,21,22 16:23 17:3,11 17:12 22:18 24:3,16 25:3 85:5 89:9 90:7 90:12,19 91:15 97:14 99:22 114:4,15 115:5 152:16 Section 3:4,4 secure 79:18 security 49:14 see 13:24 18:19 23:15,23 70:22 71:13,23 78:21 80:5 86:22 88:1,15,18 89:10 91:8 98:17 99:17,19 110:7 112:21 118:17,18 119:24 128:3 128:22 131:1 144:23 146:14 146:15,17 147:12,15,17 seeing 98:18 seek 59:8 102:24 seeking 51:4 99:12 seem 10:11 73:12 76:23 seems 99:8 seen 10:4 70:16 119:15 self-explanatory 50:23	sell 57:17 semi-annually 72:19 sense 32:9 79:18 sentence 67:5,5 67:16 84:19 99:22,24 100:5 101:16 114:1 142:16 separate 14:18 series 81:9 serious 142:12 serve 141:18 serves 115:17 service 36:22 37:16 38:9 56:10 70:22 80:4,5,8,22 81:4,7 82:13 84:16,24 85:7 111:12 149:12 Session 6:1 124:1 set 57:22 75:2 78:15 sets 13:11 setting 102:2,6 140:23 settlement 72:8 79:21 95:6 99:18 108:1 112:20 113:1,6 113:10,16 114:4,10,15,18 114:24 seven 12:13,16 12:17,19 87:20 87:21 91:3,4,7 91:9,11,15 92:11,23 138:20 seventh 2:11 90:17 seven-day 87:17 88:2,12,23 89:9,18,20,22 90:4,7,8,9,12 90:19 91:12 several 70:16 110:23 111:1 111:11 shareholders 73:21 sheets 77:23,24 short 60:12 86:17 93:13 113:24 129:14 shortage 41:20 shorthand 16:3 shortly 97:13 150:23	short-term 12:4 72:22,23 88:2 show 149:8,10 shown 98:16 147:6 148:13 shows 149:11,17 149:19 shut 88:17 105:1 side 72:14 87:4 sign 20:22 112:2 115:22 signatory 112:11 113:15 signature 98:17 113:15 signatures 111:15,17,19 signed 8:10 98:14 103:20 103:23 111:4 111:22 114:16 114:17 significant 42:14 86:20 similar 40:18 63:21 70:14 74:13 109:2 138:20 similarly 78:7 simply 33:18 40:17 104:7 129:18 simultaneously 70:14 since 25:19 single 67:5 site 69:17,18,21 Sites 6:20,21,21 situation 88:8 94:7 139:24 six 88:21 91:8 138:20 size 75:16 76:15 slightly 36:3 sludge 88:20 small 2:15 4:13 4:16,18 10:2 13:17,22 16:8 19:20 45:9,11 45:16 46:16,23 66:24 67:3,17 67:24 68:2,4 68:13,15 76:22 81:9,16 82:6,9 84:5,8,10 85:10,19 95:10 96:7 98:5 100:16 101:1 105:12,14 106:2 110:14 115:8 118:15 124:17,24	125:3,11 126:8 126:24 127:6 127:22 128:3 130:20 132:7 132:16,18 133:12 134:5 134:11 135:8 143:21 144:1,3 145:4,8,11,15 152:22 153:5 153:20 154:11 Smith 4:4,12,24 5:8 9:10 14:12 14:16 17:22 18:1,6,9,12,14 19:24 21:3,24 65:14 66:1,6,8 66:21 67:6,10 68:3 69:8 98:11 121:19 121:22 Smith's 126:4,10 127:7,23 some 7:5,17 8:16 8:19 11:3,20 11:24 12:1 13:6 14:3,9,17 16:15 27:22,24 40:4 42:10 45:10 68:17 85:18 87:18 89:3 94:4,6 96:21 102:3 103:13 107:3 109:3 111:6 140:5 152:1 somebody 131:16 someone 17:10 something 10:5 11:2 16:11 38:6 58:8 76:9 79:20,22 88:19 93:10 97:21 120:5 137:11 138:20 sometime 13:14 sorry 19:6 30:9 31:12 43:19 46:4 69:14 80:4 86:15 90:2 111:17 147:16 sort 50:22 51:22 64:6 sought 99:9 101:8,18 sounds 138:22 source 30:2,7,12 32:19 South 1:21 2:21 3:11	speak 94:5 116:2 speaks 36:12 specialist 31:15 specific 102:13 107:16 126:18 126:19 137:16 151:20 specifically 36:5 55:20 57:12 64:23 97:18 108:13 122:5 144:10 specifics 56:3 specified 60:14 speculate 81:10 speculated 81:12 speculation 43:6 spends 78:6 sponsoring 120:20 125:8 138:7 spot 72:24 square 99:21 SRT 58:16,18,22 63:22 69:5 70:15 99:3 101:8,9 106:18 110:12 122:10 122:19 131:3 131:14,21 132:5 139:17 140:2 stability 80:13 stabilization 1:4 122:2 stabilized 54:19 54:24 staff 3:8 5:7 7:13,21 8:3,9 8:18,22 9:2,3 11:18 12:7,22 14:10 18:16 19:11,13,17 22:3,12 23:19 23:21 24:2,15 24:19,21 25:4 25:5,5,14,19 26:7,8,9,10,13 26:14,15,20,21 27:8 28:10,15 29:5 31:2,5,6 31:9,11,14 32:15 40:10,18 41:3,6,8,10,12 41:13,17,20 42:1,4,14 44:2 44:17,19 60:4 60:22 61:11,19 61:21 62:8,12 62:14 64:22 67:13,19,20,21 70:5,8,11
---	---	--	---	---

72:10 93:14,16 107:22 108:16 109:8,18 110:10 111:11 112:2 113:19 126:2,14 129:17,19 130:8,10,14 131:3,11,12,13 131:14 150:2 151:11 staff's 12:21 32:13 40:6 61:1,23 62:1,5 67:6,15 69:2,4 93:3 126:15 127:1 131:6 stages 97:1 stand 9:17 18:13 22:17 23:13 47:6 48:5 68:23 71:17 74:14 86:1 132:21 134:2 134:18 standpoint 37:3 73:16 start 17:18 26:11 41:4 77:3 98:24 109:19 136:10 started 17:17 starting 68:18 starts 98:22 state 2:7 10:22 12:7 18:6 20:5 23:8 47:17 49:11,23 108:24 131:2 131:12 133:14 153:1 stated 37:23 38:10 55:20 59:6 134:14 statement 4:22 7:10,20 8:20 8:23 9:18,22 11:8,19,22 12:21,22 25:2 25:9 33:20 57:18 68:16 69:1 70:19 71:19 87:15 92:3 102:3,19 108:15 statements 7:17 30:18 states 13:1 51:11 69:12 stating 9:3,5 statutory 32:5	Steel 2:13 Steffen 71:3 Steffen's 55:5 stenographic 155:5 step 21:23 32:2 32:22 44:14 65:9 125:23 132:14 152:23 Stephen 3:5 still 28:1 78:3 78:4 108:3,22 116:15 133:23 142:10 stipulation 5:5 7:9 8:5,10,19 8:24 9:3,5,11 9:18 10:10,17 10:24 11:23 14:7,15 20:22 25:20,21,23 45:20 68:6,8,9 68:22,23 71:12 71:16 72:4,6 78:14,16,17,24 80:8,11,14,19 80:21 81:12,21 82:1,2,12,23 84:15,24 85:2 86:8 87:14,16 95:14 96:16,20 98:15,19 99:14 100:4,11,19 103:3,12,19,20 103:23 105:8 106:4 108:21 108:23 109:11 110:8 111:1,10 111:13,14,23 112:2 114:2,18 115:9,12,18,22 116:1,3,4,6,14 116:21 117:5,6 117:8,9,14 120:12,19,20 120:24 122:14 127:17,17 136:12,15,23 140:12 141:1,5 141:10,14,23 142:1 144:8 146:7 150:16 150:24 151:3 151:14,23 153:2,11,13 154:13 stipulations 118:2 119:22 152:15 strategy 72:12 Street 1:12,21 2:3,7,11,17	3:7,11,14 18:10 23:10 47:20 133:17 stricken 38:15 strike 25:2 26:11 38:19 67:1 127:3 strong 142:10 structure 54:13 structures 56:19 stuff 129:12 131:9 subject 11:3 15:19 17:5 26:21 95:11 122:11 130:14 137:6,18,21,23 139:18 147:10 148:7,22 151:5 subjective 138:15 submitted 18:16 154:22 subsequent 74:6 subsequently 13:12,21 28:5 74:4 substantively 71:5 substitutes 53:2 sudden 87:3,7 Sue 155:9 sufficient 9:2 42:19 43:2 suggest 8:6 108:2 124:20 suggesting 15:18 16:19 17:10 84:22 85:6 141:15 suggestion 140:24 suggestions 108:4 152:4 Suite 1:21 2:7 2:17 3:19 47:20 133:17 sulfur 53:15 57:24 Summary 5:11 supervised 67:13 69:7 supervision 66:16 supplement 27:16 supplemental 5:3 5:8,9 18:13,22 23:14 24:6 25:13 27:9,10 45:19 69:11 85:20 124:21 125:1 128:2	134:3,6 143:1 supplementing 27:20 supplied 126:13 suppliers 57:8 supply 87:4 support 9:11,17 10:17 11:12 14:15 59:22 102:7,16 supported 33:17 34:1,7 152:2 supporting 8:18 10:10 97:7,19 99:2 101:9,14 101:24 102:7 103:2 104:16 117:6 suppose 56:7 58:12 109:8 sure 15:17 19:4 21:12 28:16 31:20 39:23,24 56:20 59:5 64:23 68:3 92:3 101:12 105:10 131:20 140:1 144:6,11 144:17 150:21 151:9,24 surprise 25:24 sustain 36:18 Sustained 121:5 switch 50:4,6 sworn 18:2 23:2 47:13 66:2 128:12 132:24 133:9 system 30:8,13	talked 76:2 talking 62:12 76:20 90:24 91:1 92:14 94:3,7,13 96:1 99:14 100:11 144:17 talks 103:13 tax 21:14 taxes 49:15 team 150:10,12 150:13 technical 60:4 tell 18:21 19:2 24:5,18 96:24 103:14,16 111:1 112:1 129:4 145:2 146:24 151:21 telling 119:18 Ten 2:17 tender 124:15 tenders 48:22 135:9 term 28:17 74:18 88:23 138:15 terminate 117:13 terms 37:7 71:6 77:16,17 96:20 99:13 116:1 141:22 territory 111:12 test 118:1,16 119:3,7,14,15 119:21 testified 18:3 23:3 35:7 43:5 47:14 63:16 66:3 128:13 133:9,19 testifies 67:20 testify 67:18 testifying 8:19 17:6 118:11 testimony 4:24 5:2,3,8,9,12 7:15 8:16 9:10 13:18 14:19,20 14:21 15:6,15 15:20 16:13,16 16:23 17:12,13 17:17 18:13,22 18:23 20:3,15 23:14 24:6 25:13 27:8,9 27:10,13,19,21 28:6,15,23 30:23 32:11 35:19 43:8 45:10,14,19 46:4,17,19,22 46:24 47:7,22
---	--	--	--	--

48:4,7,11,16 48:18 49:11,24 50:13 51:4,16 55:5 58:15 64:2 65:18 66:12,15,19 68:7,19,20 69:10,11 70:19 71:1,1,5,6,9 71:11 72:2 73:8,10,17 80:1 81:16,20 82:2 84:11 85:20 96:10,24 110:23 112:19 117:4,16,21 118:16 119:8 119:13,19,24 121:7,10 124:21,21 126:5,10,18,22 127:7,23 128:1 128:2,19 129:5 129:7 130:24 133:3 134:1,3 134:4,7,14,17 134:21,22 135:1,4 136:11 138:7 140:12 142:14,17,18 142:24 143:3,7 143:10,13,14 143:23 144:3,8 152:13,15 153:18 testing 148:18 thank 6:14,17,19 6:23 9:15,21 13:2,3,16 17:14,21 19:19 20:17,20 21:18 21:22,24 22:16 26:4,5,18 27:2 28:3 33:4 35:20 39:9 40:23 43:10 44:6,8,12,13 45:21 46:8,15 47:3 49:2 61:3 61:12 62:16,18 62:23 64:9,10 65:2,10,22 66:23 67:24 83:24 84:1,3 110:15,16,18 111:20 121:14 123:3,4,7 125:22 126:3,6 128:4,7 130:16 132:8,13 133:6 134:16 135:11 136:3 141:13	143:20 144:5 144:17,19 149:23 150:3 152:6,8,20 153:4 their 10:23 33:22 41:13 61:20 62:10 69:23 71:6 112:9 142:5 themselves 30:18 thing 131:7 144:17 154:14 things 61:17 102:19,20 104:2,7 129:12 think 6:12 9:1,1 9:9,23 11:4 13:23 35:5 36:13 45:11,17 50:22 53:9 60:8 68:7 69:14 71:6,16 72:7,11 73:18 73:19 74:4,9 74:13,16 75:20 75:21,24 76:2 76:8,9,12,18 76:19 77:10,16 77:20 78:12,14 79:20 80:12,15 80:23,24 82:6 82:14 84:18 85:1,4 87:2,16 87:18 88:3,14 88:24 90:6 91:2 92:5,15 92:16,17 93:14 94:20,23 96:1 99:9,10,13 101:4 102:9,10 102:15,23 103:4,10 106:11 107:15 108:22 109:6 109:14,14 110:1,3,4 112:14 113:2 113:21,22 115:12,14,17 115:20 116:8,9 116:14 118:9 119:9 126:17 126:22 129:14 130:5 131:9 138:4,17 139:6 140:7 141:21 150:23 153:21 154:16 third 2:7 3:11 112:20,24 114:3 115:6	152:13,16 third-party 75:20 77:16 106:13 Thomas 3:6,10 thorough 69:2 thoroughly 72:9 thoroughness 67:15 though 33:1 37:10 71:8 137:20 thought 79:14 145:11 three 41:12 67:4 69:16 70:16 116:11 117:15 119:7,10,12,19 120:13 121:1 152:14 three-pronged 118:1,16 119:3 119:6,13,15,21 through 32:18 46:2,2 49:21 61:20 67:4 69:3 74:1 75:4 75:13,24 80:1 80:5 90:23,24 91:22,22 92:11 92:23 96:12 106:18 122:9 122:19,24 133:13 136:11 152:5 throughout 96:11 107:24 Thursday 1:13 6:1 124:1 154:9 155:4 tie 109:5 tight 107:16 time 6:7 11:9 15:10 45:3 56:23 57:23 58:9 60:12,14 70:15 74:4,24 75:22,23 76:3 77:19,19,20,23 77:24 87:19 92:16 93:13 97:5 104:8,22 104:22 110:5 120:7 129:7 132:20 133:22 151:6 times 14:18 timing 109:2 titled 18:13 23:14 today 10:5 13:14 14:8 17:17	48:17 65:13 99:19 135:3 together 13:20 148:4 151:10 token 92:9 136:4 top 89:6 108:18 146:14 topic 15:4,12,14 15:23 topics 14:22 total 49:17 76:14,18 77:1 114:6 147:12 148:5 touched 92:21,22 tracing 32:17 track 61:19,19 105:3 tracking 61:23 traditional 32:22 64:18 traditionally 64:21 trail 99:16 transaction 74:12,15,17 75:15,18 76:14 106:13 transactional 73:4,14 74:18 74:20 75:7 76:7,17,19 77:1,2,11,14 78:10 transactions 76:2 106:14 transcript 46:5 46:7 155:3 treatment 29:20 30:1,6 138:8 Tricia 4:4 5:8 17:22 18:1,9 18:14 tried 76:11 trigger 43:23 true 34:2 73:2 85:1 150:11 151:8 155:3 try 13:20 33:3 37:12 38:20 98:5 136:7 138:24 140:8 trying 32:8 37:5 38:3 40:18 94:24 132:18 138:17 tube 88:16 tubes 88:19 Tuesday 154:6 Tufts 4:6 5:10 14:11 22:17 23:1,6,8,10,12	23:15 24:14 25:4,13 26:1,6 26:19 27:6 28:2 32:9 35:7 36:19 37:13 38:7 39:19 40:4,9 41:1 42:3,17 43:4 43:15 44:1,12 63:16 69:7 70:2 131:10 143:13,14,23 144:3,8 145:12 turn 20:2 70:18 71:15 78:16 79:24 84:10 95:10 96:10 98:21 103:16 130:23 144:20 146:6 turned 60:13 turning 78:13 107:19 twice 14:23 15:3 17:6 35:6 88:4 94:10 two 10:22 11:1 12:16 14:10,18 14:18 23:12 35:4 53:8 54:2 75:9 88:2,22 89:19,20,21 90:4 91:21 92:10 145:14 147:22,24 148:4,5 type 40:17,20 96:2 98:3 100:12 105:2 typically 88:16 typo 48:13
U				
Uh-huh 56:13 147:9 149:10 ultimate 103:16 ultimately 138:8 unable 28:4,8 52:15 uncertainty 87:18 107:9 109:4 under 45:16 66:15 76:20 88:10 90:19 104:16 106:5 108:21 109:10 117:12 132:23 139:19 146:19 148:10,13 underlie 30:7				

underlying 30:2 30:12	Users-Ohio 121:20	Wallace 2:6	30:2,8,12,16	witness 4:3 14:8
understand 7:9 13:9,17 15:18 19:4 67:6 68:8 73:4 81:17,20 81:22,24 84:13 87:11 101:12 120:15 131:20 132:3 138:4	uses 95:17 using 12:18 35:8 89:8 102:2 usually 40:2 Utilities 1:1,11 3:4 6:6 11:18 18:14 utility 31:15	want 9:19 10:17 11:8 62:9 64:5 76:23 81:18,24 94:1 107:17 108:5 132:22 144:6,11,16 151:20 wanted 33:16 34:5 wants 9:13 17:10 84:15 wasn't 92:23 129:12 Wathen's 51:3 142:23 143:3,9 147:7,11 way 16:3 39:2 58:13 78:4 81:1 101:4,6 102:9 111:8,9 131:19 WDW-1 143:4 144:20 145:7 148:17 149:8 149:19 weather 87:7 Wednesday 94:18 154:10 week 6:10 25:20 74:8 86:4 92:24 94:18 97:15 124:9 weigh 141:18 well 8:7 28:16 29:10 34:5 41:7,10 60:3 60:19 63:20 71:7 74:11 80:12 84:1 88:22 89:3 91:2,24 92:14 94:15 102:17 103:5,19 104:13 109:7 110:1,11 111:8 113:18 114:5,8 116:4 117:3,12 118:5 120:3 122:23 131:19 136:10 139:8 139:12 140:11 140:13 142:3 149:11,17 154:3 went 13:5 57:4 68:17 92:24 were 7:7,10 14:6 14:21,23 19:10 21:10 26:6,12 28:1,4,5,8,9,9 28:19 29:15	30:17 31:6 33:7,7 34:9,17 37:23 38:3 41:8,10,12 46:3,14 51:17 52:15 53:2 56:1 57:2,6 58:3,6,6 61:17 63:15 70:13 72:8,22 73:9 73:15 86:3 87:14 88:15,24 92:10 94:10 97:16 98:14,18 101:17 104:17 111:5 112:24 113:22 114:12 114:13,14,18 114:23 115:3 116:2,11,13,13 116:20 119:9 120:19,23 124:10 127:11 130:6 131:2,5 131:5,13 132:16 133:18 145:11 148:2 150:9 151:7,10 151:21 152:1,4 154:11 Werner 3:5 West 2:17 3:14 47:19 133:16 we're 106:14 107:15 141:14 148:20 we've 86:12 107:24 108:23 whatsoever 99:19 153:21 while 60:19 143:11 154:1 Whitlock 7:17 13:7 45:14,24 71:3 74:14 78:2 86:4,7 87:2 88:10 124:8 125:8 Whitlock's 13:18 76:4 124:21 128:1 whole 88:8 willing 57:17 116:1 window 90:7 91:12 92:18 wish 136:5 withdraw 33:11 withdrawal 71:21 72:2 73:23	17:20 18:12 19:16 22:1,15 23:13 34:11 36:8,14 43:11 44:15 48:22 52:17 55:1,3 55:12 62:14 65:11,13 77:5 77:6 81:10,13 82:8 90:16 92:13 93:21,24 94:4,20,23 100:7 111:20 118:7,11,22 125:24 126:12 128:18 132:15 132:24 135:9 136:8 139:3 143:18 145:9 152:24 witnesses 8:18 10:9,16 11:11 11:21 14:10,10 14:14 71:2,3 witness's 104:4 wondering 116:5 word 67:3 95:17 95:19,23 119:20,20 130:2 wording 107:16 words 67:4 86:21 87:11,14 90:13 129:23 work 42:4 50:23 86:16 92:20 93:15 97:6,19 97:21 98:2 99:1,13,24 101:8,13,23 102:7 103:2 104:15 126:15 147:17,23 148:10,11,15 149:4 worked 70:11 108:22 109:1 138:16 working 3:20 6:15 13:20 112:6 113:13 114:12,23 worksheet 106:14 world 75:1 worthwhile 73:15 wouldn't 32:2 78:1 90:22 93:1 writers 131:15 writing 124:10
understanding 10:23 43:16 49:9,18,20 50:20 51:18 53:20 57:13 69:3 72:15 79:8 86:10 91:17 112:7 117:7 139:13 139:20 142:1 149:6	vague 126:14 value 107:14 145:23,23,23 146:2 147:2,4 149:19,20 values 145:21,22 148:2,3 variations 57:20 variety 78:8 104:7 105:2 various 11:21 96:15 104:5 verified 33:18 33:24 verify 21:10 29:14 30:1,6 30:12,21 32:17 33:5,7,16 34:6 35:8 38:11 61:21 63:23 verifying 34:20 version 25:16 86:18 144:7 versus 80:19 99:11 107:18 140:21 very 10:12 45:16 60:11,19 65:10 66:23 75:10 76:22 86:20 105:14,14 110:15,16 113:24 115:2 126:14 via 113:3 125:10 view 3:19 99:11 99:15 101:7 102:9 violate 129:24 visit 41:23 visited 69:23 voice 67:14 102:15,23 volatility 107:9 VOLUME 1:16			
understands 12:22				
understood 74:13 76:12 79:21				
unfirm 84:23 85:7				
unfortunately 25:15 88:5				
unit 87:5 88:15 88:18 104:22				
units 80:17 104:23				
unknown 106:4				
unreasonable 85:3				
unreliable 81:7 84:23 85:7				
until 11:9 67:23 94:18 123:11 150:19,23 151:3				
upgrades 51:12				
upper 23:22				
upwards 149:1,2 149:3				
URS 2:11				
usage 88:24				
use 12:2,8 39:21 41:18 63:12 82:15 86:21 87:13 89:7 90:14 97:7,8 97:20,23 99:2 101:14,24 107:7 142:5 used 21:11 32:23 41:11,17 52:22 53:8 93:7 101:17 104:17 104:20 127:9	W W3:3 ,10,18 6:17 waiver 16:6,21			

written 11:14 20:15 119:16 wrong 147:16	1 15:2,8 8:3,5 18:17 19:11,13 19:17 22:3,13 44:19,20 65:18 71:11,22 89:5 89:21 90:23 91:22 96:11 122:17 123:4 124:23 128:1 1-878:21 79:7 137:22 1-971:22 72:16 1046:9 47:19 48:12 64:2 91:14 133:16 150:20 10/26/05 5:6 10:20 45:3 1003:11,19 50:8 91:6,7,9,10 100,000 76:20 1011:21 1069 140:1 11 112:19 11-C1:12 1104:14 12 112:19 137:5 12/31/2003-2004 147:18 12:56 123:10 1214:14 1254:22,22 1274:24 5:4,5 1284:16 5:12 1390:24 112:19 122:5 1304:16 1334:18 5:12 1345:3 1354:18 1392:3 1491:22 96:12 114:2 1545:5 117:17 117:18 1504:19 15002:11 1524:19 46:1 1535:3 15446:2 16117:17,18 1758:14 154:10 17002:7 175148:16 175,900,000 148:7 184:4 5:8 46:2 46:2 67:3,4 69:3 110:22 1801:12 3:7	18:10 23:10 18002:17 47:20 133:17 1851:21 191:13 4:5 6:2 50:14 68:19 70:19 124:2 126:11 155:4 199275:2	2 25:3,9 8:6 20:2 23:19 24:2,20 25:6 26:8,13 26:15 30:22 44:17,22 68:7 71:15,20,21 72:3,16 85:19 86:17,19 89:6 95:17 123:8 124:24 125:2 128:2 129:16 134:7,21 135:5 135:9 136:10 144:4,9 146:6 146:8,8 153:6 2A4:22 5:11 23:22 24:15,22 25:5,15,19 26:10,16,21,21 44:18,23 125:3 125:15 2:00 123:11 2045:5 67:5 68:19 69:3 80:1 126:11 20091:10,13 200354:16,18 200436:5 54:14 54:20 55:7 121:23 2005103:20 200687:24 88:4 97:1,3 137:5 140:3 20071:14 6:2 11:23 18:16 23:15 46:9 47:7 50:14 68:10 85:13 112:21 113:1,6 113:10,16 114:16 122:16 124:2 155:4 200873:1 137:12 212:7 4:5 80:1 136:11 225:8,9,11 223-94811:22 224-57241:23 224-94811:22	234:7 36:5 121:23 2313:14 24th154:6 2542:8,9 50:3 50:10 274:7 114:15 27th113:22 154:7 2827:11 28:14 28:23 32:10 2927:13,20	3 35:4,12 50:14 58:14 78:16,23 79:2 85:21,23 86:12,18,19,19 89:5,17 98:24 98:24 108:15 108:17 127:8 127:16,16 130:3,8,10,14 141:13 142:4 146:16,21 3:13 154:24 30112:21 113:1 113:6,10,16 154:10 30th113:24,24 332:21 362:11 3603:19 389146:4 149:15 394:8	4 45:5 49:12 67:3 68:18 69:2 98:6,8,11,16 110:22 117:17 117:17 126:10 127:9,16,17 142:13 148:10 148:13 4-10-07128:22 40076:19 432152:21 3:7 3:11 23:11 47:20 133:17 43215-34852:18 43215-42282:8 43215-52011:22 432353:19 455:9,11 452022:4,12 458393:15 461149:16 461,405,497 146:23 474:9 5:2	494:10 5 570:18 78:23 79:2 96:10 98:21 112:18 117:18 130:24 5-31-06149:5 5-31-2006146:14 146:19,21 147:3,5 148:11 148:12,14 149:19 5050:5,10 6 64:24 20:3 66:10 71:11 78:20 79:5 80:1 97:1 117:18 126:6 127:12 128:1,4 137:22 144:5,9 146:6 6-30-04149:5 6-30-2004144:24 145:18,21 147:6,16,21,24 148:17 149:20 614:10 6141:22,23 634:11 644:11 654:24 5:2 664:13 684:13 7 732:12,13 84:11 90:23,24 91:22 108:19 117:18 136:11 71147:8 72147:8 74148:21 7531:24 33:7,8 148:21 8 811:20,22 12:6 12:20 86:8 91:14,14,22 95:11,13,17 98:22 103:11 107:19 108:21 109:12 117:19 146:8 8001:22 855:4 9
---	--	--	---	---	---	---	---

9 11:23 18:16 23:15 28:15 47:7 48:12 50:14 58:15 68:10 84:11 85:13 91:14 111:14 120:21 122:16 142:17 9th 3:7 9:00 1:13 98 5:5				
---	--	--	--	--

DE-Ohio Statement of Requested Information for the Record

- Q. When did the event occur that required DE-Ohio to purchase short term capacity to meet operational reserve requirements?
- A. October 25, 2006.
- Q. How short was DE-Ohio?
- A. Approximately 150 MW.
- Q. What was the market price offer for the provision of short term capacity?
- A. \$7 per Mwh. Had DE-Ohio collected the total cost would have been \$25,200.
- Q. What capacity did DE-Ohio use?
- A. Capacity from the legacy DENA asset Vermillion and DE-Ohio did not seek any cost recovery through the SRT, or any other mechanism.

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

Consolidated Duke Energy Ohio, Inc.,	) Case Nos.	03-93-EL-ATA
Rate Stabilization Plan Remand, and	)	03-2079-EL-AAM
Rider Adjustment Cases	)	03-2081-EL-AAM
	)	03-2080-EL-ATA
	)	05-725-EL-UNC
	)	06-1069-EL-UNC
	)	05-724-EL-UNC
	)	06-1085-EL-UNC
	)	06-1068-EL-UNC

DIRECT TESTIMONY OF

PAUL G. SMITH

ON BEHALF OF

DUKE ENERGY OHIO, INC.

April 6, 2007

TABLE OF CONTENTS	PAGE
I. INTRODUCTION AND PURPOSE	1
II. DISCUSSION	3
III. CONCLUSION.....	11

I. INTRODUCTION AND PURPOSE

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Paul G. Smith and my business address is 139 East Fourth Street,
3 Cincinnati, Ohio 45202.

4 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5 A. I am employed by Duke Energy Shared Services, Inc., (DESS) as Vice President,
6 Rates.

7 **Q. PLEASE SUMMARIZE YOUR EDUCATION AND PROFESSIONAL
8 QUALIFICATIONS.**

9 A. I received a Bachelor of Science in Industrial Management Degree from Purdue
10 University and a Master of Business Administration Degree, with Honors, from
11 the University of Chicago Graduate School of Business. I am a Certified Public
12 Accountant (CPA) in the State of Ohio and a member of the American Institute of
13 Certified Public Accountants. I am also a member of the Edison Electric
14 Institute's Economic Regulation and Competition Committee, and Budgeting and
15 Financial Forecasting Committee.

16 **Q. PLEASE SUMMARIZE YOUR WORK EXPERIENCE.**

17 A. Upon graduation from Purdue University in 1982, I was employed by the CPA
18 firm of Touche, Ross & Co. as a member of the audit staff in their Chicago office.
19 From 1984 to 1987 I was employed by the CPA firm of Crowe, Chizek & Co. as a
20 member of the commercial audit and tax staff in their Indianapolis office. Since
21 1987 I have held various positions with PSI Energy, Inc., Cinergy Services, Inc.,
22 and DESS including responsibilities in the Rates and Regulation, Budgets and

PAUL G. SMITH DIRECT

1 Forecasts, Investor Relations, and Corporate Development departments as well as
2 the International Business Unit. From March 1998 to July 1999, I was assigned to
3 and worked full-time at Midlands Electricity, the regional electric company in the
4 United Kingdom of which Cinergy previously held a 50% equity ownership.
5 From March 2005 to March 2006, I was assigned to evaluating and analyzing the
6 strategic merger between Cinergy Corp. and Duke Energy, including serving as
7 Project Manager for the merger integration process. I was appointed to my
8 current position as Vice President, Rates in April 2006.

9 **Q. PLEASE DESCRIBE YOUR DUTIES AS VICE PRESIDENT, RATES.**

10 A. As Vice President, Rates, I am responsible for the regulatory accounting and
11 filings, cost of service and rate design for Duke Energy Ohio, Inc., (DE-Ohio) and
12 Duke Energy Kentucky, Inc. (DE-Kentucky).

13 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION?**

14 A. Yes.

15 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
16 **PROCEEDING?**

17 A. The purpose of my testimony is to discuss and support the reasonableness of a
18 Stipulation entered into between DE-Ohio, the Staff of the Commission, and
19 several other Parties who have intervened in DE-Ohio's Fuel and Purchased
20 Power (Rider FPP), System Reliability Tracker (Rider SRT) and Annually
21 Adjusted Component Rider (Rider AAC) Adjustment Cases, which have been
22 consolidated in the above captioned proceedings. Coincident with this support, I
23 also explain the Company's position with respect to several of the issues and the
24 resolution contained in the Stipulation.

PAUL G. SMITH DIRECT

1 **II. DISCUSSION**

2 **Q. PLEASE BRIEFLY EXPLAIN THE COMPANY'S RIDER FPP.**

3 A. The Company's Rider FPP mechanism, as the name implies, recovers costs
4 associated with the Company's purchases of fuel for its generating stations,
5 emission allowances and purchased power to meet its load. Rider FPP is 100%
6 avoidable to consumers who switch to a competitive retail electric service (CRES)
7 provider. Rider FPP is adjusted on a quarterly basis and is subject to an annual
8 audit and review with a true-up. In the above captioned consolidated proceedings,
9 Case Number 05-725-EL-UNC is the annual review of the Company's Rider FPP.
10 Case No. 06-1068-EL-UNC is DE-Ohio's application for its 2007 FPP and annual
11 audit.

12 **Q. PLEASE BRIEFLY EXPLAIN THE COMPANY'S RIDER SRT.**

13 A. The Company's Rider SRT mechanism recovers costs DE-Ohio incurs in
14 maintaining a fifteen percent (15%) planning reserve margin for switched and
15 non-switched load. Rider SRT is avoidable by non-residential consumers who
16 agree to stay off DE-Ohio's system through 2008. Rider SRT is similar to Rider
17 FPP in its construct in that it is also subject to quarterly adjustments with an
18 annual audit and true-up. In the above captioned consolidated proceedings, Case
19 No. 05-724-EL-UNC is the Company's annual review of its 2006 SRT and Case
20 No. 06-1069-EL-UNC is the Company's Application to establish and set its 2007
21 Rider SRT levels.

22 **Q. PLEASE BRIEFLY EXPLAIN THE COMPANY'S RIDER AAC.**

1 A. The Company's Rider AAC recovers DE-Ohio's costs related to homeland
2 security, environmental compliance, and tax adjustments. The charges for Rider
3 AAC were established for calendar years 2005 and 2006 per the Commission's
4 Entry on Rehearing in Case No. 03-93-EL-ATA. Specifically, for non-residential
5 consumers Rider AAC was set at an agreed upon market price of 4% of "little g"
6 for 2005 and 8% of "little g" for 2006. For residential consumers, Rider AAC
7 was not applicable in 2005 since these consumers continued to be in the Market
8 Development Period. After the Market Development Period effective January 1,
9 2006, residential consumers' Rider AAC price was set at the market price of 6%
10 of "little g." As approved in Case No. 03-93-EL-ATA, DE-Ohio is required to
11 make an annual application to set its AAC price after 2006. The Commission has
12 authority to review DE-Ohio's pricing proposal to determine the reasonableness
13 of its Rider AAC. In the above captioned consolidated proceedings, Case No. 06-
14 1085-EL-UNC is DE-Ohio's 2007 proposed price for Rider AAC.

15 **Q. DOES THE STIPULATION REPRESENT A PRODUCT OF SERIOUS**
16 **BARGAINING AMONG CAPABLE, KNOWLEDGEABLE PARTIES?**

17 A. Yes. The parties to the Stipulation include the Commission Staff, DE-Ohio and
18 several organizations representing consumers in DE-Ohio's service territory. The
19 Commission Staff has thoroughly reviewed DE-Ohio's applications filed in the
20 Rider Adjustment Cases. With respect to the Company's annual FPP and SRT
21 audits, an outside consultant was retained to audit the Company's financial
22 records and management practices. This auditor made numerous
23 recommendations in its audit reports.

PAUL G. SMITH DIRECT

1 The Parties participating in the Rider Adjustment Cases and who have
2 signed the Stipulation were also involved in the initial MBSSO case in 2004. All
3 parties were invited to attend settlement discussions regarding the Rider
4 Adjustment Cases, immediately following the conclusion of the first phase of the
5 hearing in the consolidated cases involving the Remand issues.

6 DE-Ohio held its first settlement conference in November 2006, prior to
7 the Supreme Court of Ohio's release of its Opinion regarding DE-Ohio's MBSSO
8 and before the Commission suspended the Rider Adjustment Cases. The second
9 of these Settlement discussions occurred at the office of the Commission on
10 March 27, 2007, following the hearings in the remand phase of the consolidated
11 cases. A third Settlement discussion occurred on March 30, 2007. During those
12 conferences, all Parties present were invited to participate and many issues were
13 addressed, including the recommendations contained in the audit reports filed in
14 the FPP and SRT Cases. The Stipulation is a result of those discussions.

15 **Q. DOES THE STIPULATION VIOLATE ANY IMPORTANT**
16 **REGULATORY PRINCIPLE OR PRACTICE?**

17 **A.** No. The Stipulation complies with all relevant and important principles and
18 practices. DE-Ohio's MBSSO pricing structure, including the adjustment and
19 setting of its Riders, constitutes a market price in Ohio's deregulated environment
20 for competitive retail electric service. In Ohio, generation is deregulated.
21 Accordingly, many regulatory principles and practices, which historically existed
22 under a fully regulated construct do not apply with respect to generation service.

1 The Stipulation is a compromise of the issues surrounding the Company's
2 management and price setting of certain components of DE-Ohio's MBSSO in a
3 manner that is agreeable to DE-Ohio, the Staff of the Commission and the other
4 signing Parties. The Stipulation provides reasonable market prices to consumers
5 and permits the Company to maintain reliable firm generation service to all
6 consumers while balancing various market risks. .

7 **Q. HOW IS THE STIPULATION CONSISTENT WITH IMPORTANT**
8 **REGULATORY PRINCIPLES AND PRACTICES?**

9 A. The Stipulation maintains the integrity of DE-Ohio's pricing structure in a manner
10 that is consistent with the Commission's goals for rate stabilization plans of
11 providing (1) rate certainty for consumers; (2) financial stability for the utility;
12 and (3) the further development of competitive markets. The Stipulation allows
13 DE-Ohio to continue to manage its generation fuel, purchased power, and
14 emission allowance positions in a manner that is beneficial both to consumers and
15 to the Company while maintaining its competitive market price. The adjustment
16 of its Riders provides more predictable revenues for DE-Ohio and more
17 predictable prices for consumers.

18 The Stipulation is also consistent with the State of Ohio's policies
19 regarding the start of competitive retail electric service. For example, the
20 Stipulation ensures that consumers continue to have access to adequate, reliable,
21 safe, efficient, nondiscriminatory, and reasonably priced retail electric service
22 through DE-Ohio. The Stipulation also does not provide for any anti-competitive

1 subsidies between competitive retail electric service and noncompetitive retail
2 electric services.

3 **Q. HOW DOES THE STIPULATION BENEFIT CONSUMERS AND THE**
4 **PUBLIC INTEREST?**

5 A. As previously mentioned, the Stipulation is consistent with the Commission's
6 three goals for rate stabilized MBSSO market prices. The true up of the Riders to
7 January 1, 2007, affords appropriate recovery and financial stability to DE-Ohio
8 allowing it to be in a similar position had the Rider Adjustment Cases not been
9 suspended. Consumers, in turn, benefit by having a reliable firm generation
10 service at their disposal for a reasonable market price. Additionally, the
11 Stipulation requires DE-Ohio to credit, in the next quarterly Rider FPP filing, the
12 applicable portion of a financial settlement related to a dispute with a coal
13 supplier resulting from its default on delivery of coal from 2002 through 2005.
14 This provision of the Stipulation will help mitigate the impact consumers may
15 experience from any price changes that result from this overall Settlement.

16 **III. CONCLUSION**

17 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

18 A. Yes.

19

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing was served electronically on the following parties this 9th day of April 2007.



Paul A. Colbert
Rocco D'Ascenzo, Counsel

EAGLE ENERGY, LLC
DONALD I. MARSHALL, PRESIDENT
4465 BRIDGETOWN ROAD SUITE 1
CINCINNATI OH 45211-4439
Phone: (513) 251-7283

SKIDMORE SALES & DISTRIBUTING
COMPANY, INC.
ROGER LOSEKAMP
9889 CINCINNATI-DAYTON RD.
WEST CHESTER OH 45069-3826
Phone: 513-755-4200
Fax: 513-759-4270

Intervener

AK STEEL CORPORATION
LEE PUDVAN
1801 CRAWFORD ST.
MIDDLETOWN OH 45043-0001

BOEHM, DAVID ESQ.
BOEHM, KURTZ & LOWRY
36 EAST SEVENTH
STREET SUITE 1510
CINCINNATI OH 45202-4454

CITY OF CINCINNATI
JULIA LARITA MCNEIL, ESQ

805 CENTRAL AVE STE 150
CINCINNATI OH 45202-5756

COGNIS CORPORATION
35 E. 7TH STREET SUITE 600
CINCINNATI OH 45202-2446
Phone: (513) 345-8291
Fax: (513) 345-8294
CONSTELLATION NEWENERGY, INC.
TERRY S. HARVILL
1000 TOWN CENTER SUITE 2350
SOUTHFIELD MI 48075
Phone: (248) 936-9004

CONSTELLATION POWER SOURCE,
INC.

MICHAEL D SMITH

111 MARKETPLACE, SUITE 500

BALTIMORE MA 21202

Phone: 410-468-3695

Fax: 410-468-3541

PETRICOFF, M.

VORYS, SATER, SEYMOUR &
PEASE

52 EAST GAY STREET P.O. BOX
1008

COLUMBUS OH 43216-1008

Phone: (614) 464-5414

Fax: (614) 719-4904

CONSUMERS' COUNSEL, OFFICE OF

10 WEST BROAD STREET SUITE 1800

COLUMBUS OH 43215

HOTZ, ANN

ATTORNEY AT LAW

OFFICE OF CONSUMERS'
COUNSEL 10 W. BROAD
STREET, SUITE 1800

COLUMBUS OH 43215

DOMINION RETAIL, INC.

GARY A. JEFFRIES, SENIOR
COUNSEL

1201 PITT STREET

PITTSBURGH PA 15221

Phone: (412) 473-4129

ROYER, BARTH

BELL, ROYER & SANDERS CO.,
L.P.A.

33 SOUTH GRANT AVENUE

COLUMBUS OH 43215-3900

FIRSTENERGY SOLUTIONS CORP.
IRENE PREZELJ, MANAGER,
MARKETING

395 GHANT ROAD GHE-408

AKRON OH 44333

Phone: (330) 315-6851

GREEN MOUNTAIN ENERGY
COMPANY

JOHN BUI

600 W. 6TH STREET SUITE 900

AUSTIN TX 78701

Phone: (512) 691-6339

Fax: (512) 691-5363

INDUSTRIAL ENERGY USERS-OHIO
SAMUEL C. RANDAZZO, GENERAL
COUNSEL

MCNEES WALLACE & NURICK LLC 21
EAST STATE STREET 17TH FLOOR

COLUMBUS OH 43215

Phone: (614) 469-8000

KROGER COMPANY, THE

MR. DENIS GEORGE 1014 VINE
STREET-GO7

CINCINNATI OH 45202-1100

LEGAL AID SOCIETY OF CINCINNATI

215 E. 9TH STREET SUITE 200

CINCINNATI OH 45202-2146

KORKOSZ, ARTHUR
FIRST ENERGY, SENIOR
ATTORNEY

76 SOUTH MAIN STREET LEGAL
DEPT., 18TH FLOOR

AKRON OH 44308-1890

STINSON, DANE ESQ.

BAILEY CAVALIERI LLC

10 W. BROAD ST. SUITE 2100

COLUMBUS OH 43215

Phone: (614) 221-3155

Fax: (614) 221-0479

NONE

KURTZ, MICHAEL
BOEHM, KURTZ & LOWRY

36 EAST SEVENTH
STREET SUITE 1510

CINCINNATI OH 45202

Phone: (513) 421-2255

Fax: (513) 421-2764

MORGAN, NOEL
LEGAL AID SOCIETY OF
CINCINNATI

215 E. NINTH STREET SUITE
200

CINCINNATI OH 45202

MIDAMERICAN ENERGY COMPANY BARBARA HAWBAKER, BALANCING & SETTLEMENT ANALYST 4299 NW URBANDALE DRIVE URBANDALE IA 50322 Phone: (515) 242-4230	PETRICOFF, M. VORYS, SATER, SEYMOUR & PEASE 52 EAST GAY STREET P.O. BOX 1008 COLUMBUS OH 43216-1008 Phone: (614) 464-5414 Fax: (614) 719-4904
NATIONAL ENERGY MARKETERS ASSOCIATION CRAIG G. GOODMAN, ESQ. 3333 K STREET N.W. SUITE 110 WASHINGTON DC 20007 Phone: (202) 333-3288 Fax: (202) 333-3266	GOODMAN, CRAIG NATIONAL ENERGY MARKETERS ASSOC. 3333 K STREET, N.W. SUITE 110 WASHINGTON DC 20007
OHIO ENERGY GROUP, INC.	KURTZ, MICHAEL BOEHM, KURTZ & LOWRY 36 EAST SEVENTH STREET SUITE 1510 CINCINNATI OH 45202 Phone: (513) 421-2255 Fax: (513) 421-2764
OHIO HOSPITAL ASSOCIATION RICHARD L. SITES 155 E. BROAD STREET 15TH FLOOR COLUMBUS OH 43215-3620 Phone: (614) 221-7614 Fax: (614) 221-7614	*SITES, RICHARD ATTORNEY AT LAW OHIO HOSPITAL ASSOCIATION 155 EAST BROAD STREET 15TH FLOOR COLUMBUS OH 43215-3620 Phone: 614-221-7614 Fax: 614-221-4771

OHIO MANUFACTURERS ASSN

**33 N. HIGH ST
COLUMBUS OH 43215**

**PETRICOFF, M.
OHIO MARKETER GROUP
VORYS, SATER, SEYMOUR & PEASE
52 EAST GAY STREET P.O. BOX 1008
COLUMBUS OH 43216-1008
Phone: (614) 464-5414
Fax: (614) 719-4904**

**OHIO PARTNERS FOR AFFORDABLE
ENERGY
COLEEN MOONEY
DAVID RINEBOLT
337 SOUTH MAIN STREET 4TH
FLOOR, SUITE 5, P.O. BOX 1793
FINDLAY OH 45839-1793
Phone: 419-425-8860
Fax: 419-425-8862**

**PEOPLE WORKING COOPERATIVELY,
INC.
CHRISTENSEN, MARY ATTORNEY AT
LAW
CHRISTENSEN & CHRISTENSEN
401 N. FRONT STREET SUITE 350
COLUMBUS OH 43215
Phone: (614) 221-1832
Fax: (614) 221-2599**

**LEYDEN, SHAWN ATTORNEY AT LAW
PSEG ENERGY RESOURCES & TRADE
LLC
80 PARK PLAZA, 19TH FLOOR
NEWARK NJ 07102**

Phone: 973-430-7698

STRATEGIC ENERGY, L.L.C.
CARL W. BOYD

TWO GATEWAY CENTER

PITTSBURGH PA 15222
Phone: (412) 644-3120

WPS ENERGY SERVICES, INC.

DANIEL VERBANAC

1716 LAWRENCE DRIVE

DE PERE WI 54115
Phone: (920) 617-6100

GRAND ANTIQUE MALL
9701 READING RD.
CINCINNATI OH 45215

MIDWEST UTILITY CONSULTANTS,
INC.

PATRICK MAUE
5005 MALLET HILL DRIVE
CINCINNATI OH 45244
Phone: 513-831-2800
Fax: 513-831-0505

RICHARDS INDUSTRIES VALVE
GROUP

LEE WOODURFF
3170 WASSON ROAD
CINCINNATI OH 45209
Phone: 513-533-5600
Fax: 513-871-0105

PETRICOFF, M.

VORYS, SATER, SEYMOUR &
PEASE

52 EAST GAY STREET P.O. BOX
1008

COLUMBUS OH 43216-1008

Phone: (614) 464-5414

Fax: (614) 719-4904

HOWARD, STEPHEN ATTORNEY
AT LAW

VORYS, SATER, SEYMOUR AND
PEASE

52 EAST GAY STREET P.O. BOX
1008

COLUMBUS OH 43216-1008

Phone: (614) 464-5401

FILE

28

OCC EXHIBIT RR-1

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

Consolidated Duke Energy Ohio, Inc., Rate	)	Case Nos. 03-93-EL-ATA
Stabilization Plan Remand and Rider	)	03-2079-EL-AAM
Adjustment Cases	)	03-2081-EL-AAM
	)	03-2080-EL-ATA
	)	05-724-EL-UNC
	)	05-725-EL-UNC
	)	06-1068-EL-UNC
	)	06-1069-EL-UNC
	)	06-1085-EL-UNC

PREPARED TESTIMONY

OF

MICHAEL P. HAUGH

PUCO

2007 MAR -9 PM 5:01

RECEIVED-DOCKETING DIV

**ON BEHALF OF
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL
10 West Broad St., Suite 1800
Columbus, OH 43215**

March 9, 2007

This is to certify that the images appearing are an accurate and complete reproduction of a case file document delivered in the regular course of business.
Technician 5 Date Processed 3.9.07

TABLE OF CONTENTS

	<u>PAGE</u>
I. INTRODUCTION	1
II. PROPOSED AAC CHARGES.....	4
III. AUDITS OF CURRENT AND FUTURE AAC CALCULATIONS.....	5
IV. RETURN ON CONSTRUCTION WORK IN PROGRESS CALCULATION.....	6
V. PROPOSED SRT	11
VI. DUKE ENERGY NORTH AMERICA GENERATING ASSETS.....	12
VII. PLACEMENT OF AAC AND SRT ON CUSTOMER BILLS	16
VIII. CONCLUSION.....	18
CERTIFICATE OF SERVICE	21

ATTACHMENTS

MPH Attachment 1	Revised AAC Calculation
MPH Attachment 2	Duke Energy Ohio Customer Bill

1 **I. INTRODUCTION**

2

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

4 ***A1.*** My name is Michael Haugh. My business address is 10 West Broad Street, Suite
5 1800, Columbus, Ohio 43215-3485. I am employed by the Office of the Ohio
6 Consumers' Counsel ("OCC" or "Consumers' Counsel") as a Senior Regulatory
7 Analyst.

8

9 ***Q2. WHAT IS YOUR EDUCATIONAL BACKGROUND?***

10 ***A2.*** I received a Bachelor of Science Degree in Business Administration with a
11 specialization in Finance from The Ohio State University. I have also attended
12 the Institute of Public Utilities Advanced Regulatory Studies Program at
13 Michigan State University.

14

15 ***Q3. PLEASE SUMMARIZE YOUR WORK EXPERIENCE.***

16 ***A3.*** I have over 10 years of experience in the energy industry. This experience
17 includes three years with Enron Energy Services as a Natural Gas Trading
18 Analyst; five years with AEP Energy Services working in natural gas risk
19 management, generation optimization and energy trading and one year with
20 MidAmerican Energy as a Senior Product Manager. I joined the OCC in October
21 of 2004. Currently, my primary area of responsibility is regulatory policy –
22 focusing on retail and wholesale energy market development.

1 **Q4. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY IN UTILITY CASES**
2 **BEFORE REGULATORY COMMISSIONS?**

3 **A4.**I filed testimony in *Monongahela Power Company*, Case No. 04-1047-EL-ATA
4 before the Public Utilities Commission of Ohio ("PUCO" or "Commission"). I
5 pre-filed testimony and testified in the following cases before the PUCO:

6 *American Electric Power Company*, Case No. 05-376-EL-UNC;

7 *Dayton Power & Light Company*, Case No. 05-276-EL-AIR;

8 *Dominion East Ohio Company*, Case No. 05-474-GA-ATA;

9 *Dominion East Ohio Company*, Case No. 05-219-GA-GCR; and

10 *Columbia Gas of Ohio*, Case No. 05-221-GA-GCR.

11

12 **Q5. WHAT DOCUMENTS HAVE YOU REVIEWED IN THE PREPARATION OF**
13 **YOUR TESTIMONY?**

14 **A5.**From the current cases I have reviewed the Applications filed by Duke Energy
15 Ohio, Inc. ("Company" or "DE-Ohio" in this testimony, which includes its
16 predecessor the Cincinnati Gas and Electric Company), the Company's responses
17 to discovery by the OCC and testimony filed by DE-Ohio. I have also reviewed
18 the Commission-ordered Financial and Management Performance Audits ("Audit
19 Report") of the System Reliability Tracker ("SRT") of DE-Ohio conducted by
20 Energy Ventures Analysis, Inc. and Larkin & Associates PLLC ("Auditors"). I
21 also reviewed relevant documents from other DE-Ohio cases, including but not
22 limited to PUCO Case No. 03-93-EL-ATA and the cases consolidated with that
23 case (referred to collectively as "Case No. 03-93-EL-ATA").

1 **Q6. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
2 **PROCEEDING?**

3 **A6.** The purpose of my testimony is to address the Applications made by DE-Ohio to
4 increase its Annually Adjusted Component ("AAC") and to adjust its SRT for
5 2007. In regard to the AAC, I offer recommendations regarding the
6 Commission's treatment of the AAC and how Construction Work in Progress
7 ("CWIP") should be handled. I also address the Company's Application to
8 collect from customers, via the SRT, costs for capacity from the former Duke
9 Energy North America LLC ("DENA") generating assets that are now owned by
10 DE-Ohio. Finally, I will discuss a bill format issue that involves both the AAC
11 and SRT. My testimony does not address the issue of the appropriateness of the
12 approach taken by DE-Ohio regarding assembly of a standard service offer using
13 a variety of components such as the AAC and SRT. That issue is addressed by
14 OCC witness Talbot in his testimony.

15

16 **Q7. WHAT ARE YOUR RECOMMENDATIONS IN THIS PROCEEDING?**

17 **A7.** I recommend that the 2007 and 2008 AAC should be audited in a similar fashion
18 to DE-Ohio's System Reliability Tracker ("SRT") and Fuel and Purchased Power
19 ("FPP") riders. I also recommend that a return on CWIP should be excluded
20 from the revenue that DE-Ohio seeks to obtain through the AAC. In addition, I
21 concur with the Auditor's recommendation that charges related to DENA assets
22 should not be collected from customers in DE-Ohio's SRT. Finally, because the

1 AAC and SRT charges are for generation-related costs, I recommend that those
2 riders be placed in the "Generation Charge" portion of customers' bills.

3
4 **II. PROPOSED AAC CHARGES**

5
6 ***Q8. WHAT COSTS ARE INCLUDED IN THE AAC?***

7 ***A8.*** In Attachment 1 to the Company's Application for Rehearing in Case No. 03-93-
8 EL-UNC, the AAC is defined as a component "to recover costs associated with
9 homeland security, taxes, and environmental compliance". The AAC was
10 originally set for non-residential customers at 4% of little g in 2005 and 8% of
11 little g in 2006 while residential customers were charge 6% of little g in 2006.
12 Little g is the unbundled generation rate after removing fuel and purchased power
13 and stranded costs.

14
15 ***Q9. WHAT MECHANISM IS IN PLACE TO ALLOW THE COMPANY TO***
16 ***INCREASE THE AAC?***

17 ***A9.*** The Commission stated in its September 29, 2004 Opinion and Order in Case No.
18 03-93-EL-UNC that the Company may apply for Commission approval to
19 increase the rider annually.

1 **Q10. WHAT IS THE COMPANY'S PROPOSAL FOR THE 2007 AAC CHARGES?**

2 **A10.** The Company is looking to collect \$73,818,962 from the AAC. (Wathen Direct
3 testimony at page 10) This equates to a charge equal to 9.1% of little g. (Wathen
4 Direct testimony at page 11)
5

6 **III. AUDITS OF CURRENT AND FUTURE AAC CALCULATIONS**
7

8 **Q11. ARE THE CURRENT AAC CHARGES SUBJECT TO A REVIEW**
9 **THROUGH A COMMISSION ORDERED AUDIT?**

10 **A11.** To my knowledge, there has not been any Commission order or entry requiring
11 audits of current or any future AAC filings. However, the November 23, 2004
12 Entry on Rehearing in PUCO Case No. 03-93-EL-ATA (page 10) stated that, "in
13 the context of its audits," the Commission "will continue to consider the
14 reasonableness of expenditures" in areas concerning the Company's riders.
15

16 **Q12. DO YOU HAVE AN OPINION REGARDING WHETHER A COMMISSION**
17 **ORDERED AUDIT WOULD BE BENEFICIAL?**

18 **A12.** Yes. Similar audits conducted most recently in the SRT and FPP cases, along
19 with Management Performance audits in the natural gas industry, are very helpful
20 in locating errors and in identifying issues related to the calculation of charges.
21 DE-Ohio has many riders and trackers that resulted from Case No. 03-93-EL-
22 ATA, and the Commission should have audit information available to provide
23 accountability and assurance that charges are reasonable and have been

1 determined in a manner consistent with the Commission's Order if these charges
2 continue in the future. I believe an audit of the charges associated with the AAC
3 rider is the only way the PUCO would be able to conclude whether the proposed
4 AAC charge is reasonable and was calculated as ordered. The audit of the AAC
5 should be included with the audit of the 2007 and 2008 SRT and FPP riders if
6 those charges continue in the future.

7
8 **IV. RETURN ON CONSTRUCTION WORK IN PROGRESS CALCULATION**

9
10 ***Q13. DO YOU HAVE CONCERNS REGARDING THE MANNER IN WHICH THE***
11 ***COMPANY HAS DEVELOPED ITS AAC RIDER IN THESE CASES?***

12 ***A13.*** Yes. I do not agree that the Company's inclusion of a return on CWIP results in a
13 reasonable AAC charge. The Company's charges are not appropriate for a
14 deregulated generation environment. Even a revenue requirement determined in
15 Ohio through a traditional regulatory cost calculation would require that any
16 CWIP be at least 75% complete before the PUCO would consider allowing a
17 return on CWIP. The Company testimony does not demonstrate that the CWIP
18 portion of the "environmental compliance net plant" is or will be at least 75%
19 complete (or any other percentage) during the time the AAC is being collected.

20
21 In addition, under a traditional regulatory paradigm the Company might propose
22 allowing a return on CWIP that customers would pay up front during plant
23 construction, with a claim that the return on CWIP would provide lower capital