BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

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In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company for Authority to Establish a Standard Service Offer Pursuant to RC 4928.143 in the Form of an Electric Security Plan. :	Case No. 08-935-EL-SSO

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DEPOSITION

of Scott T. Jones, taken before me, Maria DiPaolo Jones, a Notary Public in and for the State of Ohio, at the offices of FirstEnergy, 76 South Main Street, Akron, Ohio, on Tuesday, September 23, 2008, at 1:08 p.m.

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ALSO PRESENT:

Ms. Lisa McAlister.

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SCOTT T. JONES

being by me first duly sworn, as hereinafter certified, deposes and says as follows:

EXAMINATION

By Ms. Fonner:

Q. This is Cynthia Fonner, F- -- as in Frank -- -o-n-n-e-r, from Constellation Energy.

MR. SMALL: Cynthia, I hate to interrupt. There's one other preliminary matter I forgot.

MS. FONNER: No problem.

MR. SMALL: I would like to send something well in advance of asking my questions to FirstEnergy as an exhibit. Mark, would you give me a fax number that would be most appropriate for that?

MR. HAYDEN: Yeah. We are in a different room here, so I will have to give you the number that's upstairs, and just let me know when you have sent it. It's 330-384-3875.

MR. SMALL: All right. Thank you very much. Sorry to interrupt.

MS. FONNER: No problem.

Q. (By Ms. Fonner) My telephone number is 312/704-8518, and e-mail address is cynthia -- C-y-n-t-h-i-a -- .a.fonner@constellation.com.

Please let me know if you have problems hearing. I'm on a headset that occasionally seems to have a mind of its own so, Dr. Jones, if there's anything that you don't hear or don't understand, please just let me know and I'll try and repeat.

A. I will.

Q. Thank you.

Dr. Jones, you have your testimony with you, correct?

A. Yes, I do.

Q. And I'm largely going to be going through your testimony and beginning at page 5.

A. Okay.

Q. At the answer that begins on line 8 you talk about direct cost components and identify some of those such as procurement of realtime energy and transmission. Later on page 6 you include more direct cost components. Are all of those that you list on page 6 the entirety of what you believe are included in the direct cost components, or are there any more that you did not list?

A. No; these categories would encompass direct costs.

Q. And all of the direct costs; is that

right?

A. Yes.

Q. Okay. Now, you talked about the load forecast. What was that load forecast based on?

A. The load forecast was based on the data that we cited in the exhibits, but basically it's the data that is recorded for the FirstEnergy companies.

Q. And how was that provided to you; by individual operating company?

A. Well, in this case we were interested in the slice of system so that they're aggregated across the companies.

Q. And that's the way that it came to you was in an aggregation; is that correct?

A. That's right.

Q. Okay. And how far out did that load forecast data go? What were the yearly parameters, if you will?

A. For the three-year term of this agreement, sorry, to comply with the statute, '09, '10, and '11.

Q. Did you perform any analysis yourself regarding a load forecast where you took the load forecast as provided to you by FE and did not make any analysis thereof?

A. I did no independent analysis of the load or forecast of the load.

Q. On page 6 where you're talking about round-the-clock energy prices, at the bottom of that page beginning on line 18 it indicates that you used a particular date in time, that being July 15th; is that correct?

A. That's correct. The purpose of that was to ensure consistency between the data that appear in my testimony and the data that appeared in Frank Graves' testimony and, essentially, the generation of the data that FirstEnergy was using I suppose they were using to compile their prices at the same time, so they were all more or less the mid summer of this year.

Q. And with respect to delivery at the Cinergy hub, you did not look elsewhere; is that correct?

A. What do you mean "elsewhere"? I'm sorry, I don't understand.

Q. You looked only at the Cinergy hub. You did not look at any other hub.

A. That's right, as opposed to what I

learned Frank did which was look also at PJM West. I restricted my analysis solely to the Cinergy hub.

Q. Okay. And if you looked at -- if you looked at those prices, to the peak and on-peak contracts as of a different day, would you expect those values to change?

A. Yes.

Q. Have you done any subsequent analysis?

A. Can you give me an example of what you mean by "analysis"?

Q. Well, have you looked at the differences that -- in prices that you would have seen since July 15th, for example?

A. Yes.

Q. And what dates have you looked at? Date or dates.

A. As late as yesterday.

Q. And have you provided data request responses regarding how those changes would affect the calculations included in your testimony?

A. No.

MS. FONNER: And I would ask on the record a data request that that information be provided.

A. I'm sorry, what sort of --

MS. FONNER: FE counsel.

MR. HAYDEN: Yes.

A. Can you help me out, because I don't know what it is that you want.

Q. Well, your analysis is based upon a single point in time.

A. That's correct.

Q. As of July 15th, right? So to the extent that those peak and off-peak contract prices would have changed, that would have correlating effects throughout the remainder of your analysis including what the -- what you would expect to be the market rate price for energy; would it not?

A. Yes. I don't dispute that. I think where I'm getting confused is all I've done is look at the prices. I haven't redone my analysis at all since July 15th.

Q. I see, okay.

A. So, I mean, I can send you a copy of, you know, Megawatt -- I can give you Platts data, but I didn't redo the analysis at all.

Q. Okay. So when we're talking about things that you've done to update, it's keeping track of what those daily prices are as opposed to running it through a metric or whatnot to see what the impact would be.

A. That's correct. I don't, you know, just like I look at daily oil prices and gas prices and uranium prices, I don't, you know, that's just information for my own self, so to speak.

Q. Okay. Let's back up, then. In terms of when you have the, you know, when you receive these prices, do you in fact run it through, without getting into sort of any proprietary information, do you actually run it through a computer model or is this a manual analysis, or how specifically is it achieved?

A. It's in the same format that we provided in response to discovery requests which is it's Excel format, for the most part, or a SAS format.

Q. Okay. And have you looked to see what the differences are between prices at the Cinergy hub versus others; for example, Mr. Graves looking at PJM West?

A. Well, as I indicated, only in the sense that I, you know, casually look at it. But typically the prices in PJM West have been higher than the prices at Cinergy. There is a structural, an apparent structural difference that creates those price differences.

Q. And in terms of the price difference in the Cinergy hub between July 15th and you said I believe as recently as today, what did you note with respect to those prices?

A. You mean the differential?

Q. That's correct.

A. There's still a -- there has tended to be over that period of time a positive differential between the two trading centers.

Q. Looking only at the Cinergy hub, though, the difference between the July 15th and --

A. Oh, I'm sorry.

Q. -- I can't recall whether it was yesterday or today that you had indicated.

A. It was Monday's prices, yeah.

Q. Okay. And what did you note with respect to the prices on Monday at the Cinergy hub versus those that you used in your calculation of July 15th?

A. Well, it depends upon the year, of course, of the forward contract. In 2009 prices are down about $7. For 2010 they're down about a little more than $2. And for 2011 they're down a little more than a dollar. So relatively small changes.

Those are peak prices, by the way; I'm sorry, I should have said that to begin with.

Q. And that's what you had used in the analysis that's cited in your testimony.

A. Well, I used both peak and off-peak.

Q. You used both peak and off-peak.

A. Right. Because we've got -- the supposition is the provision of round-the-clock prices.

Q. And did you look at the off-peak prices?

A. Yes, I did as well.

Q. And what is the differential that you saw there? If you recall.

A. It's a toughie. It wasn't a lot. It was like somewhere between 3 and 5 dollars. I can't remember exactly. And that was -- I don't remember what it was in the out years. That was just for '09. I really didn't pay a lot of attention to the off-peak.

Q. And again, this was done on Monday as compared to the prices on July 15th.

A. That's correct.
Q. Okay. I understand the need for your desire for consistency. Are there -- notwithstanding that, are there any other hubs that ideally you would have considered in performing this kind of analysis?
A. No, not ideally. But I will admit that, you know, until the providers of electricity actually start, you know, manipulating their portfolios and choosing the source of their electricity, it's an unknowable thing. But Cinergy is, you know, a widely traded and within-Ohio hub that is the most likely source for the electricity no matter who provides it.
Q. I want to turn now to page 7 and at lines 5 through 8 you talk about multiplying the peak price by the number of peak hours in that year, off-peak, et cetera. There would be the same number of peak hours in each year, yes?
A. The same number of peak hours in each year?
Q. Right.
A. Well, with the exception of leap year, of course.
Q. Correct. Thank you for that exception.
It just struck me that perhaps you were

suggesting that there were a different number of peak or off-peak in the years in which we're looking at.

A. No. No. They're 5-by-16 contracts or 5-by-8 contracts. It's the standard stuff.

Q. And then you're achieving, in your analysis you're achieving a single price for peak and a single price for nonpeak, is that what I understand?

A. Well, yes, that's part of the calculation. Right.

Q. Okay.

A. But you end up with a round-the-clock price which of course is a weighted average of the off-peak and on-peak, you need those two pieces to get the ultimate answer.

Q. Right. But at this point in time we're just getting the single.

A. Correct.

Q. On page 8 you discuss, on lines 9 and 10, that the average LMP in the Ohio companies' load zone is about 70 cents per megawatt higher than at the Cinergy hub. Can you identify the particular reasons for the differences in the LMP? Is it just congestion?

A. That's my presumption, yes. If it's something -- I don't know the details of the reasoning other than congestion in general.

Q. Okay. And so to the extent that somebody used a different hub, you would find that the actual LMP would differ.

A. Presumably. I mean, it's possible it could be the same, but presumably.

Q. On page 13 you refer to some of the capacity prices, and this is in the middle of that page, the first sentence in the first full paragraph, lines 7 through 11, you actually have identified a capacity cost during June 2009 through 2010. How did you derive that particular cost?

A. We directed -- asked -- actually, you don't direct your client to do anything, but we asked FirstEnergy to get us a capacity price from the marketplace as opposed to giving us their forecast for capacity prices, and the reason for that is that it's my preference to use what I'll call -- I'll use the term "real numbers" as opposed to forecasted numbers when those numbers are actually available simply because they're verifiable and they're derived from a marketplace where buyers and sellers are engaging one another and actually spending money.

This was a price that they solicited from the marketplace in, I guess it must have been sometime in June or maybe early-July, I can't remember off the top of my head, but at any rate that's where this number comes from.

Q. Okay. And have there been any solicitations from the marketplace since that time to see whether or not the capacity prices in the market have changed?

A. I didn't request additional solicitations, but it's my understanding, having had a discussion yesterday with Kevin Warvell, his interaction with the marketplace suggests that capacity prices are now higher and consistent with the study on capacity prices -- the NERC study on capacity prices, I forget the date -- yeah, October of '07, the prices -- you would expect prices to gradually rise particularly over this three-year time horizon because the sort of difference between available capacity in the marketplace and demand for capacity is shrinking dramatic.

So I'm not at all surprised he's observing higher prices, and it's going to be particularly true of those out years. Notice that this price was only for June of '09 through May of 2010, that's all he could get at the time. At any rate. That's a long-winded answer to your question.

Q. That's all right. For depositions we'll let it go. No; I appreciate the explanation.

And the reason, obviously, for capacity you only get something in the market essentially a year out, you're not going to be able to look and see what might happen beyond that time.

A. No; except to observe. If we back up and put our professor hat on for a moment and talk about the impact of supply and demand on a capacity market, as markets become constrained, as we observed over the last two years with the oil markets, once any surge capacity is absorbed, prices at the margin tend to not only rise dramatically but they also tend to become more volatile. And --

Q. And do they -- I'm sorry.

A. And that's what you would expect here. In the case of this $2.20, since it's the only contemporary number that I had, I used it for each year going into the future even though as an economist I recognize that that price can't hold.

But that's the one price I have. So in that regard it's conservative.

Q. And likewise you would expect the capacity number to change if there were new generation available.

A. That's correct. As did -- as did the NERC study, you know, made the same observation. If new generation comes on in a timely fashion, then later in the decade you would expect to see prices reflect that new increment of supply. What they'll be is anyone's guess, but that clearly would impact supply and demand conditions.

Q. At page 14 you talk about some of the ancillary services. Can you just tell me, Dr. Jones, what impact, if any, the delay of the MISO ASM market has on your analysis?

A. Well, it creates a tremendous amount of uncertainty because while, you know, if you read the material that's available thus far, it's clear what they want to do, it's clear what range of products or subproducts they want the market to cover, but what's terribly unclear is how it's all going to work.

And so, you know, it's kind of like telling you last night's baseball score was 8 to 5 without telling you who the teams were. It's a nice tidbit of information, but it doesn't get you very far.

So you have the uncertainty created by the lack of certainty on the part of the ISO and as a result prices will reflect that. If you're forced today to set a price where capacity, well, any form of capacity, ancillary services or otherwise, is going to be a component, then the prices are going to reflect that uncertainty.

Q. So that could be -- another component to what Mr. Graves is seeing in the capacity is simply a reflection of the uncertainty regarding the ASM start date?

A. I don't know about Mr. Graves. I was speaking for myself.

Q. Okay.

A. I, frankly, didn't discuss it with him so I don't know.

Q. Would you expect that the capacity prices would change after source certainty regarding the ASM market itself?

A. Well, only -- the truth of the matter is I don't know. But given that markets tend to reflect information pretty quickly, one would presume that it would. I do know that since we produced these prices based on July 15th, that the ancillary services markets have become, well, the transmission ancillary service costs have risen according to Kevin Warvell. They're now just under $8 the last time he and I had a chat about it.

Q. Okay. At page 15 you talk about the loss factors, and would you expect -- you calculated the loss factors for each customer class, but again, were these an aggregate for all of the FE customers?

A. No.

Q. Or FE operating classes? I'm sorry, let me try again.

A. Yeah, you lost me there.

Q. Were these aggregated for all the FE operating companies?

A. For Exhibit 5 for example, is that what you're referring to? Yes is the answer to your question.

Q. Okay.

A. The data came from FirstEnergy, of course, based on their experience with their distribution system because these are losses, obviously, downstream from the hub.

Q. And again, this wasn't something which you performed any independent analysis.

A. No. Lord, I wouldn't have any way to begin to start something like that.

Q. On page 19 where you talk about some of the switching statistics --

A. Yes.

Q. -- I want to understand, it appears that for your purposes you included any customer who was in a municipality in which they're an aggregation program in your analysis; is that right?

A. I'm sorry, I honestly don't understand the question.

Q. Well, one of the things that you talked about is the shopping risk associated with aggregation groups, correct?

A. Correct.

Q. And I'm trying to understand whether or not you were assuming that all residential and commercial customers in municipalities in which there are aggregations to be part of that shopping risk with the aggregator.

A. Well, I'm still not terribly clear, but let me try to answer. Everyone has the right to shop. The assumptions that I use are based on the right to shop rather than the propensity to shop so that when I assume, for example, in year one that 50 percent of a particular customer class can shop, the operative word there is "can." Because that's the operative word that drives expectations which, in turn, drive offer prices like anyone intending to serve this market, this SSO market.

Q. Okay.

A. So we -- I guess what I would like to do from the get-go when we start talking about shopping is to make sure that it's clear that it's the opportunity that drives my analysis, not the propensity to or the history of shopping.

Q. Okay. So when you're talking about, at lines 7 through 9 for example, discussing residential customers being enrolled in an aggregation group unless they elect to opt out, you did not look to see what percentage of those residential customers do, in fact, opt out?

A. No, I did not. If you're talking about making a estimate based on some historical statistics which would indicate the number of people that opted out in a particular customer class for the three Ohio companies and then using that somehow to forecast the number of people that would opt out during this 2009 to 2011 period, I did not do that.

Q. Right. Okay. And you specifically refer to the rules regarding residential customers. Do you know the rules regarding commercial customers with respect to municipalities and townships with aggregation programs?

A. I've read them, but I can't recall them now. You mean -- you want me to cite the differences, is that what you're saying?

Q. Just generally whether or not you're aware of what those --

A. Yeah, but it's been a while since I've read it.

Q. Okay. On page 21 you make reference with respect to load variability to weather and changing macroeconomic conditions. What do you mean by "changing macroeconomic conditions"?

A. Well, the most obvious is a change in the economic health of the service territories that are supplied energy by the three Ohio companies at FirstEnergy. So we're talking about the impact, put another way, the impact of an economic expansion, the impact of an economic contraction, the impact of local economic conditions which may improve or hurt these regions, things of this nature.

In economics-speak, and I don't want to complicate things, but in economics-speak these are known as exogenous variables meaning they're outside of the ability to analyze them cohesively as part of a single structured market. So you have to treat them as coming in from the outside, so to speak, and having an impact. Weather is the same thing. Weather is not in the control of anyone, so . . .

Q. Okay. And, I'm sorry, going back to, very quickly, to the aggregation, just so I'm clear, in terms of commercial customers did you assume that all commercial customers would be shopping?

A. No. I made no assumption about any customer with respect to the phrase "would be shopping."

Q. Okay.

A. Again, could be shopping.

Q. Okay. But at some point based upon -- based on what we've seen on page 20 you make some judgment or predictions about the level who actually would be shopping, correct?

A. No.

Q. The same -- well, can you explain -- can you explain on lines 6 through 9 in terms of assuming that residential and commercial customers present the same level of shopping risk as industrials.

A. Yeah, the key is that -- is the term "risk." Shopping risk. In other words, historically, of course, as everyone on this phone knows I'm sure, industrial customers have had a strong and active not only opportunity to shop, but actually propensity to shop, and in my analysis what this sentence is referring to is that the risk as time goes on through this three-year period increases for all classes to shop and that it's a, simply a way of my saying I'm not treating residential or commercial customers any different -- in any way different as the role of shopper as I am the industrial customer. In other words, a shopper's a shopper.

Q. Why does the risk increase?

A. Because the aggregation, the government aggregation opportunity I guess is the way to say it, increases as you go through time. It takes -- right now half of their customers are signed up, so if shopping opportunities were to present themselves tomorrow, presumably they could take advantage of that.

And it takes approximately a year to, I guess the word is register customers such that by the end of 2010 a hundred percent of FirstEnergy's customer base would have the opportunity to shop or could have the opportunity to shop. And that's what these statistics show.

Q. But again, it's not looking at who is actually shopping or historically who has shopped, who has the opportunity, but has opted out, things of that nature.

A. That's correct.

Q. And how did you get from -- to the 75 percent and the hundred percent for years 2010 and 2011? I'm sorry, I'm at the bottom of page --

A. No; I understand what you're asking. It's actually a conservative estimate for the end of the year 2010 because by then everybody could shop. And then 2011 I'm assuming everybody does -- has the opportunity to shop, but not necessarily does shop.

Q. But when you say it's a conservative

estimate, what was that estimate based upon?

A. Well, by 2010 technically a hundred percent of the people could be signed up and have the opportunity to shop if they chose to do so.

Q. And when do you think that actual shopping would affect risk, the historical shopping levels?

A. Well, here, and I'm going to be careful here because I want to make sure that we all understand what I'm saying in this testimony. If you are being asked or if you theoretically have the opportunity to participate in a market offer process for a slice of system for FirstEnergy here, first of all that's not something that's ever been done before but we're going to do it here, you have to consider the possibility that significant chunks of the current FirstEnergy load that's provided under the SSO may actually take a hike, and so that that's what this is an assessment of.

It's an attempt to replicate what would be going through the minds of companies who are intending to participate in this.

Q. And are you assuming that customers who shop are able to do so freely and going back and forth within a month for example?

A. No. There are provisions in this depending upon what's transpired. There's provisions, as I understand it, in the application that give you an indication of any restrictions on movement in and out.

Q. And a competitive supplier could have their own restrictions in terms of contracts, for example.

A. Presumably, yes.

Q. On pages 24 and 25 you talk about the margins. Can you tell me -- I want to walk through how you calculated those margins for the different classes.

A. Well, the easiest thing to do is turn to Exhibit 6 and 7. Starting with Exhibit 6, you see groups of residential and small commercial customers that are divided by duration of the contract.

Q. Right.

A. And what you see there is roughly three average observed margins for each of those three divisions.

Q. But how did you get the observed margins?

A. The observed margin comes from, in the case of Illinois, from the record, the almost endless record that was produced in that case, and the other margins come from Frank Graves' testimony that I cite at the bottom of the exhibit in the Maryland case.

The only difference is I chose to ignore a lot of Frank's data that was older -- all of Frank's data that was older than 2006. So I only had the last two years of observed margins from these four particular solicitations.

Q. So for Illinois they did not -- the solicitations did not just give a winning price, but rather identified the margins for suppliers?

A. They didn't -- well, the details -- you're asking me -- the problem is part of the data were public and part of the data were not, and my firm worked on that case so I have seen all the data at least in pieces. And I don't remember what was confidential and what's not, but I do know that the names of the winning -- the details involving the winning bids were confidential.

Q. And for the information from outside of Illinois did you perform an independent analysis or did you rely on Mr. Graves?

A. I relied on Mr. Graves' analysis although

I am familiar with at least two of these.

Q. And which two might those be?

A. I'm familiar with New Jersey and Delaware. Although I did not perform an analysis similar to Mr. Graves.

Q. And how are you familiar with those two, sir?

A. Because my firm, either I or others in my firm were involved in both of those solicitations.

Q. And again, would it be something that if I went to the PSC site for one of those, there would actually be a document indicating what the margin was for a particular supplier for a particular class?

A. I actually don't recall what -- I personally don't know, but I don't recall what Frank's references were off the top of my head, and I don't have his testimony in front of me.

Q. And would there potentially be different margins because of different costs and different RTOs?

A. Potentially? Yes.

Q. And the ultimate figures you provided at 26 are a buildup of what we talked about in terms of the assumptions that you made and the data provided by FirstEnergy and Mr. Graves as well as your own analysis; is that correct?

A. You're referring to the numbers on lines 13 through 15?

Q. Yes, sir.

A. Yes.

Q. That is all I have at the moment. Thank you very much, Dr. Jones.

A. You're welcome.

MR. SMALL: Mark, let's go off the record for a little bit.

(Discussion off the record.)

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EXAMINATION

By Mr. Small:

Q. Good afternoon, Mr. Jones. My name is Jeff Small. I represent the office of the Ohio Consumers' Counsel.

A. How are you?

Q. I have a few questions for you. On a preliminary basis, you mentioned Mr. Graves a few times so far this afternoon. What communications have you had with Mr. Graves concerning this case?

A. Nothing before yesterday afternoon.

Q. In answer to a question that was just posed to you this afternoon you mentioned that July 15th, 2008, was selected to be consistent with Mr. Graves' testimony. How did that come about if you hadn't spoken with Mr. Graves?

A. I was told by FirstEnergy that we were to use -- we were told by FirstEnergy, I suppose he was told, that we were to use a mid-July date for the purposes of the analysis.

Q. Not just a date, but July 15th, right?

A. Well, I don't remember exactly how we settled on July 15th, but that's certainly the middle of the month. Maybe we were told or maybe we asked "Do you mean July 15th?"

Q. I just observed that it's exactly the same date in both of your pieces of testimony.

A. Right. Well, that direction came from the company.

Q. All right. Thank you.

Would you please turn to page 2 of your testimony?

A. Okay.

Q. And on lines 12 through 16 you conclude that the FirstEnergy companies would pay rates from

$90 to 105 as a market rate offer price. Do you see that?

A. Yes.

Q. Okay. The values that -- by the way, have you read Mr. Graves' testimony?

A. Yesterday.

Q. Okay. The values that you've derived here are different, slightly different from Mr. Graves' numbers. Why did you select your method as opposed to the one that -- the methods displayed in Mr. Graves' testimony?

A. There are only two primary methods for conducting an analysis like this and then there are, I don't know how many submethods, but primarily there are two major methods. One is to engage in a constructed cost approach, which is what I did, the other is to engage in a comparables analysis, or comparables analysis, which is what Frank did for the most part.

And the constructed cross -- excuse me. The constructed cost method will lead you to focus on the individual customer classes and the individual periods of time, years in this case, as opposed to a comparables method which can be somewhat more general. And you'll note, I suppose you already noted, but in Frank's testimony he doesn't go into any depth about individual customer classes nor does he conduct his analysis on that basis. Rather, he looks across customer classes and to a certain extent across time.

But that is a perfectly valid approach and it's one that you would be led to execute if you used the major analytical method that he employed as opposed to the one that I used.

Now, that's the difference in methods, and I'm sorry if you asked me something else and I've forgot what it was.

Q. Well, I did have an opportunity to discuss Mr. Graves' testimony with him this morning, and he described how his comparables method was just to corroborate the numbers from his constructed price approach, so it would appear as though he used the same method that you did, general method, but arrived at it in a different fashion. Do you have a different understanding of Mr. Graves' testimony?

MR. HAYDEN: Objection. You can answer the question if you know.

A. I don't think it's fair to characterize his -- in my opinion, I mean you asked me what I thought, but in my opinion I think his analysis, while it has elements of both, would probably be characterized as mainly a comparables analysis with one eye on the constructed cost element.

And the reason I say this is because, for example, he uses a single measure for risk one year to the next, and principles of finance, not to mention principles of economics, would dictate that if you're analyzing -- if you were doing any sort of analysis across time and particularly across customer class, that risk rises with time. I mean, we observe that all the time in yield curves for other instruments. We observe that all the time in the financial and economic concept of net present value which gives you things like weighted average cost of capital.

He chose not to do that, and when I asked him, because I asked him about this, and he said that he did it the way he did it to be conservative. So that led me to believe that his primary approach was to conduct a form of comparables analysis as opposed to a constructed cost/time series analysis.

Q. Go to footnote 1 on page 2. I guess we were already on page 2.

A. Yes.

Q. And there we again mention the July 15th, 2008, date.

A. Yes.

Q. Here are we talking -- at this point in your testimony are we talking about round-the-clock values that show up in your Exhibit 2 that came from Platts Megawatt Daily?

A. We're talking about peak and off-peak prices that appeared in Platts Megawatt Daily.

Q. Right. That is, just to take a moment here, that is the data that you discussed earlier in this deposition with the attorney from Constellation, correct?

A. That's correct.

Q. And did you promise --

MR. SMALL: Mark, chime in here if you like.

Q. Did you promise something like prices for a couple weeks after that period?

MR. HAYDEN: Objection.

A. I offered to provide prices for yesterday, but since I also opined that I hadn't redone my analysis since July 15th, my offer was -- I wasn't taken up on my offer.

MR. SMALL: Well, Mark, the OCC would be interested in some of the values. I'm not, you know, for present purposes I don't care whether the analysis was redone or not.

MS. FONNER: Yeah, no, and I'm sorry to clarify, I would be interested in that initial value recognizing that Dr. Jones didn't, it didn't go through the matrix if you will.

MR. HAYDEN: Well, I think what he's testified to is he's observed in a casual sense prices in various formats or publications. He's not redone his analysis, so to the extent that he's observed public information casually, we certainly would be willing to provide whatever observation that is to the extent that it is publicly available.

MR. SMALL: I guess I'm a little bit confused by that response. What I was looking for were other days from the same data source that he used that he indicated in his testimony which would be from Platts Megawatt Daily.

MR. HAYDEN: Again, if he's made casual observations regarding prices on Platts Megawatt

Daily, we can provide a reference to that, or to the extent that it is publicly available, then, you know, we could provide that as well.

Q. (By Mr. Small) Mr. Jones -- sorry. Is it Dr. Jones?

A. Yes, it is.

Q. Sorry.

Dr. Jones, do you use this data, the Megawatt Daily information, in the course of your normal activities? Do you monitor these prices?

A. No, I don't look at the prices every day. I mean, I look at them periodically with no degree of regularity just to see what's happening in the market. Frequently I'll be looking at them along with gas prices and desolate fuel prices and uranium price, just energy market price trends.

Q. Do you get the information on line?

A. Yes.

Q. Okay. And are the on-line values, how often are they updated?

A. What do you mean by "updated"? How often do they appear? Every day.

Q. So you receive something on line on a -- once a day it would be updated?

A. I'm not quite sure what -- what do you mean by "updated"? Are you asking me can I find a Megawatt Daily price every day? The answer is yes, for every trading day.

Q. Okay.

A. Every weekday.

Q. How much variability is there in this information from day to day?

A. Well, it depends upon your historical reference. In other words, relative to what? But if you're talking about relative to, you know, a few years ago, there's been considerable more volatility in the past two to three years than you might say occurred historically, but then again that's true of all the energy markets.

Q. My reference is July 15th, 2008, whether there's daily fluctuations around that or much fluctuation between then and now.

A. Well, there's always -- there's always two elements to price change. There is trend and there's volatility. And I guess I thought your question went to volatility. If it went to trend, then there have been trend prices both upward and downward, most recently downward, which is what I indicated in my response to the questioning earlier.

Q. You're saying two trends since July 15th, 2008, that it went up and then down since then?

A. That's my recollection. We were near the peak in the middle of July, though, so I'm not -- you know, small changes then, but the trend, as I indicated, based on my examination of prices as of yesterday the 2009 price was some $7 lower, for example.

Q. And when you said that we are near the peak, you were referring to the peak for the 2008 year.

A. I would have to go back and check it, but it certainly occurred during the summer of this year, the peak thus far. Who knows where it's going from here.

Q. Can you please turn to page 6 of your testimony around lines 13 through 17? And here you discuss the round-the-clock prices, correct?

A. Yes.

Q. Okay. Did you use -- I'm trying to understand how the calculations were done for this portion of your testimony. Did you use one on-peak price and one off-peak price for each month and then you, for each month that you used, and then you did the weighting? I'm trying to determine whether there were just one peak price or were you using hourly pricing?

A. We started with hourly pricing and aggregated from there.

Q. So you were using hourly prices for July 15th?

A. Are you asking me what -- let me make sure I understand the question. Are you asking me what appears in Megawatt Daily, the basis for their calculation, or are you asking me what I actually used; if I were to give my data set, what would it look like?

Q. I'm asking you what you actually used.

A. If I gave you my data set, which I did in discovery, it's daily prices. It's aggregated -- they're daily prices, peak and on-peak.

Q. Okay. Would you please turn to page 7 and line 1 where you discuss the Cinergy hub?

A. Yes.

Q. What do you mean by a liquid hub?

A. There are a large number of buyers and sellers who transact there.

Q. Does Platts contain data for any other hub or location in MISO?

A. Yes.

Q. Does Platts contain data for any hub that is in the FirstEnergy service area?

A. Yes.

Q. Can you tell me what those hubs are?

A. There's only one to my knowledge and that's the FirstEnergy hub.

Q. Okay. Considering the fact that we're dealing with FirstEnergy pricing, why was the Cinergy hub used as opposed to the FirstEnergy hub?

A. Because it's the larger of the two by a substantial margin and it is the one where third-party transactions are most likely to take place as opposed to the FirstEnergy hub.

Q. As far as the amount of transactions, can you give me an order of magnitude? Twice as much? Ten times as much?

A. I really don't know, I've not made a study of the orders of magnitude, but it is a long established major trading point for electricity in the midwest.

Q. You're referring to the Cinergy hub.

A. I am indeed, yes.
Q. And does MISO provide any forward prices for the FirstEnergy hub?
A. MISO?
Q. Is there any information available on forward prices for the FirstEnergy hub?
A. Yes, but it wouldn't be the -- I mean, the problem is you don't have the same number of transactors and so you're asking me about a minor hub versus a, what has to be considered one of the larger hubs in the country. So it's almost apples and oranges.
Q. Well, for present purposes I'm just asking you whether it's available or not, not orders of magnitude.
A. Off the top of my head I don't know, but I suspect there are bilateral transactions in the forward market that take place there one would presume. I don't really pay any attention to the FirstEnergy hub because it's not, you know, it's a minor hub.
Q. Would you please turn to the bottom of page 7 of your testimony and the top of page 8.
A. All right.

Q. At the top of page 8 you explain that you used LMP prices.

A. Yes.

Q. What's the source of the LMP data that you used?

A. The LMP data is MISO data.

Q. How did you obtain it?

A. That's a good question. I don't know whether that data came from off the top of my head. I could check and give you an answer later.

Q. You don't know whether it would be from -- it could be from MISO. It could be from a source that was reporting on MISO information.

A. Well, no, I thought you meant where did I personally get it, and I don't recall whether we got it from the company or we got it from a third party or how we got the data. I thought that was your question, I'm sorry.

Q. Well, I was really going for what is the source of the information, not who handed it to you. I meant the --

A. Well, I got it electronically to begin with, so . . .

Q. Basically I'm talking about how was it published. Using the word "published" broadly meaning in hard copy or electronically.

A. Well, this data came from the system operator, MISO, that I used. But I don't know that that's the only place you can get it.

Q. And on what period of time is the information available?

A. You mean when does it start?

Q. I'm sorry?

A. When does it start? Is that what you're asking me?

Q. No. Whether it's on an hourly basis, a daily basis, the information that you have.

A. The information I used was on a -- was aggregated by the time we actually used it in this. I don't recall the degree of disaggregation in the raw data. For my purposes in this instance all I was looking for was an average over a two-year period. I don't recall the ultimate degree of disaggregation.

Q. Did you use realtime or day-ahead data?

A. This would be -- I don't know without looking at the data set. It was daily data but I can't remember. I don't know offhand. Again, I could find out obviously.

Q. Okay. On page 8 on line 9 you refer to the Ohio companies' load zone. Do you see that?

A. Yeah, I think it's called FESER or FESR, but go ahead, yes.

Q. I was wondering how it's defined.

A. That's how it's defined.

Q. Who is it defined by? That's a MISO designation?

A. That's correct.

Q. All right. On page 8, line 12, you see that you make a reference to realtime energy prices.

A. Yeah.

Q. Could you describe how realtime energy prices differ from forward contracts?

A. Well, realtime prices refer to the then-current price for delivery the next day. A forward contract can be over an extended period of time.

Q. You agree that a forward contract -- do you agree that forward contract prices are formed from an expectation of the realtime prices?

A. They are the expected realtime price that would prevail at the termed maturity of the contract. In theory you're trying to predict what the spot price will be in the future.

Q. Okay, let's go to page 9, lines 16 through 22 at the bottom of page 9.

A. Okay.

Q. And again, we're talking about the use of LMP data. Is this the same LMP data that you used in your previous adjustment for locational costs I believe we just discussed?

A. Yes.

Q. I'm sorry, is this the same LMP data?

A. Yes.

Q. Okay. Let's go to page 10 of your testimony, and you have proposed the capacity adjustments starting on page 10 of your prefiled testimony.

A. The capacity cost.

Q. The capacity cost, yes. As part of that you assume on page 11, lines 17 through 18, that there will be a need to meet 113.5 percent of projected annual peak, correct?

A. That's correct.

Q. Is there any requirement to carry reserves at any other time, that is other than the peak time?

A. Well, the requirement is a peak requirement. I don't understand what you mean by "required." You would ultimately have larger demonstrated resources on a percentage basis off peak just simply by the arithmetic. If you had 113 percent on-peak, you would have a higher margin off-peak. I don't really -- is that what you were asking me?

Q. Hang on for just a moment.

What is the capacity cost that you're referring to in your testimony? Does that relate to reserves or to reserves plus the actual load requirement?

A. It's -- the capacity cost that I use is somewhat generic in the sense that it is for all capacity requirements outside of ancillary services, if I understand your questioning.

Q. I'm now moving on to page 14 of your testimony.

A. Okay.

Q. This is regarding the cost of transmission and ancillary services.

A. Right.

Q. You have $7.50 on line 11.

A. Yes, I do.

Q. And that is ultimately factored into your $90.47 price for 2009 that's listed on your page 2, correct?

A. Yes, or in Exhibit 8, either one. Where it appears independently, it appears by itself. But you're right, it is part of the collection of costs that make up the slice of service cost for the year 2009, '10, and '11.

Q. Has this $7.50 figure been factored up by the 20 percent in 2009 for the risk margin that's discussed later in your testimony?

A. Factored up in -- I'm sorry, I don't understand. Either I don't understand the term or I don't understand the question. You mean is it part of --

Q. I guess the question is does that $7.50 get multiplied by that 20 percent factor for 2009 in your calculations?

A. Yes.

Q. And then it would be -- the 30 percent factor would be used for 2010 and the 40 percent would be used for 2011?

A. Yes. Given those customer shopping

categories, yes.

Q. Okay, I'm on page -- all right, I think I may have had a question answered here. I was looking at Exhibit 6.

A. You want me to turn to Exhibit 6?

Q. Yeah.

A. Okay, go ahead. I got it.

Q. These observed margins, I believe you said Illinois you got it from the Illinois commission and the others you got from, did I understand it was from the Graves testimony in a Maryland case?

A. Yes. Case No. 9117 from September of last year.

Q. 91 what?

A. 9117 from September of last year.

MR. SMALL: Dr. Jones, thank you very much. That concludes my questions.

MR. HAYDEN: I think we're going to go ahead and take a ten-minute break here. I have about 2:25. Come back about 2:35. Thank you.

(Recess taken.)

MR. HAYDEN: Go ahead, Mark.

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EXAMINATION

By Mr. Yurick:

Q. Dr. Jones, are you there?

A. I am, yes.

Q. Can you hear me all right, sir?

A. Yes, sir.

Q. My name is Mark Yurick, and I represent The Kroger Company, and I have just a few questions for you. If you can turn to page 5 of your testimony.

A. Okay.

Q. I'm looking at the bottom of the page, lines 18 through 22, I want to make sure I understand you. You say "Of course, the direct cost components are in fact highly uncertain, and they cannot be hedged perfectly. Thus, as explained in more detail below, I include a 'margin' to reflect the amount of expected return that a bidder would require for accepting the substantial risks of providing full requirements service at fixed prices for the Ohio Companies' standard service offer." Do you see that, sir?

A. Yes. Yes, I do.

Q. Is one of the substantial risks of

providing full requirements service at fixed prices the risk of shopping?

A. Yes.

Q. Okay. Is the risk of shopping, then, included in your margin?

A. Yes.

Q. Is that quantified particularly or anyplace that I can look, or is it just sort of just generally factored in?

A. It's generally factored in.

Q. Now, if I were a company, an industrial say user, and I had a special contract with FirstEnergy, depending on how the contract was written that would eliminate my ability to shop, wouldn't it?

A. It's possible.

Q. Well, I can think of a hypothetical where I am an industrial user and I have a contract with FirstEnergy saying I'll buy power at X rate and you'll sell me power at X rate for a certain number of years which means I can't shop, okay?

A. Well, I don't know that I agree with that, but it's possible to structure a contract that would prevent you from shopping.

Q. Right. That's all I'm asking. I'm just saying that it's possible to structure a contract, a special arrangement or a contract such that my ability to shop would be eliminated, correct?

A. Or severely restricted. You could retain -- no matter how onerous the terms and conditions for a particular quantity of power you may be acquiring from FirstEnergy, incremental power requirements beyond that would not be restricted from shopping.

Q. Okay, but I mean -- yeah, I guess it's always possible to breach a contract. All I'm --

A. No, that's not a breach of contract. If the contract terms and conditions stipulate a particular quantity and your requirements exceed that quantity, which you would have to obtain from the marketplace somewhere somehow, you wouldn't necessarily be bound by the terms and conditions of the original contract.

Q. But the company wouldn't be bound to supply those excess amounts pursuant to a standard service offer, right?

A. I'd have to think about that.

Q. Well, I guess if I have a contract, I'm an industrial user, I have a contract to buy X amount of power from you, not pursuant to a standard service offer but pursuant to a contract, and I use more power than that, you're not required to, as the utility, to provide that power at anything less than a market rate, certainly.

A. Like I said, I'd have to think about that. As I sit here now I don't have an answer to that question.

Q. So I guess the answer to the question is you don't know.

A. No. That's not what I said.

Q. Okay.

A. I said I'd --

Q. I guess if you want to think about it and provide me with an answer in writing, that would be okay with me, but I guess sitting here right now your answer is you don't know. Am I mischaracterizing that?

A. I think I'll stick with my original answer is I would have to think about it.

Q. Let me ask you another question, Doctor. If I were somebody who is supplying generation, okay, in other words I was a bidder on one of the tranches --

A. Yes.

Q. -- would it be relevant for me to know how much of a certain slice of system is covered by a special contract or special arrangement?

A. Well, I think in the hypothetical more information is always better than less. As to whether or not it's a requirement, I can't answer that.

Q. Well, I'm just asking if let's say you had a company and you were providing generation to FirstEnergy for a particular slice of system, wouldn't it be relevant information for you to consider how much of that slice of system was provided pursuant to a special contract?

A. I really haven't looked at that as part of this analysis. Like I said, you're catching me -- that's why I answered in the hypothetical, I just don't -- I don't know as I sit here right now. I don't know. I haven't considered it.

Q. Well, let me ask you this, just in general, as a general rule, and this goes again to your testimony on page 5 where you say that the cost components are highly uncertain and cannot be hedged perfectly, wouldn't it assist you in hedging if you knew that a particular company was required to purchase a certain amount of energy pursuant to a special arrangement?

A. Well, as I indicated, this general, or in the hypothetical, or in business in general, anytime you have more information with regard to structuring a hedge, whether it has to do with a special contract or not, anytime you have more information, you're better off.

Q. Okay. I appreciate that. I thank you for your patience. I apologize if my questions are inartful. I'm just trying to make sure I understand, you know, what you're testifying to and what you're not.

If you could turn to page 17.

A. Okay.

Q. You talk about, in lines 15 through 20, and again this is, I'm going to ask you sort of about special arrangements and contracts as applied to shopping risk. When you say, I guess at lines 19 and 20, "This uncertainty makes it very difficult for the supplier to hedge its costs of providing electric service," if you had a special arrangement or a special contract that made it more difficult for a particular customer to switch, would that assist you in managing shopping risk?

A. Anytime you reduce the uncertainty -- anytime you reduce the uncertainty with regard to any component of risk then your hedging becomes a simpler task.

Q. And that would include special arrangements or special contracts, right?

A. Well, it would depend upon the terms and conditions of the contract, and as I said, I haven't looked at that and, I mean -- maybe. Maybe not. I don't know.

Q. This is my last thing, Doctor, and again I appreciate your patience, on page 18 --

A. Right.

Q. -- you say in line 10 "Industrial customers virtually always present a high level of shopping risk, since they tend to be sophisticated buyers of large load and relatively lower load-shaping costs, making them attractive customers for competitive retail suppliers." Do you see that?

A. Yes.

Q. It would be possible to structure a

special contract or a special arrangement such that those industrial customers would be less attractive for competitive retail suppliers; isn't that right?

A. I'm sorry, a contract with whom?

Q. With the industrial customer.

A. I know, but who's on the other side of the contract from the industrial customer?

Q. The utility.

A. The LSE, the load-serving entity, for that industrial customer? I'm sorry, I just don't understand. Are you saying you could -- well, go ahead, restate your question.

Q. Well, in this case FE, let's say that the distribution company has a special arrangement with an industrial customer.

A. Your client, for example.

Q. I'm sorry?

A. Your client, for example.

Q. For example, correct.

Doesn't the fact that we have a special arrangement or a special contract, doesn't that mitigate the risk of me going out and shopping?

A. Well, I certainly -- I certainly can't deny that it might, but I have not looked at that so

I simply don't know. I just, without the terms and conditions of the agreement and a comprehensive analysis of the contracts, I don't know what the answer to your question is.

Q. Okay. So let me ask you this: In your testimony -- I guess what you're saying is in your testimony you didn't consider the effect that special contracts or special arrangements had on pricing at all; is that correct?

A. That's right.

MR. YURICK: I don't have any other questions.

MR. HAYDEN: Does anybody else on the phone have more questions?

(No response.)

MR. HAYDEN: Okay, Brett.

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EXAMINATION

By Mr. Breitschwerdt:

Q. Sure, good afternoon, Mr. Jones. My name is Brett Breitschwerdt. I'm here on behalf of NOPEC to ask you a few questions. The first -- we'll be staying in the same area, generally, I just have a few questions.

Page 18, line 13 through 17 you note that shopping by non-industrial retail customers has been highly variable. Can you explain what you meant by that statement, "highly variable"?

A. It means that they've had a propensity to shop that tended to increase with the opportunity to shop.

Q. Okay. Increase with the opportunity to shop. And you note that in 2004 there was a high of 69 percent and 75 percent. Presumably that would mean that after 2004 although the opportunity to shop was present, that those levels decreased; is that correct?

A. Yes, due to certain structural changes in the marketplace.

Q. Could you explain what those structural changes in the marketplace were?

A. Well, you began -- that was the era in which you began to have legislated -- a legislative activity recognizing that with the end of the period of protection offered by the original deregulation of the industry in this state that current trends in energy prices and so forth were making it looked like you would have price shock across customer classes, and so among other things you had initial legislative action to mitigate the possibility of that shock.

Q. So the market conditions were not favorable for shopping post-2004 is what you're saying at this point.

A. Well, I'm saying it was a combination of factors, but mainly the regulatory factors that tended to soften, if it were, the intensity of shopping.

Q. Okay. On page 20 of your testimony you discuss, this is lines 14 through 17, you discuss -- we went over this ground earlier but the 50 percent, 75 percent, hundred percent, and you premised that by saying "if market conditions were favorable," this amount of shopping could occur. Would you agree that's --

A. It's possible it could occur, yes.

Q. Okay. But we're kind of returning to the same position we were in 2004 and 2005 where you have to show that there's a possibility based on the regulatory environment I think as you put it.

A. Well, I think this new -- the statute and all the requirements that we're going through now to both honor the statute and to position in this case the FirstEnergy companies for the next three years will provide that opportunity.

Q. Okay. I guess my next question then, based on that, is would it be relevant in the way you develop your analysis that the companies' are proposing a plan that is premised on no shopping occurring in their service territory? I mean, their regulatory construct, the electric security plan they're proposing is based on no shopping occurring and then you're saying if market conditions are favorable, then 50 percent, 75 percent, or a hundred percent of these customers could shop. Is that -- that seems to --

A. Well, I guess --

Q. -- oppose the form -- sorry.

A. No, I'm a little troubled by the premise that the company is proposing its plan as it were and assuming there'll be no shopping. Is that what you're saying?

Q. That's correct. If you -- I understand you only have your testimony here today, but I can refer you to line 1, page 19 of Mr. David Blank's testimony.

A. Oh, okay.

Q. That's fine. Essentially I'll read you the statement. It says "For both the ESP and the market case we have assumed that there was no shopping." So they've structured both their market option and their electric security plan based on the fact that there is not going to be any shopping occurring within their service territories.

A. Well, if that's what he said, that's what he said.

Q. Okay. I guess my question to you then, since your testimony is on the market rate offer that you've constructed, is this fact relevant, and how is it relevant?

A. No, I think -- well, ideally it goes without saying FirstEnergy would like no customer to leave their service territory and shop, simply because more is better than less. And I don't know under what conditions, I don't know why Mr. Blank said what he said, I'm not an expert in his testimony, but the fact of the matter is the opportunity to shop will undoubtedly cause some people to shop.

Q. But you would agree with me that if the price that customers can seek from competitive suppliers to the market is limited by the electric security plan the companies proposed, then shopping will be substantial -- or potentially could be substantially lower than the 50 percent, the 75 percent, and hundred percent that you propose for the three years of the plan.

A. Could you repeat the question, please?

Q. Sure. Essentially if the construct, the regulatory construct, the electric security plan that the companies proposed is designed in a manner where they essentially design it where no shopping will be contemplated or included in the plan, then the 50 percent, 75 percent, and hundred percent shopping, the potential that those will occur will be substantially decreased, the probability of that. I recognize that your testimony discusses possibility, but --

A. Yeah, I just was trying to make sure that I understood what your question actually was asking.

Q. Sure.

A. It sounds like you're asking me if the prices that FirstEnergy offers its customers are lower than anything that anyone else offers, other things equal, that customers won't leave FirstEnergy, and I think almost by definition of it that's almost a tautology. Is that not what you're saying?

Q. That is. That is.

A. Okay. Go ahead.

Q. Just to reiterate your statement earlier that that would be in the best interest of the companies; FirstEnergy.

A. It certainly would be in the best interest of the consumer to get a lower price than the higher price.

Q. Certainly, you would also agree with me it would be in the best interest of the companies as well.

A. What I said was you -- it has to be qualified with other things equaled. There may be terms under which that wouldn't be in the best interest of the company, but generally speaking any time you can retain your customer base and simultaneously those customers are made better off, that's a Pareto optimal solution, as we economists say, and everything is net net better off.

MR. BREITSCHWERDT: Thank you. That's all the questions I have.

MR. HAYDEN: Does anybody else have

questions for Dr. Jones?

MR. DUNN: Yeah. This is Greg Dunn with Cleveland.

MR. HAYDEN: Okay.

MR. DUNN: I have a question. It's Gregory J. Dunn on behalf of city of Cleveland, for the court reporter.

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EXAMINATION

By Mr. Dunn:

Q. I just want to clear something up. On page 5 you reference at line -- starting at line 9 provided with the local forecast data. Who provided you that?

A. The load forecast data?

Q. Yes. Sorry.

A. FirstEnergy.

Q. Okay. And do you have that, a copy of that?

A. Do I have it? It's part of this --

Q. Well --

A. Not in front of me I don't.

Q. Okay.

A. Are you asking me the raw data that they gave us?

Q. Yes.

A. It's in discovery somewhere. I know we provided it in discovery.

Q. Okay. I'll go -- you don't know where it is in discovery, okay.

A. Not off the top of my head, no. I'm sorry.

MR. DUNN: Okay. That's all I've got.

MR. HAYDEN: Does anybody else have questions for Dr. Jones?

(No response.)

MR. HAYDEN: Okay. Hearing none, I believe we are done. Thank you very much.

(The deposition concluded at 2:56 p.m.)

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State of _________________ :
: SS:
County of ________________ :

I, Scott T. Jones, do hereby certify that I have read the foregoing transcript of my deposition given on Tuesday, September 23, 2008; that together with the correction page attached hereto noting changes in form or substance, if any, it is true and correct.

____
Scott T. Jones

I do hereby certify that the foregoing transcript of the deposition of Scott T. Jones was submitted to the witness for reading and signing; that after he had stated to the undersigned Notary Public that he had read and examined his deposition, he signed the same in my presence on the ________ day of ______________________, 2008.

____
Notary Public

My commission expires _________________, ________.

- - -

CERTIFICATE

State of Ohio :
: SS:
County of Franklin :

I, Maria DiPaolo Jones, Notary Public in and for the State of Ohio, duly commissioned and qualified, certify that the within named Scott T. Jones was by me duly sworn to testify to the whole truth in the cause aforesaid; that the testimony was taken down by me in stenotypy in the presence of said witness, afterwards transcribed upon a computer; that the foregoing is a true and correct transcript of the testimony given by said witness taken at the time and place in the foregoing caption specified and completed without adjournment.

I certify that I am not a relative, employee, or attorney of any of the parties hereto, or of any attorney or counsel employed by the parties, or financially interested in the action.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal of office at Columbus, Ohio, on this 25th day of September, 2008.

Maria DiPaolo Jones

Maria DiPaolo Jones, Registered Diplomate Reporter, CRR and Notary Public in and for the State of Ohio.

My commission expires June 19, 2011.

(MDJ-3262B)

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