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In the Matter of the :  
Long-Term Forecast Report :  
of Columbus Southern : Case No. 10-502-EL-FOR  
Power Company and Related :  
Matters. :

— — —

before Ms. Sarah J. Parrot, Hearing Examiner, at the Public Utilities Commission of Ohio, 180 East Broad Street, Room 11-D, Columbus, Ohio, called at 10:00 a.m. on Wednesday, March 28, 2012.

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APPEARANCES:

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On behalf of the Applicants.

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On behalf of the staff of the Public  
 Utilities Commission of Ohio.

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1 Wednesday Morning Session,  
2 March 28, 2012.

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4 EXAMINER PARROT: Let's go on the record.  
5 The Public Utilities Commission of Ohio has called  
6 for hearing at this time and place case number  
7 10-501-EL-FOR, being In the Matter of the Long-term  
8 Forecast Report of Ohio Power Company and Related  
9 Matters, and case number 10-502-EL-FOR, being In the  
10 Matter of the Long-term Forecast Report of Columbus  
11 Southern Power Company and Related Matters.

12 My name is Sarah Parrot. I am the  
13 attorney examiner assigned by the Commission to hear  
14 these cases. I note for the record that these cases  
15 were first called on March 9, 2011, and continued  
16 until today.

17 At this time I'd like to get started with  
18 appearances of the parties beginning with the  
19 company.

20 MR. SATTERWHITE: Thank you, your Honor.  
21 On behalf of the merged companies of Columbus  
22 Southern Power and Ohio Power Company as Ohio Power,  
23 Matthew Satterwhite and Yazen Alami, A-l-a-m-i, at 1  
24 Riverside Plaza, Columbus, Ohio, 43215.

25 EXAMINER PARROT: Thank you.

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Staff.

MR. McNAMEE: On behalf of the staff of the Public Utilities Commission of Ohio, Michael DeWine, Attorney General of the state of Ohio, I'm Thomas W. McNamee, Assistant Attorney General, the address is 180 East Broad Street, Columbus, Ohio.

EXAMINER PARROT: Thank you.

Industrial Energy Users-Ohio.

MR. OLIKER: On behalf of IEU-Ohio, Joseph Olikier, Sam Randazzo, and Matt Pritchard with the law firm of McNees, Wallace & Nurick, 21 East State Street, Columbus, Ohio, 43215.

EXAMINER PARROT: Thank you.

FirstEnergy Solutions.

MR. HAYDEN: Good morning, your Honor. On behalf of FirstEnergy Solutions, Mark Hayden. Also with me is Jim Lang, Laura McBride, and Trevor Alexander from the law firm of Calfee, Halter & Griswold.

EXAMINER PARROT: Thank you.

Are there any preliminary matters before we get started with our first witness this morning?

MR. LANG: Nothing.

MR. SATTERWHITE: I guess I would just, I should have maybe done this before, I'll mark Staff

1 and AEP Joint Exhibit 1, the stipulation, and give  
2 that to the court reporter.

3 EXAMINER PARROT: It will be so marked as  
4 Joint Exhibit 1.

5 (EXHIBIT MARKED FOR IDENTIFICATION.)

6 MR. OLIKER: Your Honor, IEU-Ohio also  
7 has two motions to strike. We can address them when  
8 the witnesses comes in if you'd like.

9 EXAMINER PARROT: That's fine, we can do  
10 that.

11 MR. OLIKER: Thank you.

12 EXAMINER PARROT: All right. It's my  
13 understanding, as we just marked, the stipulation and  
14 recommendation has been filed between the company and  
15 staff for the Commission's consideration. At this  
16 time let's begin with our first witness in support of  
17 the stipulation.

18 MR. SATTERWHITE: Thank you, your Honor.  
19 The company would call William Castle to the stand.

20 EXAMINER PARROT: Please raise your right  
21 hand.

22 (Witness sworn.)

23 EXAMINER PARROT: Please be seated.

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WILLIAM K. CASTLE

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

DIRECT EXAMINATION

By Mr. Satterwhite:

Q. Good morning, Mr. Castle.

A. Good morning.

Q. Could you please state your name and  
business address for the record.

A. My name is William Castle. I work at AEP  
Service Corporation, 1 Riverside Plaza, Columbus,  
Ohio, 43215.

Q. And in this proceeding did you cause  
testimony to be filed under your name on March 9th,  
2012, in support of the stipulation?

A. I did.

MR. SATTERWHITE: Your Honor, may I  
approach?

EXAMINER PARROT: You may.

(EXHIBIT MARKED FOR IDENTIFICATION.)

Q. Mr. Castle, I'd like to hand you what  
I've marked as AEP Exhibit No. 1. Can you take a  
look at that. Can you identify that document for me?

A. Yes. This is my testimony in 2010 LTFR  
and the supplement to 2010 LTFR.

1           Q.    Were you involved in overseeing the  
2 preparation of this testimony for this case?

3           A.    Yes, I was.

4           Q.    Did you answer the questions honestly and  
5 truthfully?

6           A.    Yes.

7           Q.    And do you adopt this testimony as your  
8 testimony in this case today?

9           A.    Yes.

10          Q.    And did that testimony have a number of  
11 exhibits referenced on page 3 of your testimony?

12          A.    It does.

13          Q.    And do those exhibits also include Joint  
14 Exhibit No. 1 which was previously marked also  
15 included on the stand?

16          A.    Yes.

17          Q.    As well as three exhibits, WKC-1, 2, and  
18 3 that's attached to the testimony, correct?

19          A.    Yes.

20               MR. SATTERWHITE: Your Honor, at this  
21 time I would move admission of AEP Exhibit 1 and the  
22 joint exhibit subject to cross-examination of the  
23 parties.

24               EXAMINER PARROT: Thank you,  
25 Mr. Satterwhite. So for clarity of the record I'd

1 just like to note AEP Exhibit No. 1 consists of  
2 Mr. Castle's prefiled direct testimony including his  
3 exhibits which comprise the forecast report, the  
4 supplement, and the proofs of publication, correct?

5 MR. SATTERWHITE: Yes. We just thought  
6 it would be easier to put it all together. One-stop  
7 shopping.

8 EXAMINER PARROT: That's fine. Did you  
9 intend to mark the updated forms that were filed in  
10 the docket on May 27th?

11 MR. SATTERWHITE: We can. It was our  
12 understanding that was done, asked for by staff as  
13 more of a baseline for forms they want in the future,  
14 but we'll be happy to take administrative or ask for  
15 administrative notice if the Bench would like that in  
16 the record.

17 EXAMINER PARROT: No, I just wanted to  
18 know if it was your intention, so that's fine. Thank  
19 you.

20 All right. Any questions from --  
21 Mr. Olikar?

22 MR. OLICKER: Would this be an appropriate  
23 time to strike, your Honor?

24 EXAMINER PARROT: Sure.

25 MR. OLICKER: For the same reasons that

1 were set forth in the IEU-FES motion to strike that  
2 was filed in this case I would also like to move to  
3 strike the testimony of William Castle at page 2,  
4 line 23, through page 3, line 2. Also page 3, line 3  
5 through page 3 line 5.

6 MR. SATTERWHITE: Can you do those  
7 slower? Sorry.

8 EXAMINER PARROT: Yeah, let's go through  
9 that.

10 MR. OLIKER: Do you want me to start  
11 over?

12 MR. SATTERWHITE: Yeah.

13 EXAMINER PARROT: Page 2, line 23?

14 MR. OLIKER: Line 23. Going on to page  
15 3, line 2.

16 EXAMINER PARROT: So the sentence that  
17 reads "This testimony supports the need" and  
18 continues on?

19 MR. OLIKER: That's correct, your Honor.

20 EXAMINER PARROT: Is that the sentence  
21 you're referring to?

22 MR. OLIKER: Yes.

23 EXAMINER PARROT: Okay.

24 MR. OLIKER: And then going on to page 3,  
25 line 3 to line 5, unless, I think you might have just

1 covered that.

2 Moving on to page 5, line 23 to the end  
3 of the page. And then all of page 6 through page 11.  
4 And the grounds for the motion are the same motions  
5 that were previously stated but I'd also like to add  
6 a second motion to strike.

7 On page 5, line 8 through line 13, the  
8 citation to the stipulation in case 10-505, there's  
9 language in that stipulation which reads "Except for  
10 purposes of enforcement of the terms of this  
11 Stipulation, this Stipulation, the information and  
12 data contained therein or attached and any Commission  
13 rulings adopting it, shall not be cited as precedent  
14 in any future proceeding for or against any Party or  
15 the Commission itself."

16 EXAMINER PARROT: Can you just, maybe you  
17 all got it, but just for clarity I'll have you go  
18 through the first motion one more time to make sure I  
19 have all the references. I've got the sentence  
20 running from page 2 to 3, and then I think you  
21 mentioned -- is there something else on page 3?

22 MR. OLIKER: I think we got all of 3, the  
23 sentence that goes on to page 3. So it would be next  
24 to page 5.

25 EXAMINER PARROT: Okay. And then on page

1 5 I've got -- page 5?

2 MR. OLIVER: Yes. The second motion to  
3 strike is embedded in that page as well.

4 EXAMINER PARROT: I've got that, what was  
5 the first part though?

6 MR. OLIVER: The first part is line 23.

7 EXAMINER PARROT: So just that "I have  
8 been advised by counsel" and continues on?

9 MR. OLIVER: Yes. That's correct, your  
10 Honor.

11 EXAMINER PARROT: And then from there?

12 MR. OLIVER: All the way to line 21 on  
13 page 6.

14 EXAMINER PARROT: That entire page,  
15 right. Okay. And then --

16 MR. OLIVER: And then all of page 7, all  
17 of page 8, all of page 9, all of page 10, all of page  
18 11.

19 EXAMINER PARROT: Okay. Very good.

20 MR. SATTERWHITE: Your Honor.

21 MR. LANG: Your Honor, if I may --

22 MR. SATTERWHITE: I'm sorry. Go ahead.

23 MR. LANG: -- before the response,  
24 FirstEnergy Solutions would join in the first motion  
25 to strike and would note that 4935.04(E)(1) says the

1 scope of this hearing for purposes of LTFR should be  
2 limited to issues related to forecasting. When the  
3 motion to dismiss was submitted to your Honor and was  
4 denied, you noted that 4935.04(E)(2)(b) provides that  
5 the hearing may include a review of estimated  
6 installed capacity and supplies to meet projected  
7 load requirements.

8 We join the motion to strike Mr. Castle's  
9 testimony, particularly everything page 6 and on,  
10 because the testimony does not go to the statutory  
11 requirements, it does not include a forecast, it's  
12 simply a statement of existing resources and then  
13 compares those existing resources to the statutory  
14 benchmarks for renewable energy.

15 There is no forecast provided in this  
16 testimony that is a forecast of future resources,  
17 which is what your Honor referenced in saying that  
18 AEP would be permitted to submit testimony and could  
19 submit testimony with regard to the 4935.04(E)(2)(b)  
20 criteria. This testimony does not address that  
21 criteria and, therefore, we join the motion to  
22 dismiss -- or, the motion to strike, I'm sorry.

23 EXAMINER PARROT: Mr. Satterwhite.

24 MR. SATTERWHITE: Thank you, your Honor.  
25 I think a lot of what we've heard are the same bases

1 I think Mr. Olikier also included that were included  
2 in the motion in limine, the motion to strike filed  
3 by the parties previously.

4 I'd just incorporate -- I'm not going to  
5 go through all the rule, but I think that response  
6 laid out how the Commission intended this process to  
7 do exactly what it's doing today and determine need  
8 in this case, and the rules supplement the statute to  
9 say this is the process that the Commission set out  
10 that parties are supposed to follow to determine need  
11 for purposes of resource planning.

12 I'd also point out that your Honor issued  
13 an entry in this case declaring that we have the  
14 hearing because of the addition of the Turning Point  
15 facility in this case and it really narrowed the  
16 issues of this case and what we're going to go forth  
17 in the hearing today to talk about that exact point.

18 Also, I'd like to point out to the second  
19 motion to strike by Mr. Olikier about the language in  
20 the stipulation from the DP&L case, I think the  
21 Commission recently, in AEP's ESP filing, made a  
22 clarification of a distinction with this argument,  
23 and the purpose of it being used in this testimony is  
24 not to hold it against one party for what they agreed  
25 to in a case, but simply the three-part test that the



1 Commission must analyze in approving any stipulation,  
2 whether it violates any regulatory principle, and if  
3 it was done in that case, then -- violated a  
4 regulatory principle, I believe that's all it's being  
5 offered for in the case today.

6 Back again, sorry, to the previous one, I  
7 think the Bench has already ruled on these. The  
8 purpose of the testimony, if you look throughout, is  
9 discussing what was filed in the December supplement  
10 and supported that December supplement, which is  
11 appropriate; we were required to file a resource plan  
12 because of the changes in the facility and all this  
13 testimony is in support of that, it's directly on  
14 point to what needs to happen in this case today.

15 MR. McNAMEE: Your Honor, the staff would  
16 agree with Mr. Satterwhite, but we have nothing  
17 further to add.

18 EXAMINER PARROT: Upon review of the  
19 testimony that's the subject of the motion to strike,  
20 the motion is denied, Mr. Olier. Do you wish to  
21 proceed at this point with cross-examination?  
22 Mr. Lang?

23 MR. LANG: If you don't mind, I would  
24 like to go first.

25 EXAMINER PARROT: That's fine.

1 MR. LANG: Thank you, your Honor.

2 - - -

3 CROSS-EXAMINATION

4 By Mr. Lang:

5 Q. Good morning, Mr. Castle.

6 A. Good morning.

7 Q. If I could ask you to turn to page 4 of  
8 your testimony, at the top of that page, this is the  
9 first question asking you to summarize the major  
10 provision of the stipulation, and there you referred  
11 to the requirements found in two statutes,  
12 4928.64(B)(2) and 4928.143(B)(2)(c). With regard to  
13 the -- with regard to that second statute, what are  
14 the requirements that you're referring to that are  
15 found in 4928.143(B)(2)(c)?

16 A. The only piece that I'm focused on in  
17 determining resource planning is the statement that  
18 says prior to asking for any sort of, you know, rate  
19 recovery of any asset that's built you need to  
20 determine need based on resource planning  
21 projections.

22 Q. And that's -- a determination of need  
23 with regard to resource planning projections, that's  
24 a requirement in that particular statutory provision,  
25 .143(B)(2)(c)?

1           A.     That's my understanding.

2           Q.     What is the purpose of the need  
3     determination in that statute?

4                     MR. SATTERWHITE:  Objection.  Your Honor,  
5     the witness is not an attorney for the purpose of the  
6     statute.  I believe he's testified the facts he's  
7     providing to fulfill something, and I don't think it  
8     would be appropriate to ask him what the purpose of  
9     the statute is.

10                    MR. LANG:  Your Honor, he's testifying to  
11     the requirements in that statute.  I want to find out  
12     what he understands those requirements to be and why  
13     they're in there.

14                    EXAMINER PARROT:  And you're asking this  
15     on the basis of his lay opinion?

16                    MR. LANG:  Certainly.

17                    EXAMINER PARROT:  I'll allow the  
18     question, then, with that clarification.

19           A.     Right.  Well, I mean, as I understand it,  
20     there's a process that's laid out and this would be  
21     one step in a longer process where the need is the  
22     first thing that's determined in this case for  
23     Turning Point.  There would be subsequent hearings  
24     where you determine other factors in the case.

25           Q.     The stipulation that was submitted,

1 paragraph (2) of the stipulation refers to both of  
2 these statutory provisions. Why does the stipulation  
3 refer to 4928.143(B)(2)(c)?

4 A. I believe that's where the language that  
5 requires the hearing is done to determine need first  
6 prior to asking for any other sort of recovery.

7 Q. And as set forth in the stipulation am I  
8 right that the need that's being addressed is the  
9 need for this particular solar resource, the Turning  
10 Point facility?

11 A. That's correct.

12 Q. And so the need in the stipulation is not  
13 an issue of need with regard to solar resources  
14 generally in the state of Ohio, correct?

15 A. Well, I mean, I think ultimately it's --  
16 the two are the same thing. You're going to need to  
17 solve a solar requirement and whether it ends up  
18 being Turning Point or some other solution is TBD at  
19 a different time, but you're asking the same  
20 question.

21 Q. So does the stipulation, the stipulation  
22 with regard to what AEP and staff are asking the  
23 Commission to find in this case, the stipulation is  
24 asking for a finding that the Turning Point Solar  
25 Project is needed or that AEP Ohio needs to construct

1 the Turning Point Solar Project during the LTFR  
2 planning period; is that correct?

3 A. I believe that we're saying in the --  
4 yes, I mean, it says so in the stipulation. We're  
5 referring to the need for the solar facility known as  
6 Turning Point.

7 Q. Now, at the top of page 6 of your  
8 testimony you reference two different Commission  
9 rules related to resource planning and you refer to  
10 filing for an allowance. Is the allowance that  
11 you're referencing the nonbypassable surcharge that's  
12 provided in 4928.143(B)(2)(b) and (c)?

13 A. I think that's one possible outcome, a  
14 possible thing that might be filed for.

15 Q. Is there any other allowance under  
16 .143(B)(2)(b) or (c) other than the nonbypassable  
17 surcharge?

18 A. I'm not certain.

19 Q. You don't know?

20 A. Well, we can look at it I suppose. I  
21 know that's the one that's typically talked about  
22 here, but I'm not sure if there's additional  
23 provisions in that law. I mean, that gets into  
24 deciding how it is paid for, what the ratemaking is,  
25 and I'm not a specialist in that.

1           Q.    Is the -- and the language with regard to  
2   filing for an allowance under 4928.143(B)(2)(b) and  
3   (c), can you clarify for me from your testimony where  
4   that, because you're citing these two rules, which  
5   rule does that language relating to an allowance fall  
6   in, if you know?

7           A.    I believe it says right here 4928.143 (b)  
8   and (c).

9           Q.    Do you know whether any of -- did you  
10   review the rules 4901:5-3-01 and 5-5-06, did you  
11   review those rules before filing your testimony?

12           MR. SATTERWHITE: Your Honor, I'll object  
13   at this point. I think the witness said he didn't  
14   know the answer of what's in those rules and the  
15   testimony itself says he's been advised by counsel of  
16   what's in here.

17           EXAMINER PARROT: You may answer if you  
18   know.

19           A.    To answer your question, did I review the  
20   rules, I reviewed the rules, but I wouldn't consider  
21   myself a lawyer.

22           Q.    I think we'll come back to those rules in  
23   a little bit, but I want to take you back to the top  
24   of page 4 again where you also cite 4928.64(B)(2),  
25   and there are you referring to the requirements in

1 that statutory provision to comply with renewable  
2 energy resource benchmarks?

3 A. Yes.

4 Q. And that would be including the solar  
5 resource benchmarks?

6 A. Yes.

7 Q. And you would agree that that's a  
8 requirement imposed on both electric distribution  
9 utilities and CRES providers?

10 A. Correct.

11 Q. And the failure to comply with that  
12 requirement could result in the Commission imposing  
13 what's called a renewable energy compliance payment.

14 A. I understand.

15 Q. Do you also understand that failure to  
16 comply is excused if the market does not generate  
17 sufficient resources?

18 A. My understanding is not necessarily  
19 excused, that it may be delayed. We may have to make  
20 that shortfall up.

21 Q. Okay. And failure to comply is also  
22 excused if the cost of compliance is expected to  
23 exceed the cost of otherwise acquiring the requisite  
24 electricity by 3 percent or more; do you also  
25 understand that part of this requirement?

1           A.    I believe you can apply to have it -- you  
2    can apply to have that excused, it's not necessarily  
3    excused.

4           Q.    So if the renewable energy resources are  
5    a, say, sufficiently higher cost, if they satisfy the  
6    higher cost standard in the statute, then your  
7    understanding is you can apply to have that excused.

8           A.    I think that's right.

9           Q.    Now, also at page 4 in your testimony you  
10   address, particularly at lines 11 and 12 you state  
11   that "All parties (including the non-signing parties)  
12   were invited to participate in settlement discussions  
13   regarding the Stipulation." I want to ask you about  
14   that statement in your testimony.

15                   Did you personally issue that invitation  
16   that you're referencing here?

17           A.    Did I personally? No.

18           Q.    Did you personally have discussions with  
19   any of the nonsigning parties?

20           A.    Personally, no.

21           Q.    Now, you also referred to versions of the  
22   agreement that were traded among the parties. Were  
23   you involved in the trading of those versions among  
24   the parties?

25           A.    I was kept informed by my attorney, our



1 attorney, what versions were, what was going on  
2 generally.

3 Q. So what was -- did you not have a direct  
4 role in the negotiations regarding the stipulation?

5 A. A direct role? No.

6 Q. Do you know which -- when you refer to  
7 the versions that were traded, do you know what  
8 versions were traded?

9 A. Just e-mails. So not off the top of my  
10 head.

11 Q. You also referred, and this is down at  
12 lines 14 and 15, that ". . . each party was provided  
13 multiple opportunities to join the agreement."  
14 Again, were you personally involved in the offering  
15 of those opportunities?

16 A. No, I wasn't.

17 Q. Do you know how many times the offer was  
18 made?

19 A. Not exactly.

20 Q. Do you have a ballpark idea?

21 A. Seems to me, my recollection, two or  
22 three times.

23 Q. Do you know whether AEP offered to limit  
24 the stipulation to need for renewable resources under  
25 4928.64 and not under 4928.143?

1           A.    I'm sorry.  Could you -- I just missed  
2   that.

3           Q.    Do you know whether AEP offered to limit  
4   the stipulation to a need for renewable resources  
5   under 4928.64 and not under 4928.143?

6           MR. SATTERWHITE:  Your Honor, I'll  
7   object.  At this point we're getting into what went  
8   on during the negotiations, the terms that were being  
9   traded, and I think those are confidential to the  
10  settlement process.

11          MR. LANG:  And, your Honor, he's offering  
12  testimony as to, that there were negotiations back  
13  and forth between the parties to show that the result  
14  of those negotiations was a product of serious  
15  bargaining, and so I'd like to know -- I'd like to  
16  ask just a few questions as to whether there was  
17  serious bargaining.

18          MR. SATTERWHITE:  If I may, your Honor,  
19  just a few questions of something that's confidential  
20  settlement are still questions of what's confidential  
21  settlement.  I think the witness has already  
22  testified that he was kept apprised of what went on  
23  through his counsel and it would be inappropriate to  
24  get into what positions were traded during the  
25  settlement discussions.

1 EXAMINER PARROT: The objection's  
2 sustained.

3 Q. (By Mr. Lang) Mr. Castle, were there any  
4 discussions of the differences between the need  
5 requirements in 4928.64 and the need, as that term is  
6 used, in 4928.143(B)(2)(c)?

7 MR. SATTERWHITE: Objection, your Honor.  
8 Same objection.

9 EXAMINER PARROT: Sustained. I think if  
10 we're trying to get into the substance of the  
11 negotiations, the Commission's rules would protect  
12 that information. If you wish to get around that in  
13 terms of how the negotiations occurred, that's fine,  
14 but if you're trying to get into the substance, I'm  
15 going to sustain the objection.

16 Q. Mr. Castle, at any time prior to the  
17 signing of the stipulation did you have an  
18 understanding of the differences between what is  
19 required under 4928.143(B)(2)(c) and what is required  
20 under 4928.64?

21 A. My understanding is that 4928.64 is the  
22 benchmark requirements for renewable resources in the  
23 state, and 4928.143 is the resource planning  
24 requirements associated with the addition of  
25 capacity.

1           Q.    Now, at page 6 of your testimony, line 7,  
2    you say that "AEP Ohio currently has the capacity to  
3    produce 15.1 gigawatt-hours of solar energy annually,  
4    all of it in-state." Now, am I correct that the  
5    primary source of this capacity is the renewable  
6    energy purchase agreement that AEP Ohio entered into  
7    with Wyandot Solar?

8           A.    Yes.

9           Q.    What is Wyandot Solar?

10          A.    It's a 10 megawatt solar farm.

11          Q.    I'm sorry. What is the entity that  
12    AEP Ohio entered into the contract with? I believe  
13    it's with Wyandot Solar, LLC; what is that?

14          A.    It's a private solar developer of some  
15    sort.

16          Q.    How long does the purchase agreement run?

17          A.    I'm not sure off the top of my head. I  
18    believe it's 20 years but I could be wrong. Subject  
19    to check.

20          Q.    Was the purchase agreement the result of  
21    an RFP for renewable resources issued by AEP?

22          A.    Yes, I believe so.

23          Q.    Can you briefly summarize for me, and you  
24    don't need to go into all the details of the RFP, but  
25    briefly summarize for me what that RFP was.

1 MR. SATTERWHITE: Objection, your Honor.  
2 I don't think the Wyandot Solar RFP is really at  
3 issue to "need" in this case. The fact that it  
4 exists is what the witness is testifying to in his  
5 testimony. To get in and ask questions of the  
6 process behind that is beyond the scope of this  
7 hearing.

8 EXAMINER PARROT: Overruled.

9 A. Well, I know that it was a solicitation  
10 for renewable energy or solar renewable energy  
11 resources that was made in 2009, I believe it was  
12 signed in 2010.

13 Q. Now, there was also a -- AEP did a  
14 renewable energy solicitation that was renewable  
15 including solar in 2008. Is the one that you  
16 referenced that resulted in Wyandot, was that a  
17 different RFP?

18 A. I'm not familiar with the one that was  
19 done in 2008. But I believe the one for Wyandot was  
20 in 2009.

21 Q. The purchase agreement, I'm sorry, the  
22 RFP for solar resources, do you remember how many  
23 qualified bidders submitted bids in response to that  
24 RFP?

25 A. No, I don't.

1           Q.    Do you remember that AEP Ohio obtained  
2 qualified bids of approximately 50 megawatts for  
3 solar in response to that RFP?

4           A.    I'm not familiar with that.

5           Q.    You don't know?

6           A.    It could be true, but it might not be.  
7 It's not my area to look at those bids.

8           Q.    Okay.  Now, you have three exhibits  
9 attached to your testimony, the first one, WKC-1, is  
10 the 2010 long-term forecast report; is that correct?

11          A.    Yes.

12          Q.    And this is essentially all the  
13 forecasting forms that are required by the Public  
14 Utilities Commission, correct?

15          A.    That's correct.

16          Q.    And it's the same forms that are filled  
17 out each year, correct?

18          A.    Right.

19          Q.    The ten-year forecast of annual energy  
20 demand, peak load, and reserves is shown in one of  
21 those forms; is that correct?

22          A.    Several of those forms, right.

23          Q.    And is there a form that compares  
24 AEP Ohio's available capability or capacity to load,  
25 what's the projected load over the ten-year period?

1           A.    I believe you can get there from several  
2 of the tables.

3           Q.    Now, the report itself does show that the  
4 available capability for AEP Ohio is more than  
5 sufficient to meet the peak load over the ten-year  
6 term LTFR, correct?

7           A.    Yes.

8           Q.    Now there's a rule we referenced earlier,  
9 4901:5-5-06, and this is the rule relating -- this is  
10 the Commission's rule relating to the filing of a  
11 forecast report; is that correct?

12          A.    I'll get there. Subtitled "Resource  
13 plans."

14          Q.    And division (B) of that rule is where it  
15 says the following must be filed in the forecast year  
16 prior to filing for any allowance under  
17 4928.143(B)(2)(b) and (c). So that's -- and, again,  
18 the allowance that's referenced there is the, it's  
19 your understanding that's the nonbypassable surcharge  
20 in that statute?

21          A.    Right.

22          Q.    And then so in division (B) there are a  
23 number of criteria to be filed. Does your testimony  
24 provide each of the specified criteria that shows  
25 need to construct the Turning Point Solar facility?

1 A. I believe it does.

2 Q. Does your testimony -- I won't take you  
3 through all these but let's just ask about a couple.  
4 Does your testimony reflect the maintenance  
5 requirements for the existing and planned units, so  
6 which would include the maintenance requirements for  
7 Turning Point?

8 A. Which section again?

9 Q. In the rule that's division (B)(2)(b).

10 A. We have a cross-reference table in the  
11 Supplemental Appendix 3 which directs us to section 3  
12 of what is Supplemental Appendix 2.

13 Q. So that's a cross reference to the  
14 AEP-East integrated resource plan?

15 A. That's right.

16 Q. And does that provision include the  
17 maintenance requirements for the Turning Point Solar  
18 facility?

19 A. I'm sorry. I'm reading this. I don't  
20 see it.

21 Q. How about (B)(2)(f), the "Lead times for  
22 construction or implementation of planned electricity  
23 resource options," does your testimony include the  
24 lead times for construction or implementation of  
25 Turning Point?



1           A.    I'm going to section 12.3 of that same  
2 document, and it does show in a table, which is  
3 Exhibit 12.3, it shows lead times for solar PV. It's  
4 on page 131 of 169.

5           Q.    Thanks. I just got there.

6           A.    Okay.

7           Q.    The lead time that's shown there is for  
8 a, looks like a generic solar PV lead time.

9           A.    Correct.

10          Q.    And is that equally applicable to the --  
11 and it gives an example of a 10 megawatt project. Is  
12 that equally applicable to the Turning Point project?  
13 If you know.

14          A.    I don't know definitively, but it would  
15 be my assumption that it is.

16          Q.    Does your testimony include an  
17 engineering analysis of Turning Point?

18          A.    No. No, it doesn't.

19          Q.    Does your testimony demonstrate the  
20 cost-effectiveness of the plan to construct Turning  
21 Point?

22          A.    No. I believe in this hearing we're  
23 determining the need for a solar plant, not whether  
24 or not Turning Point, you know, given whatever cost  
25 parameters may develop at some point is

1 cost-effective. I believe that's an issue that you  
2 settle in a separate hearing.

3 Q. Okay. So the cost-effectiveness is not  
4 addressed in your testimony or in the attachments to  
5 your testimony.

6 A. For Turning Point specifically, no.

7 Q. For Turning Point.

8 A. That's correct.

9 Q. That's correct, okay.

10 Now, starting at page 7 of your testimony  
11 you summarize both the statewide solar capacity as of  
12 2010 as reflected in the 2010 supplement and also the  
13 statewide solar benchmarks so I want to kind of split  
14 those up, so I'm going to ask you first about the  
15 statewide solar capacity as of 2010 that you discuss.

16 A. Okay.

17 Q. Now, the 2010 supplement reflects, with  
18 regard to statewide solar capacity, the capacity  
19 that's been certified by the Commission and pending  
20 approval by the Commission; is that correct?

21 A. That's right.

22 Q. And in the 2010 supplement and also in  
23 your testimony that you've submitted the data that's  
24 used is a Commission spreadsheet or probably a staff  
25 spreadsheet dated December 8th, 2010; is that

1 correct?

2 A. Yes.

3 Q. Do you know what the date is of the most  
4 recent application that was reflected in that  
5 spreadsheet?

6 A. No, not off the top of my head.

7 Q. Do you know whether there's any lag  
8 between the applications being submitted and then  
9 those showing up on the spreadsheet as being pending  
10 applications?

11 A. I don't know that definitively. It makes  
12 sense that there might be some lag.

13 Q. Do you know, of the applications  
14 submitted in December 2010, how many of those  
15 applications were reflected in this spreadsheet as  
16 pending?

17 A. The actual number of applications?

18 Q. Correct.

19 A. No, I just have the aggregate number  
20 here, I'd have to go back to workpapers to see how  
21 many applications it was.

22 Q. Now, based on that spreadsheet you  
23 obtained from the Commission's website you concluded  
24 that the certified and pending resources shown in  
25 that spreadsheet would produce 45,261, is it

1 megawatt-hours as of 2011.

2 A. As of December 8th, 2010.

3 Q. Okay. Now, then you also refer to the  
4 statewide solar benchmarks for the comparison you're  
5 making. To determine the statewide solar benchmarks  
6 for 2011 you assumed a statewide consumption of  
7 160,000 gigawatt-hours; is that correct?

8 A. Yes.

9 Q. And you used the same 160,000  
10 gigawatt-hours of consumption to determine statewide  
11 solar benchmarks through 2015 which is then shown in  
12 the figure on page 8 of your testimony; is that  
13 correct?

14 A. Yes.

15 Q. Now, the statewide consumption number  
16 that you use includes consumption by municipal  
17 utilities and cooperatives; is that correct?

18 A. Yes, it does.

19 Q. And municipal utilities and cooperatives  
20 are not covered by the portfolio obligation, correct?  
21 The renewable portfolio obligation.

22 A. Yeah, I just -- I'm not that familiar.  
23 I'd have to look at the statute but I'm sure that's  
24 probably right.

25 Q. Now, the staff has also provided

1 statewide consumption actual numbers and projections  
2 and their statewide consumption for 2011 is about  
3 28,000 gigawatt-hours less than the assumption that  
4 you used, correct?

5 A. It was about 10 to 20 percent lower  
6 depending on the year.

7 Q. And the table in your testimony on page 9  
8 uses the staff's quantification of statewide  
9 consumption, correct?

10 A. Yes.

11 Q. So the page 9 table uses staff's  
12 consumption number, the page 8 figure uses the  
13 160,000 gigawatt-hour consumption number.

14 A. Right. And the reason is at the time in  
15 2010 staff hadn't published that forecast so we were  
16 left to make some assumptions.

17 Q. So would you agree, sitting here today,  
18 that the more accurate number to use is the staff's  
19 number?

20 A. Yes.

21 Q. And, as a result, the figure on page 8  
22 overstates the benchmarks; is that correct?

23 A. Potentially.

24 Q. Well, because it uses a consumption  
25 number that's too high, correct?

1           A.    Well, we're dealing with a forecast,  
2    so -- but yes, I mean, I'm going to agree that the  
3    forecast is lower than the assumptions I used two  
4    years ago.

5           Q.    All right. As an example, for 2012 your  
6    figure shows 96,000 megawatt-hours as a statewide  
7    solar benchmark, correct?

8           A.    That's the total benchmark.

9           Q.    Yes.

10          A.    In state and out of state.

11          Q.    Okay. So that's the statewide solar  
12   benchmark in state and out of state.

13          A.    Yes. Yes, I agree.

14          Q.    And that's -- and your figure 8 shows  
15   96,000 megawatt-hours, or 96 gigawatt-hours, correct?

16          A.    I'm sorry. Figure 8?

17          Q.    I'm sorry. The figure 1 on page 8.

18          A.    Okay, on page 8.

19          Q.    The bar chart.

20          A.    Right. Right. Approximately. Something  
21   just less than a hundred thousand.

22          Q.    And that statewide solar benchmark under  
23   staff's number would be 78,284 megawatt-hours; is  
24   that correct?

25          A.    Yes.

1 Q. Now, the figure on page 8 does not show  
2 what the solar market is expected to produce in any  
3 year after 2010, correct?

4 A. Page 8. No. Well, hang on a minute.

5 Right. So that was just current as of  
6 what was known December 8th, 2010.

7 Q. So there's no forecast of what will be  
8 produced from the market in future years, correct?

9 A. Right. That's uncertain.

10 Q. And the 2010 supplement does not include  
11 a forecast of the amount of solar resources that will  
12 be constructed in Ohio or deliverable into Ohio for  
13 any year of the LTFR period, correct?

14 A. That's the forecast of statewide solar  
15 resources. No, it doesn't.

16 Q. And the 2010 supplement is not a forecast  
17 of solar capacity that will be available in 2011,  
18 2012, 2013, or any year thereafter, correct?

19 A. That's correct.

20 Q. Now, because the 2010 supplement did not  
21 take into account any new solar resources being added  
22 in Ohio, it forecast a shortage of in-state solar  
23 RECs in 2012 and subsequent years, correct?

24 A. I don't think we were saying that there  
25 will be no solar built. We're saying in the absence

1 of any solar there will be a shortage. Clearly  
2 someone has to build some solar.

3 Q. And as you do state at page 8 of your  
4 testimony, lines 9 and 10, existing solar resources  
5 would satisfy only about half of the 2012 statewide  
6 benchmark.

7 A. This is, again, going back to the  
8 December 8th numbers, right? That's what you're  
9 asking me about? Sorry.

10 Q. Yes.

11 A. Yes.

12 Q. Right. And with that clarification what  
13 you're referring to here is the numbers that were  
14 submitted in the 2010 supplement to the LTFR.

15 A. Right.

16 Q. Based on those numbers you say that those  
17 are roughly capable of satisfying only half of the  
18 2012 statewide benchmark requirement. And so, to be  
19 clear, you're comparing the certified and pending  
20 resources as of December 8th, 2010, to the 2012  
21 benchmark?

22 A. To the hypothetical benchmark, right.

23 Q. Now, based on certified and pending  
24 resources today we don't have a shortage in 2012,  
25 correct?



1           A.     That is correct.

2           Q.     And your testimony going on to page 9  
3     starting with the question at line 5 is an update to  
4     show that because of the addition of solar resources,  
5     of in-state solar resources, we do not have a 2012  
6     shortage, correct?

7           A.     That's correct. We do not have a 2012  
8     shortage.

9           Q.     Now, between December 8th, 2010, and  
10    today, or between December 8th, 2010, and the  
11    filing of your testimony, what happened was that more  
12    solar resources were built in Ohio and also more that  
13    were deliverable into Ohio, correct?

14          A.     Correct.

15          Q.     Did AEP Ohio build any of those solar  
16    resources?

17          A.     I think there's -- well, Wyandot is  
18    included in that second number.

19          Q.     Okay. Any others that you know of?

20          A.     That AEP built.

21          Q.     Yes.

22          A.     Nothing substantial that I know of.

23          Q.     Do you know who built those other solar  
24    resources?

25          A.     The other solar resources besides

1 Wyandot, the difference between 2012 and the 2010  
2 number?

3 Q. Yes.

4 A. There's a list of people that actually  
5 built, people/entities, that built them.

6 Q. Were any of those solar resources  
7 constructed by an electric distribution utility with  
8 guaranteed cost recovery through a nonbypassable  
9 surcharge?

10 A. I don't know the answer to that.

11 Q. Now, as your table on page 9 shows  
12 there's a sufficient level of in-state solar  
13 resources counting only resources certified through  
14 March 5, 2012, to satisfy the 2012 in-state solar  
15 benchmark, correct?

16 A. That's correct.

17 Q. And there's also -- and the same table  
18 shows there's a sufficient level of certified  
19 resources today to satisfy the 2013 in-state solar  
20 benchmark, correct?

21 A. Yes.

22 Q. And the same table shows that we have a  
23 sufficient level of certified resources today to  
24 satisfy the 2014 in-state benchmark if we take into  
25 account banking of SRECs from prior years.

1           A.     Right. And I'll throw a couple more  
2 caveats into that in that these SRECs, the in-state  
3 SRECs, can also be used to satisfy the out-of-state  
4 requirements, and I don't know how these particular  
5 SRECs would be used. If they're used to satisfy  
6 out-of-state requirements, then you may have a  
7 completely different banking picture.

8           Q.     Now, your table on page 9 I guess, so the  
9 last column reflects the impact of those SRECs if  
10 they are banked.

11          A.     If they're banked and not used for any  
12 other purposes.

13          Q.     So although we're only in March 2012  
14 today the certified Ohio solar capacity as of today  
15 is sufficient to satisfy the in-state solar  
16 benchmarks through at least 2014.

17          A.     I would say it's perhaps uncertain about  
18 2014 just given other caveats about how SRECs may be  
19 used. But certainly what I'm showing in this table,  
20 that is if they are used in that manner, banked and  
21 used exclusively to satisfy Ohio benchmarks, then  
22 you'd make it through 2014.

23          Q.     Now, this table does not reflect any  
24 solar resources that are, well, let me ask because  
25 I'm not clear. Does this table reflect any solar

1 resources that were pending for certification before  
2 the Commission at the time you did your update?

3 A. The sheet that's available on the website  
4 just supplies the certified projects. I think they  
5 changed the format from two years ago, and so now it  
6 has those certified ones.

7 Q. So this table is the approved or  
8 certified resources as of March 5, 2012.

9 A. That's right.

10 Q. So any resources that were pending as of  
11 March 5, 2012, but not yet certified --

12 A. Would not be captured in these, that's  
13 right.

14 Q. And this also does not include any other  
15 solar resources that, as you said, the individuals or  
16 the entities that are developing solar resources in  
17 Ohio would seek to have certified anytime in the  
18 future.

19 A. Correct.

20 Q. Did you have a role at AEP Ohio related  
21 to the adoption of the renewable benchmarks in SB 221  
22 back in 2008?

23 A. I believe I testified as to what the  
24 benchmarks would look like in that hearing.

25 Q. Do you remember in that proceeding the

1 Solar Alliance's, it's called a slogan, their Solar  
2 Alliance's slogan that promoting solar resource  
3 benchmarks was that "Policies create markets"?

4 A. I don't remember that, sorry.

5 Q. You don't remember that?

6 A. No.

7 Q. Now, your testimony does not include a  
8 forecast of the amount of solar resources that the  
9 competitive market will construct in Ohio for any  
10 year of the LTFR planning period, correct?

11 A. That's correct.

12 Q. And it does not include a forecast of the  
13 amount of solar resources that will be deliverable  
14 into Ohio that the competitive market will construct  
15 for any year of the LTFR period, correct?

16 A. That's correct.

17 Q. Now, at the top of page 9 of your  
18 testimony, lines 1 through 3, you state that ". . .  
19 the annual solar energy requirement for AEP Ohio is  
20 projected to be approximately 131 gigawatt-hours in  
21 2020." And is it correct that that projection is  
22 made in the 2010 supplement, Appendix 1, Exhibit 2?

23 A. Yes.

24 Q. Now, if I could ask you first to turn to  
25 the Appendix 1 but first to Exhibit 1, not Exhibit 2.

1 Now, on Exhibit 1 there's three tables, one for  
2 Columbus Southern, one for Ohio Power, and then the  
3 third table at the bottom is the aggregate AEP Ohio,  
4 correct?

5 A. That's correct.

6 Q. So if we look at that bottom table,  
7 that's the energy sales forecast for AEP Ohio through  
8 2020; is that correct?

9 A. Yes.

10 Q. And there's a, it's the third column from  
11 the left is titled "DSM." How is the DSM column  
12 calculated?

13 A. Well, there are benchmarks as part of  
14 SB 221 for energy efficiency programs and these are  
15 compliance level benchmarks for AEP Ohio.

16 Q. And just to back up, so it's in the  
17 record, "DSM" is what?

18 A. DSM is really an umbrella statement, but  
19 here based on an energy forecast it's primarily  
20 dealing with energy efficiency programs.

21 Q. So does the DSM column reflect the energy  
22 efficiency and peak demand reduction benchmarks that  
23 are in Ohio law?

24 A. Yes.

25 Q. Does it also include AEP Ohio's

1 anticipated peak demand reduction as a result of  
2 mercantile customer projects?

3 A. I have to think about how that's counted.  
4 I know that we take into account what projects will  
5 be done by mercantile customers and there's an  
6 add-back provision. I think conceptually this does  
7 account for that.

8 Q. How is the Ohio Choice column calculated?

9 A. That number is a forecast from our  
10 economic forecasting group.

11 Q. It's a forecast of what?

12 A. It's a forecast of customers by customer  
13 class that switch generation providers.

14 Q. So it's -- and this reflects a forecast  
15 of shopping in 2012 of approximately 9 percent; is  
16 that correct?

17 A. Yeah, I mean -- yes, 9 percent.

18 Q. And then it increases through 2012, it  
19 reflects shopping -- I'm sorry, a shopping in 2020 of  
20 approximately 11 percent; is that correct?

21 A. That appears to be about right, yes.

22 Q. And based on those assumptions the  
23 internal energy forecast for 2012 of SSO customer  
24 load is 41,921 gigawatt-hours. I'm sorry, I think I  
25 asked you that wrong. For 2020.

1 A. Okay. Yes.

2 Q. I'm confusing myself. I apologize.

3 A. I was having a hard time following you.

4 Q. So the internal energy forecast for 2012  
5 [verbatim] for SSO customer load is the number in  
6 the --

7 A. Bottom right-hand corner.

8 Q. Bottom right corner 41,921 AMP-Ohio  
9 AMP-Ohio.

10 A. Yes.

11 Q. And that is in -- that's gigawatt-hours?

12 A. Yes.

13 Q. Now, if you'd turn the page to Exhibit 2,  
14 the energy sales forecast number, that internal  
15 energy forecast number on appendix 1 is carried  
16 forward to Exhibit 2, correct?

17 A. That is correct.

18 Q. And an economic adjustment is made to the  
19 internal energy forecast and the result is the  
20 obligation basis that's used to project the 131  
21 gigawatt-hours of solar resources required by  
22 AEP Ohio in 2020 which is in your testimony, correct?

23 A. Yes.

24 Q. Now, although you updated the statewide  
25 solar obligation on page 9 of your testimony, you did



1 not update the AEP Ohio solar obligation for 2020,  
2 correct?

3 A. That's correct.

4 Q. Now, AEP Ohio currently has capacity to  
5 produce, currently, to produce about 15.1  
6 gigawatt-hours of solar energy annually in state,  
7 correct?

8 A. I believe that's the number, yes.

9 Q. And I believe -- and did you testify, and  
10 those are resources or most of those resources are  
11 under contract through at least 2020?

12 A. Subject to check. I'm not 100 percent  
13 sure of the terms of that contract.

14 Q. Would you agree that -- well, let me ask,  
15 on Exhibit 1 that shows -- the Ohio Choice column  
16 shows customer shopping. Did you consider updating  
17 this exhibit to show AEP Ohio's actual shopping in  
18 2011 and 2012 and as forecast to continue now through  
19 2020?

20 A. No, and I think it's -- that number is so  
21 uncertain at this point and so really we're relying  
22 on what is the need within the state. We realize  
23 people may move around from provider to provider or  
24 back to the distribution utility so we have to plan  
25 as a distribution utility, it's more instructive to

1 know what is the total solar capacity in state at a  
2 given time. If there's enough capacity in the state,  
3 then we know that there will be perhaps a viable REC  
4 market, and if there isn't, there won't be.

5 Q. Now, you said that number's uncertain.  
6 Now, the 2011 shopping number for AEP Ohio is --

7 A. Certain.

8 Q. -- more certain, you would agree.

9 A. Yes.

10 Q. Do you know -- and do you know what the  
11 2011 shopping number was for AEP Ohio?

12 A. I don't have that number off the top of  
13 my head, no.

14 Q. Do you know what current shopping levels  
15 are at AEP Ohio as of today?

16 A. I believe it's in an affidavit we had not  
17 long ago, but -- there is a number, it's been  
18 published, I'm not -- I don't have it on the tip of  
19 my tongue.

20 Q. Are you referring to an affidavit that  
21 Mr. Allen submitted in a different docket?

22 A. Yes.

23 Q. And you believe that the affidavit  
24 submitted by Mr. Allen that shows shopping levels is  
25 accurate?

1           A.    I believe it speaks for itself, yeah.

2           MR. LANG:  No questions from us, your  
3 Honor.

4           EXAMINER PARROT:  Mr. Oliker.

5           MR. OLIKER:  Could I have one moment,  
6 your Honor, and I'm going to try not to be  
7 duplicative, I think we had a lot of cross in there,  
8 but I'll do my best.

9           I'll try to proceed.

10                               - - -

11                               CROSS-EXAMINATION

12 By Mr. Oliker:

13           Q.    Good morning, Mr. Castle.

14           A.    Good morning.

15           Q.    I'd like to start with page 5 of your  
16 testimony.  You're mentioning a stipulation on line  
17 11 and you'd like us to see the Commission docket  
18 10-505-EL-FOR.

19           A.    Right.

20           Q.    I'd like to talk about that stipulation  
21 for a second.

22           MR. OLIKER:  Your Honor, if I may, I'd  
23 like to mark for identification the stipulation in  
24 case 10-505-EL-FOR.

25           EXAMINER PARROT:  As IEU Exhibit 1?

1 MR. OLIKER: As IEU Exhibit 1, thank you.

2 EXAMINER PARROT: So marked.

3 (EXHIBIT MARKED FOR IDENTIFICATION.)

4 MR. OLIKER: May I approach the witness,  
5 please?

6 EXAMINER PARROT: You may.

7 MR. OLIKER: Thank you.

8 I'm sorry. I didn't expect there to be  
9 so many people in the crowd today.

10 MR. SATTERWHITE: You're a popular guy.

11 Q. (By Mr. Oliker) If you can please turn to  
12 page 2 and starting with the second paragraph, could  
13 you just follow along with me and tell me if I read  
14 this correct.

15 "Except for purposes of enforcement of  
16 the terms of this Stipulation, this Stipulation, the  
17 information and data contained therein or attached  
18 and any Commission rulings adopting it, shall not be  
19 cited as precedent in any future proceeding for or  
20 against any Party or the Commission itself." Did I  
21 read that right?

22 A. Yes.

23 Q. Thank you.

24 And moving on from there, I think you  
25 talked about this briefly with Mr. Lang, but is it

1 true your testimony, it's not claiming that Ohio  
2 Power Company needs to build new generation to meet  
3 forecasted demand? Isn't that correct?

4 A. Well, not entirely correct. I mean, we  
5 don't need to build on a capacity basis, but on a  
6 resource planning basis we do have to build  
7 generation.

8 Q. You're not saying the lights are going to  
9 go out, though.

10 A. Never said the lights would go out.

11 Q. Okay. Good. I just wanted to make that  
12 clear.

13 So your testimony is that there's not  
14 sufficient Ohio based solar facilities to satisfy the  
15 renewable benchmark requirements in section 4928.64;  
16 is that correct?

17 A. That is correct.

18 Q. Okay. You originally advocated this  
19 position in the 2010 LTFR, right?

20 A. Which are you talking about?

21 Q. The position that you need more renewable  
22 energy facilities to meet the benchmark requirements.

23 A. I believe there's a list of the renewable  
24 facilities that would be required.

25 Q. And you talked about this with Mr. Lang.

1 You listed the pending and current facilities in Ohio  
2 for solar; isn't that correct?

3 A. That's correct.

4 Q. As it turns out, that forecast for what  
5 was available, that wasn't correct. You had to  
6 update your analysis; isn't that correct?

7 MR. SATTERWHITE: Objection, your Honor.  
8 I believe the form of the question, he's asking him  
9 whether a forecast was correct with actual data now.  
10 I think he's mixing the meaning there.

11 MR. OLKER: I can restate the question,  
12 your Honor.

13 Q. The data contained in the 2010 LTFR,  
14 that's not true anymore. You've had to update that,  
15 correct?

16 A. In the supplement to the LTFR or the  
17 LTFR?

18 Q. I suppose it would be the supplement.

19 A. Okay. And you're referring to the table  
20 that --

21 Q. I think it's on, I don't want to get this  
22 wrong, I think it's page 7.

23 A. Of my testimony.

24 Q. Your testimony.

25 A. Right. Okay. Well, with the passage of

1 time, this is not a forecast, this is a point in  
2 time.

3 Q. Right.

4 A. So this would be as we knew the facts of  
5 what was certified and pending in the state of Ohio.

6 Q. Okay.

7 A. Obviously, a year and a half later or a  
8 year and three months later additional generation has  
9 come on line.

10 Q. Okay. And also over time the benchmarks  
11 for AEP Ohio, those can change because, as you said,  
12 there can be shopping and the benchmarks are based  
13 upon the standard service offer load; is that  
14 correct?

15 A. That's correct.

16 Q. I think you mentioned that there's an  
17 affidavit that contains the current level of shopping  
18 in AEP's territory? The affidavit of Mr. Allen.  
19 Isn't that correct?

20 A. That's right.

21 Q. So that would probably be beneficial to  
22 determine what AEP's benchmarks are going forward,  
23 correct?

24 A. I don't believe so. I mean, that's,  
25 again, you're talking about a point in time and when

1 you have a situation that's in flux, you have  
2 switching both ways.

3 Q. You could --

4 A. And, more importantly, I mean, you're  
5 talking about the entire state of Ohio where people  
6 switch around, they still have to -- they need solar  
7 power from somebody. It has to come from somewhere.

8 Q. We're talking about AEP's benchmarks  
9 here, aren't we?

10 A. AEP's benchmarks will change over time.

11 Q. Okay. And the current level of shopping  
12 would be the most accurate to determine today what  
13 AEP's benchmarks are going to be in the future; is  
14 that correct?

15 A. I'm not sure I agree with that. It  
16 certainly tells you where you are today, but it  
17 doesn't necessarily tell you where you'll be in the  
18 future.

19 Q. Right. As the Commission sitting here  
20 today deciding what to do, wouldn't they want to use  
21 the most up-to-date information?

22 A. You only have information about what the  
23 current level is. That's certainly a data point, but  
24 you have to -- you're talking about another 13 years  
25 worth of this period, and what would be the level of



1 switching eight years from now I don't know.

2 MR. OLIKER: Your Honor, I'd like to mark  
3 for identification the motion of Ohio Power Company  
4 for Leave to File a Reply to the Memo Contra of Ohio  
5 Power's February 27th, 2012, Motion for Relief  
6 which contains the affidavit of William Allen as IEU  
7 Exhibit 2.

8 EXAMINER PARROT: So marked.

9 (EXHIBIT MARKED FOR IDENTIFICATION.)

10 Q. I'm not sure the pages are numbered in  
11 the affidavit, but I think it's after page 6.  
12 Earlier you mentioned that you didn't know the  
13 current shopping level, and does this affidavit  
14 accurately represent the affidavit that you said  
15 contains that information?

16 A. Yes.

17 Q. So would you agree that the current  
18 shopping level is 36.7 percent in Ohio Power  
19 Company's territory, and that information is  
20 contained in Exhibit 2?

21 A. It says 26.1 has switched to an  
22 alternative supplier.

23 Q. And an additional, does it also say that  
24 36.7 percent of the company's load has switched or  
25 indicated their intent to switch?

1           A.    Yes, it does.

2           Q.    Thank you.

3                   Moving to page 9 in your testimony. I  
4 think we touched on this briefly with Mr. Lang. Your  
5 testimony indicates that there won't be any  
6 additional construction of solar facilities; isn't  
7 that true?

8           A.    No, it doesn't indicate that there won't  
9 be additional construction of solar facilities. It  
10 shows that without the addition of solar facilities  
11 this is the position that you find yourself in.

12          Q.    But isn't it true that you're making --  
13 you're making a recommendation to the Commission in  
14 your testimony that they find new solar facilities  
15 will not be generated in the market? Isn't that  
16 true?

17          A.    I don't believe I've said that. What I'm  
18 simply saying here is that somebody has to build some  
19 solar facilities in the state of Ohio.

20          Q.    But if the Commission has a choice,  
21 aren't they going to look to the market first?

22          A.    I don't know if that's the case.

23          Q.    So you think they would just go and give  
24 you a nonbypassable surcharge?

25          A.    I'm not speaking for the Commission.

1           Q.    So, okay, on page 6 you talk about  
2 facilities that are in the pipeline, right? Do you  
3 see that there needs to be facilities in the pipeline  
4 to be able to satisfy your renewable energy  
5 requirements?

6           A.    Right.

7           Q.    And do you know what's in the pipeline?  
8 I think there's something in your 2010 LTFR showing  
9 pending applications, but I think you talked to  
10 Mr. Lang -- did you update your information for the  
11 pending applications?

12          A.    The pending applications are not shown on  
13 the PUCO website. They changed their format from  
14 what they had in 2010.

15          Q.    Can you do research or did you do  
16 research to see if there were any pending  
17 applications?

18          A.    I don't think that information is  
19 available to me.

20          Q.    Can you tell me what kind of research you  
21 did do to determine whether there were any facilities  
22 out there?

23          A.    We know there's facilities that are out  
24 in the PJM queue, that doesn't mean they're  
25 necessarily going to get built. There's facilities

1 in, you know, in someone's mind right now as well.  
2 So, yeah, there's a way to determine with some level  
3 of tangibility what's perhaps a project that's out  
4 there, but there's no certainty in that.

5 Q. So you're saying -- I'm sorry. Go ahead.  
6 I don't mean to interrupt you.

7 A. I'm sorry too. It doesn't mean that  
8 they'll necessarily get built. Obviously, some may  
9 get built, a lot of others may not.

10 Q. In drafting this testimony what exactly  
11 did you go through to determine that there was going  
12 to be sufficient solar facilities? What research did  
13 you undertake?

14 A. Well, the research is that we got what  
15 was pending or, I'm sorry, what was certified on the  
16 PUCO website as of a certain point in time, compared  
17 that to the PUCO's benchmarks, any shortage between  
18 that and the forecast, something is going to have to  
19 be built and certified to attain that shortage, to  
20 ameliorate that shortage.

21 Q. You just looked at that one table and  
22 that's all you did to decide that nothing's going to  
23 be built.

24 A. I didn't say that nothing was going to be  
25 built. I'm simply saying that that is what is

1 certified at this time. Obviously, some other things  
2 may be built, but we don't know with any certainty  
3 what they are.

4 Q. I'm sorry. I guess maybe I'm not being  
5 clear; I apologize for that. I'm trying to  
6 understand what kind of research you have done to  
7 apprise yourself of all the information that may be  
8 out there to make this recommendation to the  
9 Commission that they should pick this project and  
10 build it to meet the needs of Ohio.

11 A. I don't think I'm here to tell them that  
12 they need to pick this project. We're simply saying  
13 that there's a need in the state of Ohio for this  
14 solar project. For a solar project.

15 Q. I'm not sure that answers my question.  
16 What I have heard is you've looked at the PJM queue  
17 and you looked at a table on the Commission's website  
18 that shows the certified applications. You didn't do  
19 anything else to see if there were any other projects  
20 out there?

21 A. Well, I'm not sure I would need to do  
22 anything else. We have folks that work at AEP that  
23 are more involved in the actual construction and  
24 bidding and so on of solar projects. What we're  
25 looking at here is called a high-level view that

1 indeed more solar resources need to be built in the  
2 state of Ohio prior to 2025, if you want to go out  
3 that far, to satisfy the in-state benchmarks.

4 Q. You mentioned a high-level view, but how  
5 can you have a high-level view without looking at the  
6 individual projects that might be developed? I mean,  
7 isn't it the various projects together which lead you  
8 to the high-level conclusions? And I'm asking if  
9 you've done that.

10 MR. SATTERWHITE: Objection, your Honor.  
11 I think at this point Mr. Olikier's just arguing with  
12 the witness. He established what he looked at, he  
13 relied upon the staff's analysis, and now he's just  
14 attacking the witness for what Mr. Olikier wishes he  
15 would have done.

16 MR. OLIKER: That's good testimony from  
17 Mr. Satterwhite.

18 EXAMINER PARROT: Sustained.

19 Q. Going back, I think you mentioned that  
20 you can only look at the table on the Commission's  
21 website and that you can't access pending  
22 applications; isn't that true? Did you say that in  
23 your prior testimony?

24 A. That's what I'm aware of, that's right.

25 MR. OLIKER: Your Honor, I'd like to mark

1 a few exhibits for the record, please. As Exhibit 3,  
2 your Honor, I would like to mark -- as IEU Exhibit 3,  
3 I'm sorry, case number 12-0546, the application of GM  
4 plant for certification of a .6 megawatt solar  
5 facility.

6 EXAMINER PARROT: So marked.

7 (EXHIBIT MARKED FOR IDENTIFICATION.)

8 MR. OLIKER: As IEU-Ohio Exhibit 4 I  
9 would like to identify case number 12-277, the  
10 application of Ansonia Schools for a .49 megawatt  
11 facility and the accompanying Commission certificate.

12 MR. SATTERWHITE: Hey, Joe, are these all  
13 PUCO docket numbers?

14 MR. OLIKER: Yeah, these are docket  
15 numbers.

16 MR. SATTERWHITE: We won't object to just  
17 taking notice of those dockets if it helps expedite  
18 things for the record so that we don't have to mark  
19 everything.

20 Does the staff mind that?

21 MR. McNAMEE: Not at all. That would be  
22 fine.

23 MR. OLIKER: We can do it, but it might  
24 throw off my exhibit numbers. I apologize for that  
25 ahead of time.

1 EXAMINER PARROT: How many do we have?

2 MR. OLIKER: I have two more of these,  
3 your Honor.

4 MR. McNAMEE: If you can just indicate  
5 the numbers, that should be fine.

6 MR. SATTERWHITE: Yeah.

7 MR. OLIKER: Okay.

8 EXAMINER PARROT: The other two.

9 MR. OLIKER: The other two would be case  
10 number 12-520, the application of Centerburg schools  
11 for certification of a 1 megawatt solar facility.  
12 And then there's case number 12-827, the application  
13 of Beckett Gas for certification of a .59 megawatt  
14 solar facility.

15 MR. SATTERWHITE: Can I just get those  
16 repeated to make sure I got them?

17 MR. OLIKER: Do you want me to read them  
18 again?

19 MR. SATTERWHITE: The numbers of the  
20 megawatts there. I don't know if you want to go off  
21 the record.

22 MR. OLIKER: We can go off the record,  
23 your Honor.

24 EXAMINER PARROT: Let's go off the  
25 record.



1 (Discussion off the record.)

2 EXAMINER PARROT: Let's go back on the  
3 record.

4 Q. (By Mr. Olikar) So am I correct that you  
5 were not aware of these pending applications?

6 A. That's correct. The only caveat I'd put  
7 on that is -- I believe you're right.

8 Q. So you would agree that you don't know of  
9 all the various projects that might be developed in  
10 Ohio, I think you said that earlier; isn't that  
11 correct?

12 A. Sure. I'm not sure any of us know of all  
13 the projects that might be developed.

14 Q. But you think that -- and you haven't  
15 looked very much either. You said you left that to  
16 other people.

17 A. I wouldn't characterize it that way. The  
18 lion's share of what has been approved in the state  
19 of Ohio is on the PUCO website. In fact, everything  
20 that's been approved is on the PUCO website. There's  
21 also other sources including PJM and apparently  
22 there's -- you can still get some pending  
23 applications that have not yet been approved there.

24 Q. And the Commission would also like to  
25 know about other ones that may be developed in the

1 future, and I assume that you've looked into that as  
2 well because you would want to be very thorough in  
3 your research; is that correct?

4 A. Are you referring to projects that are in  
5 the PJM queue?

6 Q. I'll get to there later. I'm just  
7 referring to projects that are being developed in  
8 Ohio. Various villages or anything that might be  
9 developed throughout the state.

10 A. I do not have intimate knowledge of all  
11 of the projects that are under development in the  
12 state of Ohio.

13 MR. OLIVER: So, your Honor, at this time  
14 I'd like to mark some additional exhibits, and  
15 because I premarked them do you mind if I go out of  
16 order? I can change them, it would just take a  
17 moment to.

18 EXAMINER PARROT: Let's change them,  
19 please.

20 MR. OLIVER: Okay.

21 EXAMINER PARROT: Just for clarity.

22 MR. OLIVER: Actually, I'll read them out  
23 loud.

24 EXAMINER PARROT: The parties I think can  
25 take it upon themselves to change the exhibit numbers

1 to speed things up here a little bit.

2 MR. OLIKER: I'm sorry, your Honor.

3 EXAMINER PARROT: No. Not your fault.  
4 You're fine.

5 MR. OLIKER: Maybe I can just pass them  
6 out, I'll make sure I keep one for myself, though.  
7 This is going to be No. 3, it's -- let's mark this  
8 Exhibit 7 a December 7, 2011, article in the Toledo  
9 Blade reporting a planned 5 to 7 megawatt solar  
10 facility in Toledo, Ohio; that will be Exhibit 3.

11 EXAMINER PARROT: So marked.

12 (EXHIBIT MARKED FOR IDENTIFICATION.)

13 MR. OLIKER: Like Ron Burgundy, if you  
14 wrote it on the page, I'll read it.

15 And I'd like to mark as Exhibit 4 also an  
16 article in the Toledo Blade from March 9th, 2012,  
17 reporting that GM has completed the first phase of a  
18 1.8 megawatt facility in Toledo, Ohio.

19 EXAMINER PARROT: So marked.

20 (EXHIBIT MARKED FOR IDENTIFICATION.)

21 MR. OLIKER: I'd like to mark as Exhibit  
22 5, a December 29th, 2011 [verbatim], article from  
23 the Dayton Daily News reporting that SolarVision  
24 plans to construct a 2.5 megawatt facility in the  
25 village of Yellow Springs and that SolarVision plans

1 to construct an additional 20 megawatts of solar  
2 generation in Ohio.

3 EXAMINER PARROT: So marked.

4 (EXHIBIT MARKED FOR IDENTIFICATION.)

5 MR. OLIKER: That was 5, okay. On to  
6 what I'd like to mark as IEU-Ohio Exhibit 6, a  
7 September 8th, 2011 article in The Daily Standard  
8 reporting the ongoing construction of a 5 megawatt  
9 solar facility in Celina, Ohio.

10 EXAMINER PARROT: So marked.

11 (EXHIBIT MARKED FOR IDENTIFICATION.)

12 MR. OLIKER: I would like to mark as  
13 IEU-Ohio Exhibit 7 a January 24th, 2012, article in  
14 the West Chester News reporting that IKEA will  
15 construct a 1 megawatt solar project at its West  
16 Chester, Ohio, store.

17 EXAMINER PARROT: So marked.

18 (EXHIBIT MARKED FOR IDENTIFICATION.)

19 MR. OLIKER: I would like to mark as  
20 IEU-Ohio Exhibit 8 a January 13th, 2012, article in  
21 The Courier reporting that Marathon Petroleum intends  
22 to construct a 1 megawatt solar facility in Findlay,  
23 Ohio.

24 EXAMINER PARROT: So marked.

25 (EXHIBIT MARKED FOR IDENTIFICATION.)

1 MR. OLIKER: And I would like to mark as  
2 IEU-Ohio Exhibit 9 a March 16th, 2012, article in  
3 the Newark Advocate reporting the Southwest Licking  
4 Board of Education intends to construct a solar  
5 project to provide 75 percent of Watkins High School  
6 electricity.

7 EXAMINER PARROT: So marked.

8 (EXHIBIT MARKED FOR IDENTIFICATION.)

9 MR. OLIKER: And, your Honor, I'd like to  
10 mark as IEU-Ohio Exhibit 10 a January 29th, 2012,  
11 article in The Cauldron reporting that the Wolstein  
12 Center will construct a .65 megawatt solar facility  
13 on its roof.

14 EXAMINER PARROT: So marked.

15 (EXHIBIT MARKED FOR IDENTIFICATION.)

16 MR. OLIKER: And then, your Honor, I'd  
17 like to mark as IEU-Ohio Exhibit 11 a news release on  
18 the website of the city of Cincinnati stating that  
19 the city intends to construct a 2 megawatt facility  
20 for solar generation.

21 EXAMINER PARROT: So marked.

22 (EXHIBIT MARKED FOR IDENTIFICATION.)

23 MR. OLIKER: Your Honor, I'd like to mark  
24 as Exhibit 12 a February 9th, 2012, article in the  
25 Columbus Messenger reporting that London, Ohio, plans

1 to construct an eight acre solar facility.

2 EXAMINER PARROT: So marked.

3 (EXHIBIT MARKED FOR IDENTIFICATION.)

4 EXAMINER PARROT: Make sure that the  
5 Bench and the witness get copies, please. And the  
6 court reporter.

7 MR. OLIKER: I can try to give you, yeah,  
8 my copies.

9 MR. ALAMI: Extras are down here.

10 MR. OLIKER: Do we have any extras down  
11 there?

12 MR. ALAMI: Yes.

13 MR. ALEXANDER: Your Honor, are we still  
14 on?

15 MR. OLIKER: I apologize for not having  
16 these in advance, your Honor.

17 MR. SATTERWHITE: Sorry. I thought it  
18 would be helpful by taking notice of the others.

19 THE WITNESS: I have 2 through 14 or  
20 whatever.

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

23 (Discussion off the record.)

24 EXAMINER PARROT: Let's go back on the  
25 record.

1           Q.    (By Mr. Olikier) Mr. Castle, would you  
2 agree that you haven't seen any of these articles now  
3 that you've had a moment to look at them and hear the  
4 descriptions?

5           A.    I'm not sure I've seen any of these  
6 before, no. I might have in passing, but -- right,  
7 these are proposed projects.

8           Q.    They may be proposed or approved, just  
9 not filed with the Commission --

10           MR. SATTERWHITE: Objection, your Honor.

11           Q.    -- would you agree?

12           MR. SATTERWHITE: I apologize.

13                   Objection, your Honor. The witness has  
14 already stated he's never seen these before. There's  
15 no foundation to ask questions based upon them.

16           MR. OLIKER: Your Honor, newspaper  
17 articles are self-authenticating and I have asked him  
18 whether or not he's seen them, and I'm testing his  
19 knowledge which forms the basis of his conclusions  
20 that there is a necessity to build solar in Ohio.

21           MR. SATTERWHITE: Your Honor --

22           MR. OLIKER: And I think there's  
23 sufficient foundation. I mean, the heart of this  
24 entire hearing, if you believe AEP's case, is whether  
25 or not there's solar out there, and I'm trying to see

1 what they've gone through to come to that conclusion.

2 MR. SATTERWHITE: If I may, your Honor,  
3 he asked the question if the witness has ever seen  
4 these before. He said he has no idea. What this  
5 appears to be is an attempt to use AEP's witness as  
6 IEU's witness. They had ample opportunity to file  
7 testimony asserting all of these points rather than  
8 show something to the witness on the stand and try to  
9 assert points that way. It's improper and there's no  
10 foundation.

11 MR. OLIKER: It's impeachment, your  
12 Honor. He's got clearly in his testimony that there  
13 will be no solar construction in Ohio, and I'm trying  
14 to see how he backs up those statistics.

15 EXAMINER PARROT: Actually, Mr. Oliker,  
16 you didn't really have a question pending. Would you  
17 like to ask one and we'll go from there.

18 MR. OLIKER: Sure, your Honor.

19 Q. (By Mr. Oliker) Mr. Castle, are you  
20 familiar with any of these projects?

21 A. No.

22 Q. So you didn't consider them in  
23 formulating your testimony?

24 A. Not these specific projects, no.

25 MR. OLIKER: Thank you, your Honor.



1           Q.    I think earlier you also mentioned that  
2   you're familiar with the PJM queue; is that true?

3           A.    That's correct.

4           Q.    And did you look at the PJM queue when  
5   you were formulating your testimony?

6           A.    Yes.  We always look at the PJM queue.

7           Q.    And in the past hasn't AEP considered the  
8   PJM queue as a good resource for determining what is  
9   going to be available to satisfy renewable energy  
10  requirements?

11          A.    I'm not sure we've ever relied on the PJM  
12  queue to determine renewable energy resources.

13          Q.    Did you testify in AEP's first electric  
14  security plan case, number 08-917?

15          A.    Yes.

16          Q.    And what was the role of your testimony  
17  in that case?

18          A.    It was to lay out the benchmarks that AEP  
19  would have to satisfy to comply with 221.

20          Q.    So you did the benchmark part, more the  
21  math.  And was there another witness, Witness Jay  
22  Godfrey, did he testify in that case too?

23          A.    I believe he did.

24          Q.    Did he testify to the compliance  
25  strategy?

1           A.     That's probably correct.

2           Q.     And do you remember reading his  
3 testimony?

4           A.     I'm sure I read it.

5           Q.     So would you agree that in his testimony  
6 he relied on the PJM queue to show that there will be  
7 sufficient renewable energy resources available in  
8 Ohio?

9           A.     I'd have to read his testimony to see  
10 that, but --

11          Q.     We can do that.

12                 MR. OLIKER: Your Honor, at this time I'd  
13 like to mark for identification the testimony of Jay  
14 F. Godfrey in case number 08-917.

15                 EXAMINER PARROT: So marked.

16                 (EXHIBIT MARKED FOR IDENTIFICATION.)

17                 MR. OLIKER: I'm going to quickly  
18 renumber these for you.

19                 May I approach the witness, your Honor?

20                 EXAMINER PARROT: You may.

21                 MR. OLIKER: Thank you.

22          Q.     (By Mr. Olikier) Mr. Castle, I think you  
23 were saying you calculated the benchmarks in that  
24 case and Mr. Godfrey, he talked about the compliance  
25 strategies, correct?

1           A.    That's my understanding.

2           Q.    And can you please turn to page 21.  I'll  
3           give you a minute to review it.

4                        So am I correct, he was citing to the PJM  
5           interconnection requests, or sorry, interconnection  
6           queue to talk about the renewable resources that are  
7           available?  Isn't that correct?

8           A.    He does.

9           Q.    He relied on that in his testimony.

10          A.    He did.

11          Q.    And would you also, there's a sentence on  
12          the bottom of page 21, tell me if I read it  
13          correctly, "Solar renewable energy resources are  
14          often connected at the distribution level and thus  
15          may not be reflected in the aforementioned PJM  
16          interconnection queue."

17          A.    That's correct.

18          Q.    So can you describe what that means?

19          A.    That means that a solar resource is small  
20          enough that it's typically a rooftop solar  
21          application.

22          Q.    Are you referring to behind-the-meter  
23          generation?

24          A.    Typically behind-the-meter generation,  
25          that's right.

1           Q.    So anything that's behind-the-meter  
2 generation isn't going to be in the PJM queue so it  
3 won't be reflected in those numbers?

4           A.    That's right.

5           MR. OLIKER:  I have no further questions,  
6 your Honor.

7           EXAMINER PARROT:  Thank you.

8           Anything from the staff?

9           MR. McNAMEE:  Nothing, your Honor.

10          EXAMINER PARROT:  Any redirect?

11          MR. SATTERWHITE:  One second, your Honor.  
12 Actually, would this be a good time for a break  
13 maybe?

14          EXAMINER PARROT:  Let's take a  
15 five-minute break.

16          (Recess taken.)

17          EXAMINER PARROT:  Let's go back on the  
18 record.  Any redirect?

19          MR. SATTERWHITE:  Just a little, your  
20 Honor.  Hopefully at least.

21                                 - - -

22                                 REDIRECT EXAMINATION

23          By Mr. Satterwhite:

24           Q.    Mr. Castle, do you remember some  
25 questions from Mr. Lang dealing with elements of an

1 integrated resource plan and he had you turn to the  
2 rule of elements that are --

3 A. Yes, I do.

4 Q. And one of those that he mentioned  
5 were -- lead times and maintenance are some of the  
6 elements that he mentioned --

7 A. Right.

8 Q. -- and had you discuss. Would you expect  
9 there to be a schedule for a facility not owned by  
10 the utility?

11 A. A maintenance schedule? No, I wouldn't  
12 expect so. If you don't own and operate the actual  
13 facility, any maintenance is more than likely part of  
14 what contract you may have signed.

15 Q. And would that go with other requirements  
16 potentially in that rule that could relate to whether  
17 the company would own versus somebody else would own  
18 and build?

19 A. Right.

20 Q. Now, you also, I believe, had a number of  
21 questions from Mr. Lang dealing with the amount of  
22 SRECs or renewable -- in-state solar renewables  
23 available in 2012, '13, and '14.

24 A. Right.

25 Q. Do you remember that?

1           A.     Yes.

2           Q.     You had a discussion about whether '14  
3     was going to be short or not.  When are you -- when  
4     is your testimony supporting there is definitely  
5     going to be a shortage of in-state solar RECs?

6           A.     If nothing else is built, there will be a  
7     shortage in 2015.

8           Q.     And why is it if there's not a shortage  
9     today that there will be a shortage in 2015 or '14  
10    like you mentioned earlier?

11          A.     Because the benchmarks continue to grow  
12    year after year.

13          Q.     And how does the increasing of the  
14    benchmarks impact the banking that you mentioned?

15          A.     If you have an oversupply at, you know,  
16    say currently as the requirement outstrips the supply  
17    you'll eat into the bank and eventually you won't  
18    have a bank left.

19          Q.     Now, you also had a discussion with  
20    Mr. Olikier on the affidavit of Mr. Allen from the  
21    10-2929 case.  Do you remember that?

22          A.     Yes.

23          Q.     And there was a discussion of the  
24    26 percent versus the 36 percent number; do you  
25    recall that?

1           A.     Yes.

2           Q.     I believe you stated that the difference  
3     was some customers, or Mr. Olikier stated, had  
4     indicated a possible intent to switch; is that  
5     correct?

6           A.     Correct.

7           Q.     Do you know, does a customer have to  
8     switch if they've indicated an intent to switch?

9           A.     I don't believe they have to switch, no.

10          Q.     Mr. Olikier also asked you a number of  
11     questions dealing with the adequacy of the staff  
12     analysis and the website that you relied upon. Do  
13     you remember that testimony?

14          A.     Yes, I do.

15          Q.     Do you feel it's reasonable to rely upon  
16     the staff's analysis and their compilation of the  
17     data filed at the Commission?

18          A.     I do. I think it's really the only  
19     viable source to know which projects are absolutely  
20     complete at any given time. Everything else is, you  
21     know, I won't call it speculation, but it's uncertain  
22     whether or not it would get done.

23          Q.     So from a resource planning point of view  
24     how would you differentiate the importance of  
25     planning, someone planning to build something versus

1 something actually being built?

2 A. Certainly we put a lot more weight on  
3 things that are actually built, you know, and I think  
4 you have to plan with all this uncertainty, if you're  
5 building something rather than hoping that a REC  
6 market will materialize, what you've done there is  
7 you've built in some certainty for your customers.

8 Q. And Mr. Olikier, we took administrative  
9 notice of a couple of dockets that dealt with a .6  
10 megawatt, a .49, a 1 megawatt, and .59 megawatts; do  
11 you remember that discussion?

12 A. Yeah.

13 Q. Do you think if those are added to the  
14 system, does that alleviate the need in Ohio for more  
15 in-state solar resources?

16 A. Very marginally alleviates it. It  
17 doesn't eliminate. You're going to need to build  
18 approximately 250 megawatts of solar in the state of  
19 Ohio to comply with the requirements by 2025.

20 Q. So the behind-the-meter, I believe you  
21 were discussing with Mr. Olikier, amounts, what's the  
22 impact overall of that on your testimony of the need  
23 for something like Turning Point?

24 A. Those are very small solar projects,  
25 rooftop solar, typically on the order of magnitude 1,



1 2, 3 kWh.

2 Q. And do you still have in front of you  
3 WK --

4 A. Excuse me.

5 Q. I'm sorry. I apologize.

6 -- IEU Exhibit 13, which is the testimony  
7 of Mr. Godfrey?

8 A. Somewhere. Yes.

9 Q. Can you turn to page 22 of that testimony  
10 for me.

11 A. Correct.

12 Q. On lines 14 to 16 there's a discussion of  
13 interconnection requests for renewable generators, it  
14 says, ". . . that are located in Ohio include  
15 2,577 megawatts of wind generation." Do you see  
16 that?

17 A. I see it, yes.

18 Q. Are you aware of how much was truly built  
19 in comparison to this number?

20 A. Yes. I've been made aware that only 400  
21 megawatts of that amount have been built in the state  
22 of Ohio.

23 Q. And that states that that was as of June  
24 30th, 2008, the 2,577 was in the queue, correct?

25 A. That's right.

1 MR. SATTERWHITE: Your Honor, there's one  
2 question, I believe I'm done, but if we're going to  
3 admit the nine, ten newspaper articles, then there's  
4 going to be some more redirect of this witness, so I  
5 don't know if Mr. Olier wants to move for that now  
6 and we can decide that matter. I don't want to  
7 dismiss my witness off the stand if we need to get  
8 into some of this.

9 EXAMINER PARROT: I think you better just  
10 ask your questions.

11 MR. SATTERWHITE: Well, in that case then  
12 I'd like to ask for a recess so the witness can read  
13 through all these articles in case there is something  
14 that is important that we need to discuss in these.  
15 He was just given them on the stand.

16 EXAMINER PARROT: Let's go off the  
17 record.

18 (Discussion off the record.)

19 EXAMINER PARROT: Let's go back on the  
20 record. Any further questions at this point?

21 MR. SATTERWHITE: So, your Honor, pending  
22 the determination of the admission of IEU Exhibits 3  
23 through 12 and the need to rediscuss with the witness  
24 or other witnesses that ends the redirect.

25 EXAMINER PARROT: Okay. Thank you very

1 much.

2 Mr. Lang, any recross?

3 MR. LANG: No, your Honor.

4 EXAMINER PARROT: Mr. Olikier?

5 - - -

6 RECROSS-EXAMINATION

7 By Mr. Olikier:

8 Q. Just one question and it may -- you can't  
9 independently verify that there are no other projects  
10 being constructed. You talked about maybe developing  
11 projects, but the newspaper articles that I showed  
12 you, some of them mention these projects have  
13 commenced construction; you haven't verified that  
14 that's not true, have you?

15 MR. SATTERWHITE: Objection, your Honor.  
16 It was established earlier the witness hasn't had a  
17 chance to read the articles yet, all he has is the  
18 description of counsel and so he can't really talk  
19 about the details of what's in those articles at this  
20 point.

21 EXAMINER PARROT: Response?

22 MR. OLIER: Maybe I can rephrase the  
23 question, your Honor.

24 Q. So you can't be certain, based upon the  
25 research that you've done, that no other projects

1 have been constructed or commenced construction in  
2 Ohio; isn't that true?

3 A. Right. I never suggested that there  
4 aren't projects that are currently underway or in  
5 some part of a process.

6 Q. And you mentioned that behind-the-meter  
7 generation is usually, what, 1 kW? Is that what you  
8 said?

9 A. There's a range, of course.

10 Q. There's no limit, is there?

11 A. There has to be a limit. Yes, there is a  
12 limit.

13 Q. And is it beyond the realm of reason for  
14 a half a megawatt or a 1 megawatt behind-the-meter  
15 generation project?

16 A. I'm not an expert in this area, but  
17 larger projects require PJM site certification, the  
18 whole process.

19 Q. Are you sure about that? I have the PJM  
20 manual here.

21 A. Well, no, I'm not sure. But what I'm  
22 saying is the larger the project the bigger the  
23 process maybe is --

24 Q. So are you sure it's not a bright-line  
25 test that if it's behind-the-meter generation, you

1 don't just interconnect with a distribution utility?

2 MR. SATTERWHITE: At this point I'm going  
3 to object, your Honor. The scope of my redirect  
4 dealt with whether the megawatt-hours would help  
5 alleviate the overall need. Now we're starting to  
6 get into what requirements are of PJM and I think  
7 it's beyond the scope.

8 MR. OLIKER: Your Honor, he made an  
9 affirmative statement that they are typically rooftop  
10 projects that are like 1 kW. I'm testing that  
11 assertion and impeaching him.

12 EXAMINER PARROT: I'll allow it.

13 THE WITNESS: I'm sorry. What was the  
14 question again?

15 (Record read.)

16 A. I'm not sure. To answer your question  
17 I'd have to consult the PJM manual.

18 MR. OLIKER: Your Honor, at this time I'd  
19 like to mark for identification as IEU-Ohio Exhibit  
20 14 PJM Manual 14A.

21 EXAMINER PARROT: So marked.

22 (EXHIBIT MARKED FOR IDENTIFICATION.)

23 Q. I think it's the very last page, this is  
24 only a selected excerpt. I didn't want to kill too  
25 many trees. The PJM manual is very long. If you

1 could please turn to page 8 and, first, would you  
2 identify, is this the PJM Manual 14A that describes  
3 generation and transmission interconnection?

4 A. Yes.

5 Q. And does it look like it's a true and  
6 accurate representation of that?

7 A. I believe so.

8 Q. Can you please turn to page 8 at 1.11,  
9 particularly the very last paragraph, and tell me if  
10 I'm correct, "Generating resources operating 'behind  
11 the meter' in isolation from the PJM bulk power  
12 transmission system and which do not intend to  
13 participate in the PJM wholesale energy market, need  
14 only coordinate planning, construction and/or  
15 operation with the host Transmission Owner."

16 A. Okay.

17 Q. And if you'll turn to page 3, am I  
18 correct that this is in the chapter titled Section 1,  
19 Interconnection Process?

20 A. That's correct.

21 Q. So I guess I'll ask the question again.  
22 Do you know if there could be a 1, 2, 3, or 4  
23 megawatt facility that operates as behind-the-meter  
24 generation that does not participate in the PJM  
25 interconnection queue?

1           A.    I suppose it's possible.

2           Q.    And you haven't looked at the GM power  
3    plant application which I think is identified as IEU,  
4    actually, it was not, it was taken administrative  
5    notice of, so you're not aware of whether or not  
6    that's a .6 megawatt behind-the-meter generation  
7    project on a rooftop.

8           A.    That's correct. I don't know the  
9    specifics of that. It's probably not rooftop if it's  
10   General Motors.

11          Q.    I won't argue with that. We'll do that  
12   one on brief.

13               MR. OLIKER: I think that's all the  
14   questions I have, your Honor.

15               EXAMINER PARROT: Thank you.

16               MR. McNAMEE: Nothing.

17               EXAMINER PARROT: I have no questions,  
18   Mr. Castle. Thank you very much. You're excused.

19               (Witness excused.)

20               MR. SATTERWHITE: Your Honor, at this  
21   time the company would re-move for the admission of  
22   Joint Exhibit 1 and AEP Exhibit 1.

23               EXAMINER PARROT: Are there any  
24   objections to the admission of Joint Exhibit 1 or AEP  
25   Exhibit 1?

1 MR. OLIKER: Your Honor, IEU-Ohio would  
2 also like to move for IEU-Ohio Exhibits 1 through 14  
3 to be entered into the record.

4 EXAMINER PARROT: Let's deal with the AEP  
5 exhibit and Joint Exhibit 1 first. Any objections to  
6 either of those?

7 MR. LANG: Just subject to the motions  
8 which you've already ruled on, no objection.

9 MR. OLIKER: No objection, your Honor.

10 EXAMINER PARROT: Thank you very much.  
11 AEP Exhibit 1 and Joint Exhibit 1 are admitted into  
12 the record.

13 MR. SATTERWHITE: Thank you.

14 (EXHIBITS ADMITTED INTO EVIDENCE.)

15 EXAMINER PARROT: Let's deal with the IEU  
16 exhibits. Now, you moved for admission of 1 through  
17 14, I believe, Mr. Oliker?

18 MR. OLIKER: That's correct, your Honor.

19 EXAMINER PARROT: Any objections to the  
20 admission of IEU Exhibits 1 through 14?

21 MR. SATTERWHITE: Your Honor, the company  
22 has no objection to Exhibits 1, 2, 13, and 14, but  
23 the newspaper articles put in front of the witness,  
24 the company would object to as the witness had --  
25 there was no foundation established and the IEU had



1 the opportunity to file testimony to support any  
2 points it wanted to make. It was improper use of  
3 cross-examination.

4 EXAMINER PARROT: Staff?

5 MR. McNAMEE: Staff would agree with  
6 Mr. Satterwhite's observations. Unfortunately, the  
7 newspaper articles, we simply have no ability to  
8 question or assess anything that's contained within  
9 them. Without a foundation we have no ability to  
10 examine the utility or accuracy of this information.

11 MR. OLKER: Your Honor.

12 By "foundation" are you talking about  
13 authentication? Under Ohio Rule of Evidence 902  
14 newspaper articles are self-authenticating so that is  
15 not at issue in this proceeding.

16 And I would also like to add that the  
17 witness has testified about the need to construct new  
18 solar facilities. I cross-examined the witness and  
19 asked him about what research he's done, what things  
20 he looked at. He talked about looking at staff's  
21 tables, and I'm asking him if there are any other  
22 materials out there that he may or may not have seen,  
23 things that he may have overlooked and that would be  
24 beneficial for the Commission in evaluating his  
25 testimony.

1           And I would also like to add even if the  
2 Commission does have an issue with this, this is  
3 something that goes to the weight of the evidence.  
4 As the Commission mentioned previously in the  
5 December 14th opinion and order in the ESP case --  
6 and I can quote to it, I think everybody in this room  
7 was involved in that case almost.

8           "We note that hearsay rules are designed,  
9 in part, to exclude evidence, not because it is not  
10 relevant or probative, but because of concerns  
11 regarding jurors' inability to weigh evidence  
12 appropriately. These concerns are inapplicable to  
13 administrative proceedings before the Commission, as  
14 the Commission has expertise to give the appropriate  
15 weight to testimony and evidence."

16           This is appropriate for the Commission to  
17 decide this and they can give it its due weight, your  
18 Honor.

19           MR. SATTERWHITE: Your Honor, again,  
20 there's no foundation for this in the record, and the  
21 process the Commission has set out is to prefile  
22 testimony; this abuses that process. And the party  
23 didn't file any testimony at all in the case and it  
24 would reward a party for simply sandbagging their  
25 case to put newspaper articles in the record versus

1 up front putting their arguments so that a witness  
2 can be crossed upon those.

3 EXAMINER PARROT: Anything further,  
4 Mr. McNamee?

5 MR. McNAMEE: Nothing further.

6 MR. OLIKER: Your Honor, there's no  
7 requirement to prefile testimony, and he has  
8 assertions in his testimony about the development of  
9 solar in Ohio. I'm clearly allowed to cross-examine  
10 him about those things and to impeach his testimony.

11 EXAMINER PARROT: And I do not disagree  
12 with that, but I am going to deny the motion to admit  
13 Exhibits 3 through 12 and admit IEU Exhibits 1, 2,  
14 13, and 14 into the record.

15 (EXHIBITS ADMITTED INTO EVIDENCE.)

16 MR. OLIKER: Your Honor, at this time  
17 would you please accept Exhibits 3 through 12 as a  
18 proffer?

19 EXAMINER PARROT: As a proffer, yes, of  
20 course.

21 MR. OLIKER: And I would state that had  
22 IEU offered this information, it would have  
23 demonstrated that there was sufficient solar  
24 resources in Ohio that were not considered in the  
25 conclusions in the testimony of AEP's witness, and it

1 would have demonstrated that there are in excess of  
2 40 megawatts of solar facilities that are currently  
3 under development in Ohio.

4 EXAMINER PARROT: Thank you, Mr. Olikier.

5 MR. OLIKER: Thank you, your Honor.

6 EXAMINER PARROT: All right. Let's go  
7 off the record.

8 (Discussion off the record.)

9 EXAMINER PARROT: Let's go back on the  
10 record. At this point we are breaking for lunch and  
11 we'll reconvene at 1:15. Thank you.

12 (At 12:15 p.m. a lunch recess was taken  
13 until 1:15 p.m.)

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1                               Wednesday Afternoon Session,  
2                               March 28, 2012.

3                               - - -

4                               EXAMINER PARROT: Let's go back on the  
5 record. Anything further from the company,  
6 Mr. Satterwhite?

7                               MR. SATTERWHITE: Not at this time, your  
8 Honor. Thank you.

9                               EXAMINER PARROT: Staff?

10                              MR. OLIKER: Yes, your Honor. At this  
11 time the staff would call Mark C. Bellamy.

12                              EXAMINER PARROT: Raise your right hand.  
13 (Witness sworn.)

14                              EXAMINER PARROT: Please be seated.

15                              - - -

16                              MARK C. BELLAMY  
17 being first duly sworn, as prescribed by law, was  
18 examined and testified as follows:

19                              DIRECT EXAMINATION

20 By Mr. McNamee:

21                              Q. Mr. Bellamy, would you state and spell  
22 your name for the record, please.

23                              A. My name is Mark C. Bellamy.

24                              Q. By whom are you employed and in what  
25 capacity?

1           A.     I am an environmental specialist employed  
2 by the Public Utilities Commission of Ohio.

3           Q.     What is your business address?

4           A.     180 East Broad Street, Columbus, Ohio.

5           MR. McNAMEE: Your Honor, at this time I  
6 would ask to have marked for identification as Staff  
7 Exhibit 1 a multipage document filed in this docket  
8 on March 9 denominated Prefiled Testimony of Mark C.  
9 Bellamy, I'd ask to have that marked as Staff Exhibit  
10 1.

11           EXAMINER PARROT: So marked.

12           (EXHIBIT MARKED FOR IDENTIFICATION.)

13           Q.     Mr. Bellamy, do you have what's just been  
14 marked for identification as Staff Exhibit 1 before  
15 you?

16           A.     Is it my prefiled testimony?

17           Q.     Yes.

18           A.     Yes, I do have that.

19           Q.     Okay. Was this prepared by you or under  
20 your direction?

21           A.     Yes, it was prepared by me.

22           Q.     Are the contents of that true to the best  
23 of your knowledge and belief?

24           A.     Yes, they are.

25           Q.     Okay. If I were to ask you the questions

1 that are contained in that document here today, would  
2 your answers be as represented therein?

3 A. Yes.

4 Q. Do you have any corrections to make to  
5 that document at this time?

6 A. No.

7 MR. McNAMEE: Okay. With that the  
8 witness is available for cross.

9 EXAMINER PARROT: Mr. Olikar?

10 MR. OLICKER: At this time would it be  
11 appropriate to entertain a motion to strike, your  
12 Honor?

13 EXAMINER PARROT: Sure.

14 MR. OLICKER: Okay. Along the same lines  
15 that were asserted earlier regarding Witness Castle I  
16 would like to move to strike page 2, line 2 through  
17 line 20.

18 EXAMINER PARROT: Line 2?

19 MR. OLICKER: That's correct, your Honor.

20 EXAMINER PARROT: It has to do with his  
21 previous experience.

22 MR. OLICKER: I may have started on the  
23 wrong page. I'll hold up on that one.

24 Let's start with line 7, please, through  
25 line 20.

1 EXAMINER PARROT: Line, not question 7?

2 MR. OLIVER: Line 7 through line 20.

3 EXAMINER PARROT: Line 7 is a --

4 MR. OLIVER: Sorry, 9 through 20.

5 EXAMINER PARROT: Nine through 20, okay.

6 MR. OLIVER: I'm getting confused.

7 EXAMINER PARROT: All right. Anything  
8 else?

9 MR. OLIVER: And then I'd like to do all  
10 of page 3 through page 9.

11 EXAMINER PARROT: Grounds?

12 MR. OLIVER: The same grounds that were  
13 stated earlier, your Honor.

14 EXAMINER PARROT: Okay. Response?

15 MR. SATTERWHITE: I believe you already  
16 ruled on it so we won't waste your time saying the  
17 same stuff again.

18 EXAMINER PARROT: Consistent with my  
19 earlier motions the motion to strike is denied.

20 Mr. Lang? Sorry. Mr. Alexander.

21 - - -

22 CROSS-EXAMINATION

23 By Mr. Alexander:

24 Q. Mr. Bellamy, my name is Trevor Alexander.  
25 I'm one of the lawyers for FirstEnergy Solutions.



1 Just a couple questions for you.

2 You're here to testify today in support  
3 of the partial stipulation.

4 A. No. My testimony specifically addresses  
5 need, not -- I'm not supporting the entire  
6 stipulation.

7 MR. ALEXANDER: May I approach the  
8 witness, your Honor?

9 EXAMINER PARROT: You may.

10 Q. Mr. Bellamy, I've just handed you what's  
11 been previously marked as Joint Exhibit 1. Do you  
12 recognize that document?

13 A. No.

14 Q. You've never seen that document before?

15 A. Well, I haven't got a chance to look at  
16 it.

17 Q. Oh, please take a look. Take your time,  
18 let me know when you've had a chance to look at it.

19 A. Yes, I am familiar with it.

20 Q. And what is that document?

21 A. The stipulation agreement that was signed  
22 by our staff and AEP.

23 Q. When did you first see that document?

24 A. Probably shortly after it was signed.

25 Q. After it was signed.

1           A.     Yes.

2           Q.     Could you look at paragraph (2) of that  
3 document.

4           MR. McNAMEE:  Object.  It's outside the  
5 scope of the witness's testimony.  He is not here to  
6 testify to the stipulation.

7           MR. ALEXANDER:  You object to the  
8 direction to have the witness look at the paragraph?

9           MR. McNAMEE:  Pardon?  Yes, I do.

10          EXAMINER PARROT:  I guess I'd like to  
11 hear the question first.  Go ahead, Mr. Alexander.

12          Q.     At the top of page 4, the first line on  
13 page 4, there's a reference to the word "need."  To  
14 your knowledge, is the word "need" intended to apply  
15 to Revised Code 4928.143(B)(2) and its use of the  
16 word "need"?

17          MR. McNAMEE:  Objection.  It's outside  
18 the scope of the witness's testimony.  He's not here  
19 to testify to the stipulation or any of its parts.

20          MR. ALEXANDER:  Your Honor, the witness  
21 specifically references this language in his  
22 testimony, specifically at page 2, line 11, and it's  
23 simply my purpose to ask if the stipulation's use of  
24 the word "need" is intended to apply to the statute  
25 cited by the witness.

1 EXAMINER PARROT: I'll allow it.

2 A. Can you restate the question?

3 MR. ALEXANDER: Maria, could you read it  
4 back, please.

5 (Record read.)

6 A. Yes.

7 Q. Do you know why paragraph (2) was  
8 included in the partial stipulation?

9 MR. McNAMEE: I object.

10 EXAMINER PARROT: Grounds? Same grounds?

11 MR. McNAMEE: Again, same grounds.

12 EXAMINER PARROT: Same response, then?

13 MR. ALEXANDER: Yes, your Honor.

14 EXAMINER PARROT: You may answer if you  
15 know.

16 A. I don't know.

17 Q. Do you know why the partial stipulation  
18 in paragraph (2) references the Turning Point  
19 facility specifically as opposed to the need for  
20 solar generation in Ohio generally?

21 MR. McNAMEE: I object again. I might  
22 observe that the witness has indicated that he did  
23 not see this document prior to it being signed,  
24 therefore, it would be relatively unlikely that he  
25 would know the thought processes of anyone or

1 anything about the document at all.

2 MR. ALEXANDER: Your Honor, staff is one  
3 of two signatory parties to this document. If I  
4 can't ask what the purpose of the document is, I  
5 don't know how we can explore this settlement.

6 EXAMINER PARROT: Mr. Bellamy, you may  
7 answer, again, if you know.

8 A. I'm sorry. Again, what is the question?

9 Q. Sure. Do you know why paragraph (2)  
10 references the need for the Turning Point project in  
11 particular as opposed to the need for additional  
12 solar generation in Ohio more generally?

13 A. No, I'm not sure why it was referenced  
14 specific -- I don't know why it was put in there  
15 specifically.

16 Q. Can you briefly describe what integrated  
17 resource planning is?

18 A. I'm not an expert on resource planning.

19 Q. When evaluating an LTFR such as the LTFR  
20 at issue in this case, what are the type of things  
21 that you look at?

22 MR. McNAMEE: Objection. The witness is  
23 testifying merely to the overall need for solar RECs  
24 in Ohio. He is not testifying to the integrated  
25 resources plan.

1 MR. ALEXANDER: He is actually testifying  
2 as to the need for this specific facility, need for  
3 the Turning Point facility. If you look at his  
4 testimony at page 3, line 7, he opines as to Turning  
5 Point in particular. And then at page 2, line 19  
6 through page 3, line 3, he testifies as to the  
7 resource planning process that determines whether  
8 Turning Point is needed or not. I'm just trying to  
9 explore that.

10 EXAMINER PARROT: Sustained.

11 THE WITNESS: Can you repeat the  
12 question?

13 EXAMINER PARROT: It's sustained.

14 THE WITNESS: I'm sorry.

15 Q. Your testimony at page 2, line 19, I'm  
16 going to read a sentence here, let me know if I read  
17 it correctly, "The determination of need for a  
18 proposed facility would be based upon the  
19 reasonableness of the cost of acquiring or  
20 constructing a new generating facility, or  
21 retrofitting an existing generating facility that  
22 would otherwise be retired, as compared with  
23 alternatives."

24 Did I read that correctly?

25 A. Yes.

1           Q.    And is that the standard you applied when  
2           providing your answer at page 3, line 7, that there  
3           was a need for Turning Point?

4           A.    It is not the only consideration.  When I  
5           consider, you know, whether this was "need," needed  
6           or not, that, you know, the cost -- reasonableness  
7           and the cost was not the only thing considered, but  
8           that would be a consideration when you get into, you  
9           know, whether a facility will actually be built or  
10          not.  You would look at, you know, the cost and  
11          compare it to alternatives.

12          Q.    Would that analysis also include a  
13          forecast of future load?

14          A.    It depends on what you mean by "forecast  
15          of future load."  I looked at what the load is going  
16          to be in Ohio, you know, going forward according to  
17          your resource planning numbers, and I looked at how  
18          many megawatts of solar would we need to comply with  
19          that load in the future.  So if that's what you mean,  
20          then yes.  But I didn't look at what nonsolar  
21          generation might be needed, if that's what you're  
22          asking.

23          Q.    I was just -- we're good.

24                  So, again, considering your testimony at  
25          page 2, line 19 through page 3, line 3, it's

1 important to look not only at the future load that  
2 will have to be served, but also at the cost of  
3 serving that load and identify the resource that will  
4 be the least possible cost to serve that load.

5 A. Can you repeat the question?

6 Q. Sure. Let me rephrase it and try to make  
7 it more clear. You stated that you attempted to  
8 determine the solar load that would have to be met in  
9 Ohio; is that correct?

10 A. Yes.

11 Q. And the second part of your analysis  
12 would be to identify the least cost resource that  
13 could be obtained to serve that solar load; is that  
14 correct?

15 A. I don't think I mentioned least cost  
16 resource.

17 Q. What did you mean by "the reasonableness  
18 of the cost" at page 2, line 20 of your testimony?

19 A. If a solar facility is going to be built,  
20 it should be compared with alternatives. So if there  
21 is enough RECs in the market, you would look at the  
22 price of the RECs that are out there and ask yourself  
23 would this facility produce RECs at a lower cost than  
24 what I could buy in the market. So I think that's  
25 what I mean in the lines you referenced.

1           Q.    Do you know if AEP Ohio has presented any  
2 evidence in this proceeding as to the total cost for  
3 the Turning Point facility?

4           A.    I'm not aware of the cost.

5           Q.    Has AEP Ohio presented any evidence as to  
6 the total revenue requirement for the Turning Point  
7 facility?

8           MR. SATTERWHITE:  Objection.  Relevance.

9           MR. ALEXANDER:  The witness has stated  
10 that we must compare Turning Point with alternatives,  
11 it's in his testimony, and I want to examine what  
12 alternatives were considered and what evidence AEP  
13 presented as to the cost of Turning Point.

14          MR. SATTERWHITE:  And he asked the  
15 question on cost and I didn't object, then he asked  
16 revenue requirement and I did object.

17          MR. ALEXANDER:  Which is a separate  
18 issue.  The cost that it will be offset by energy  
19 capacity is different than the revenue requirements  
20 that will be borne by ratepayers.

21          MR. McNAMEE:  I have to object at this  
22 point.  There is no issue about any revenue  
23 requirement in this case.

24          EXAMINER PARROT:  Sustained.

25          Q.    (By Mr. Alexander) What evidence has AEP



1 presented showing that sufficient solar energy  
2 resources are not available through the competitive  
3 market?

4 A. I'm not defending AEP's testimony. I'm  
5 defending my testimony. So I can't give you evidence  
6 of their evidence.

7 Q. Okay. What evidence exists in the record  
8 that sufficient solar resources are not available in  
9 the competitive market?

10 A. Can you repeat the question?

11 Q. Sure. What evidence exists in the record  
12 that sufficient solar resources are not available  
13 through the competitive market?

14 A. Nobody knows what resources are going to  
15 be available. We know what resources are available  
16 now, we know what facilities have been built and  
17 certified by the Commission; other than that we don't  
18 know what's going to get built so no one can say, you  
19 know, a certain amount is going to be built or not  
20 going to be built.

21 Q. Has anybody conducted a market test or an  
22 RFP to see if the market would meet this needed solar  
23 load?

24 A. I'm not aware of an RFP for the load that  
25 would be represented by Turning Point.

1           Q.    Are you aware of any analysis comparing  
2   the cost associated with Turning Point with the cost  
3   associated with buying the solar RECs in the  
4   competitive market?

5           A.    No.   Well, AEP did an analysis in their  
6   December 20th supplemental to the LTFR in which they  
7   came up with a imputed REC cost, so that would I  
8   think, you know, perhaps that's what you were looking  
9   for, so that would kind of be the comparison of what  
10   the REC prices are actually and what would it cost to  
11   actually build Turning Point and you would compare  
12   the two.   So at a certain point if REC prices are  
13   below, or -- yeah, the lowest REC point, then it  
14   would be more cost-effective to build Turning Point,  
15   so I know that they've done that analysis.

16          Q.    And that analysis is actually a generic  
17   solar facility as opposed to Turning Point in  
18   particular that calculates the imputed REC cost;  
19   isn't that right?

20          A.    I'm not sure.   I can't remember.

21          Q.    Was the imputed REC cost based on any  
22   sort of market value?

23          A.    Well, the imputed REC cost would be based  
24   on the cost of Turning Point.   So Turning Point's  
25   going to cost so much to build, so there would be an

1 equivalent cost of the RECs associated with that,  
 2 so -- but if you're asking do we know what REC prices  
 3 are going to be, you know, five years from now,  
 4 nobody knows.

5 MR. ALEXANDER: Your Honor, may I  
 6 approach the witness?

7 EXAMINER PARROT: You may.

8 MR. SATTERWHITE: What page are you on?

9 MR. ALEXANDER: Exhibit 5. Supplemental  
 10 Exhibit 5.

11 Q. Mr. Bellamy, I've just handed you what's  
 12 been previously marked as AEP Exhibit 1, I'd like to  
 13 direct your attention to Supplemental Appendix 1,  
 14 Exhibit 5. Is this the imputed REC cost that you  
 15 referred to in your testimony?

16 A. Yes.

17 Q. And does this refresh your recollection  
 18 as to whether this imputed REC cost is for generic  
 19 solar or for Turning Point specifically?

20 A. I don't know. I mean, I see a column  
 21 that says "Generic," but I can't remember how they  
 22 came up with this calculation.

23 Q. Do you know if the generic solar costs  
 24 that are identified in this exhibit tie to the  
 25 projected costs for Turning Point?

1 A. I don't know.

2 Q. Do you know if AEP Ohio is short on  
3 nonsolar capacity?

4 A. What time period are you talking about?

5 Q. 2012 through 2020.

6 A. They will be, yes.

7 Q. In what year?

8 A. I don't know, but I think the --  
9 something like 2013 or '14.

10 Q. Let me clarify. I wasn't referring to  
11 not solar renewable. I was talking about just  
12 general baseload capacity.

13 A. No, they're not short. Well, I mean,  
14 they're not short right now, but I don't know what  
15 the future holds.

16 Q. But AEP does not need to construct  
17 Turning Point to meet its baseload generation  
18 obligation.

19 A. No.

20 Q. So when you discuss "need" in your  
21 testimony, you're talking about the need for solar --

22 A. Well, not right now. I don't know, you  
23 know, five years from now maybe they will need  
24 Turning Point for some, you know, for more -- I don't  
25 know.

1 Q. Sure. I was trying to clarify --

2 A. Right now Turning Point is not needed for  
3 baseload support.

4 Q. So in your testimony when you discuss  
5 "need," you're discussing the need for solar  
6 resources under 4928.64 as opposed to the need for  
7 capacity generally.

8 A. Yes.

9 Q. Okay. You reference 4928.64 in your  
10 testimony at page 2, line 13. Can you describe  
11 briefly what this statute does?

12 A. 4928.64 spells out the advanced energy  
13 portfolio standard obligations. So it sets out a  
14 percentage of kilowatt-hour sales that CRES providers  
15 and EDUs have to produce in order to comply.

16 Q. Does that statute permit bypassable cost  
17 recovery for the cost of compliance with that  
18 requirement?

19 MR. SATTERWHITE: Objection, your Honor.  
20 There's nothing in this case dealing with any rider  
21 to recover. This is a "need" proceeding. It's  
22 irrelevant.

23 MR. ALEXANDER: I'll withdraw the  
24 question, your Honor.

25 Q. So if a customer chooses to leave

1 AEP Ohio and shop with a CRES provider, the  
2 obligation to provide alternative energy resources to  
3 serve that customer would go to the CRES provider; is  
4 that correct?

5 A. Yes.

6 Q. So the theory is that the cost of  
7 providing those resources should flow with the  
8 customer so as to avoid -- strike that.

9 Did you do any analysis of the solar RECs  
10 that AEP Ohio in particular as opposed to the entire  
11 state will need through 2025?

12 A. No.

13 Q. Have you done any analysis of the  
14 shopping levels that AEP Ohio will experience through  
15 2025?

16 A. No.

17 Q. Have you done any analysis of the impact  
18 of shopping on AEP Ohio's solar requirement through  
19 2025?

20 A. No.

21 Q. So you're not providing an opinion here  
22 today as to whether AEP Ohio needs Turning Point to  
23 comply with its specific solar benchmarks?

24 A. I'm here to defend my testimony which  
25 states that Turning Point will be needed to meet the

1 mandates of 4928.64.

2 Q. My question, though, is are you opining  
3 that AEP Ohio in particular needs to build Turning  
4 Point, or are you opining that more solar needs to be  
5 built here in Ohio to meet the statewide solar  
6 benchmark for all EDU and CRES providers?

7 A. The same thing. I mean, solar needs to  
8 be built. This is a plan to build solar that needs  
9 to be built, so it is needed.

10 Q. Needed for whom?

11 A. Needed to fulfill the mandates of  
12 4928.64.

13 Q. As applied to AEP Ohio in particular, or  
14 as applied to the entire state?

15 A. Well, like I said, I didn't look at  
16 AEP Ohio's load requirement going on into the future.  
17 I looked at the entire state load of which AEP is a  
18 part of. But if AEP lost a lot of their load and  
19 which they had excessive RECs, they could sell those  
20 RECs into the market. So the need is still there.

21 Q. I'm just trying to clarify. You haven't  
22 examined the impact of shopping on AEP through the  
23 end of the planning period, correct?

24 A. Right.

25 Q. And you haven't examined the impact that

1 that may have on the number of solar RECs that  
2 AEP Ohio in particular might need, correct?

3 A. Yes, I have not looked at the impact of  
4 shopping on AEP's future needs.

5 Q. So your opinion in this case isn't that  
6 AEP Ohio in particular needs to build Turning Point,  
7 it is that additional solar needs to be built here in  
8 Ohio so that all EDUs and CRES providers can meet the  
9 statewide solar benchmarks.

10 A. It's still both. You know, I suppose  
11 if -- if AEP lost all their other load, a hundred  
12 percent went to shopping, then, yeah, the need would  
13 still be there, but if they didn't lose any of their  
14 load, the need would still be there. I guess I don't  
15 understand what you're asking.

16 Q. Have you analyzed what would happen to  
17 AEP Ohio's requirements if 75 percent of its  
18 customers chose to shop?

19 A. No, I have not.

20 MR. McNAMEE: Objection. I believe this  
21 is the third time this has been asked.

22 EXAMINER PARROT: He already answered.

23 MR. ALEXANDER: I'm ready to move on,  
24 your Honor.

25 EXAMINER PARROT: Okay.



1           Q.    In your testimony you state that there  
2   may be a statewide shortage of solar RECs in the  
3   future; is that correct?

4           A.    Yes.

5           Q.    And to make this determination you  
6   projected the solar resources you believed the market  
7   might provide in the future.

8           A.    Yes.

9           Q.    Would you agree it is important to  
10   estimate the resources which the market may make in  
11   the future when determining whether there is a need  
12   for Turning Point?

13          A.    Can you restate the question?

14          Q.    Sure.  Would you agree that it is  
15   important to estimate the resources which the market  
16   may make available when determining whether there is  
17   a need for Turning Point?

18          A.    Yes, that's important.

19          Q.    So would you disagree with an analysis  
20   which assumed zero growth of solar capacity in the  
21   future?

22          A.    If the objective is to project what the  
23   future solar REC needs is going to be, then you  
24   should assume that there is going to be some  
25   building.

1           Q.     There were 20.04 megawatts of in-state  
2 solar capacity built in 2010; is that correct?

3           A.     Can you repeat that?

4           Q.     Sure. There were 20.04 megawatts of  
5 in-state solar capacity built in 2010; is that  
6 correct? I'd direct you to your testimony at page 4,  
7 line 8.

8           A.     Okay. I'm sorry. Please can you repeat  
9 the question one more time?

10          Q.     Sure. There were 20.04 megawatts of  
11 in-state solar capacity built in 2010; is that  
12 correct?

13          A.     I would say yes with the modification  
14 that it's certified facilities.

15          Q.     And there were 20.84 megawatts of  
16 certified in-state solar built in 2011; is that  
17 correct?

18          A.     Yes.

19          Q.     And neither of those numbers include  
20 facilities that were not certified?

21          A.     Right.

22          Q.     In turning to your testimony page 6,  
23 figure 2, you project in-state solar capacity without  
24 the Turning Point project if 20 megawatts are added  
25 each year.

1 A. Yes.

2 Q. And in your analysis if the 20 megawatts  
3 trend continues, there will be more than enough  
4 in-state solar to satisfy Ohio's statewide  
5 benchmarks.

6 A. Yes.

7 Q. You also conducted an analysis as to what  
8 will happen if only 8 megawatts are added each year.

9 A. Yes.

10 Q. And under this analysis you found that  
11 without Turning Point if only 8 megawatts are added  
12 each year, Ohio would be short on solar capacity  
13 starting in the year 2016?

14 A. Yes.

15 Q. And even with Turning Point being  
16 included in your analysis if only 8 megawatts are  
17 added by the market each year Ohio will be short on  
18 solar capacity in the year 2020.

19 A. That's correct.

20 Q. So all the addition of Turning Point  
21 would do under the 8 megawatt analysis is delay the  
22 shortage by four years.

23 A. Yes.

24 Q. Why did you choose to run an analysis  
25 with 8 megawatts being added per year when the recent

1 Ohio history has shown 20 megawatts and more being  
2 added each year?

3 A. Because if you look at the -- how much  
4 was certified from small units like, say, a megawatt  
5 and less, and a megawatt, if you took all the units  
6 that were a megawatt and less, you get about 8  
7 megawatts per year, so in 2010 we had the addition of  
8 the 12 megawatt Wyandot, and then in 2011 we had the  
9 addition of the 9.7 megawatt BNB Napoleon, and then  
10 early in 2012 we had the addition of a 2 megawatt  
11 facility from the city of Bryan.

12 So, you know, both 2010 and 2011, if you,  
13 you know, extend it until January of this year, you  
14 had about 12 megawatts added from large projects.  
15 But we don't know if large projects are going to come  
16 into the market every year, so I thought it  
17 appropriate to do a projection on what happens if  
18 nobody builds a large project, you know, a 10, 12  
19 megawatt facility. What if one of those doesn't get  
20 built. If one of those doesn't get built, we're  
21 going to get about 8 megawatts based on 2010 and 2011  
22 certifications.

23 So that's why I ran the scenarios in that  
24 way, you know, with the 8 megawatts and 20 megawatts.

25 Q. To your knowledge, has the cost of

1 providing solar capacity fallen over the last few  
2 years?

3 A. I am not aware of -- I don't keep track  
4 of that kind of data.

5 Q. I'm not going to ask you about any  
6 specific numbers. I just want to know if you think  
7 prices have risen, fallen, or dropped.

8 A. The price of what?

9 Q. Solar capacity. The cost of constructing  
10 solar capacity on a per-megawatt basis.

11 A. I guess it depends on what time frame it  
12 is. You know, from ten years ago the price has  
13 certainly come down, but I don't know if from two  
14 years ago the price has come down. I'm not aware of  
15 recent trends, but I know the price of solar has come  
16 down over at least the past ten years.

17 Q. Let's keep that same time period. Would  
18 you attribute part of that price decrease to  
19 technological advancement?

20 A. I'm not sure the economic basis of that.

21 Q. So you don't know why prices are falling.

22 A. Right.

23 Q. Would you suspect that solar's gotten  
24 more efficient over the last ten years?

25 A. I'm not -- I don't know the engineering

1 specifications of the efficiency of solar panels.

2 Q. Holding all other things constant, if the  
3 price of solar panels falls, would you expect more  
4 solar capacity to be built?

5 A. Depends on what the variables are. I  
6 mean, if the price of natural gas goes, you know, way  
7 up, then perhaps at some point more solar will be  
8 built because it's competitive with fossil fuels, but  
9 just the lowering of the price, I don't know.

10 Q. But if you held all those other variables  
11 constant, the price of natural gas, social factors,  
12 let's hold all those constant and the price of  
13 producing solar energy falls, would you expect more  
14 solar to be constructed?

15 A. I don't know. Solar's constructed for  
16 various reasons. Mandates are a big reason why  
17 solar's, you know, produced. But I suppose if the  
18 installed cost goes down and you have people out  
19 there that just want to build solar for the basis or  
20 the, you know, out of just producing their own power,  
21 I suppose solar installations would go up if the  
22 prices go down.

23 Q. Okay. And on a per-megawatt basis is a  
24 large solar facility cheaper than a small solar  
25 facility?

1           A.    I don't know the prices, but it would  
2    make sense, you know, through economies of scale that  
3    a large facility would be cheaper to buy than -- or,  
4    I'm sorry, cheaper to build than a bunch of little  
5    ones.

6           Q.    And due to those same economies of scale  
7    don't you think it's likely that some large solar  
8    facilities will be built between now and 2025 leading  
9    us maybe a little closer to your 20 megawatt per year  
10   projection than the 8 megawatt per year projection?

11          A.    Nobody knows what's going to be built.  
12   All we know is what's on the ground right now. So, I  
13   mean, that's why I included four scenarios because it  
14   is possible that we'll have a low amount built and  
15   it's possible we'll have a high amount built, but the  
16   fact is we don't know. All we know is what's  
17   actually built right now. And based on what's built  
18   right now we run out of compliance needs in just a  
19   couple years.

20          Q.    Assuming nothing is built between now and  
21   2015.

22          A.    Yeah.

23          Q.    So you haven't done a projection that you  
24   say this is what I believe will be built, you've just  
25   run four different scenarios.

1           A.    Yeah.  Well, nobody knows what's going to  
2 be built.

3           Q.    Why didn't you include an analysis which  
4 assumed that more solar would be built in the future  
5 as opposed to the status quo or less?  Let me  
6 rephrase that question.

7                    You conducted an analysis at 20 megawatts  
8 per year which is what we've seen in the last two  
9 years.  You also conducted an analysis at 8 megawatts  
10 per year which assumes no additional large facilities  
11 will be built.  Why didn't you run an analysis which  
12 assumes that more solar facilities will be built  
13 leading us to have, let's say, 25 megawatts per year  
14 added?

15           A.    I'm not sure what the basis of that would  
16 be.  I told you what the assumptions I took when I  
17 created the 8 and 20 megawatt scenarios.  If you take  
18 away a large project like Wyandot or BNB Napoleon,  
19 then you're left with 8; with those you get 20.  
20 That's why I picked 8 and 20.

21           Q.    Is it your understanding that one of  
22 Senate Bill 221's goals was to create a competitive  
23 market for alternative energy resources?

24                   MR. McNAMEE:  Objection.  The witness  
25 isn't here to testify to the intent of the General



1 Assembly.

2 MR. ALEXANDER: The witness is here  
3 testifying as to the interaction between 4928.64 and  
4 4928.143 specifically citing those section, and he  
5 correlates those two statutes and I'd like to explore  
6 whether that's appropriate in light of the witness's  
7 understanding of the statutory scheme.

8 EXAMINER PARROT: You may answer if you  
9 know.

10 THE WITNESS: Can you repeat the  
11 question?

12 MR. ALEXANDER: Maria, could you repeat  
13 the question, please.

14 (Record read.)

15 A. No.

16 Q. Has the Commission ever approved  
17 nonbypassable cost recovery under 4928.143 for the  
18 construction of any solar resources?

19 MR. McNAMEE: Objection.

20 MR. ALEXANDER: Basis?

21 MR. McNAMEE: Not at issue in this case.

22 MR. SATTERWHITE: I agree. We'll join in  
23 that objection, your Honor.

24 MR. ALEXANDER: I'm ready to move on if I  
25 can get this answer, your Honor.

1 EXAMINER PARROT: Do you have a response  
2 to the objection?

3 MR. ALEXANDER: I do. The witness  
4 testified that Senate Bill 221 was not intended to  
5 create a competitive market for alternative energy  
6 resources. If that's correct, I asked if the  
7 Commission had ever approved the nonbypassable cost  
8 recovery for the construction of a solar resource.  
9 It's not competitive. Has the Commission ever  
10 approved nonbypassable cost recovery.

11 EXAMINER PARROT: Sustained.

12 THE WITNESS: I believe you asked two  
13 different questions there. Oh, I'm sorry.

14 Q. (By Mr. Alexander) How do solar  
15 facilities which have been built since 2008 obtain  
16 revenue?

17 MR. SATTERWHITE: Objection. It's beyond  
18 the scope of the "need" question that this witness is  
19 testifying to.

20 MR. ALEXANDER: The witness is testifying  
21 as to whether facilities will be built in the next 20  
22 years. I think I'm entitled to ask how facilities  
23 obtain revenue and then how nonbypassable recovery  
24 for Turning Point would affect how this specific  
25 facility will obtain revenue.

1 EXAMINER PARROT: Sustained.

2 MR. ALEXANDER: I don't have anything  
3 further at this time, your Honor.

4 EXAMINER PARROT: Thank you.

5 Mr. Olikar?

6 MR. OLICKER: Can I just have one minute,  
7 your Honor? Thank you.

8 I'm going to try not to be duplicative  
9 here. I'll do my best, but no promises.

10 - - -

11 CROSS-EXAMINATION

12 By Mr. Olikar:

13 Q. Good afternoon, Mr. Bellamy.

14 A. Good afternoon.

15 Q. My name is Joe Olikar. I represent the  
16 Industrial Energy Users of Ohio. Looking at your  
17 testimony I think you mentioned that you testified to  
18 "need" in a forecasting case before; is that true?

19 A. Yes.

20 Q. Was that case 10-503-EL-FOR?

21 A. I'm not -- I can't remember the case  
22 number.

23 Q. Was it Duke Energy-Ohio's forecasting  
24 case?

25 A. Yes.

1           Q.    Okay.  Do you accept that subject to  
2   check it's 10-503?

3           A.    Yes.

4           Q.    Now, it's true Duke Energy-Ohio didn't  
5   actually seek a finding of need; isn't that true?

6           MR. McNAMEE:  Objection.  It doesn't  
7   appear to be tied to this case in any way.

8           MR. OLIKER:  Your Honor, he's testifying  
9   to the finding of need now, he said he testifies in  
10   this prior case, and I am not exactly sure that's  
11   what that prior case says.

12           I can rephrase if you want.

13           EXAMINER PARROT:  Yeah, please do so.

14           Q.    (By Mr. Oliker) You said that you  
15   testified to a finding of need in a prior proceeding;  
16   isn't that true?

17           A.    Yes.

18           Q.    Did you actually testify whether there  
19   was a finding of need in that case?  Did they seek a  
20   finding of need?

21           A.    I don't remember the facts of that case.  
22   I would have to review it.

23           Q.    Maybe I can just read from it and ask you  
24   if you remember this as being true.

25           MR. OLIKER:  I'd like to mark for

1 identification Prefiled Testimony of Mark C. Bellamy  
2 in case number 10-503-EL-FOR.

3 MR. ALEXANDER: Are we on 15?

4 MR. OLIKER: Yeah. I'd just like to  
5 refresh his memory.

6 Q. Do you remember saying this in the prior  
7 case, "Has Duke established the need to construct new  
8 electric generating facilities?" "No, Duke has not.  
9 Nowhere in the resource plan does Duke commit or  
10 express any plan to build any specific generating  
11 facility. Absent any proposal to construct a  
12 specific generating facility it is impossible to  
13 establish need for one." Does that refresh your  
14 memory?

15 A. I believe that I said that, but I can't  
16 remember the context.

17 Q. So I guess my point is the way you're  
18 trying to demonstrate a need for AEP, you've never  
19 done this before in any other case, have you? This  
20 is new.

21 A. Yes.

22 Q. Okay. You're not an attorney, are you,  
23 Mr. Bellamy?

24 A. No.

25 Q. In your testimony, I think you might have

1 gone over this previously with Mr. Alexander, you  
2 mentioned 4928.143(B)(2)(b); is that correct?

3 A. Can you repeat that?

4 Q. You mentioned 4928.143(B)(2)(b).  
5 (B)(2)(c) perhaps it is.

6 A. Actually, it just says 4928.143(B)(2).

7 Q. Okay. And you're seeking to establish  
8 that need, correct? And you're offering some policy  
9 from 4928.64, you're trying to tie those two  
10 together; isn't that correct? As a general summary  
11 of what you're saying.

12 A. Can you repeat the question?

13 MR. OLIKER: Can you repeat it, please,  
14 Maria.

15 (Record read.)

16 A. I don't know what you mean by "tie  
17 together."

18 Q. Well, I guess, to your knowledge, does  
19 4928.143(B)(2), does that statute in any way  
20 reference 4928.64?

21 A. It doesn't reference any other statute.

22 Q. Okay. Thank you.

23 And looking at 4928.64, does that statute  
24 reference 4928.143(B)(2)?

25 A. Not that I'm aware of.

1 Q. And you do say in your testimony that  
2 you're trying to read the policy 4928.64, correct?

3 A. I'm trying to read the policy of 4928.64?

4 Q. Yeah. Don't you say that in your  
5 testimony?

6 A. That I'm trying to read the policy?

7 Q. You say "Need will be determined based  
8 upon guidance provided by . . . 4928.64." You're  
9 looking to guidance from that statute; isn't that  
10 correct?

11 A. Yes.

12 Q. Have you read all of that statute?

13 A. Yes.

14 Q. Did you read 4928.64(E)?

15 A. I suppose, but I don't know what it says.

16 Q. I can just read it to you. It says, "All  
17 costs incurred by an electric distribution utility in  
18 complying with requirements of this section shall be  
19 bypassable by any consumer that has exercised choice  
20 of supplier." Does that mean "need" to you?

21 A. Can you repeat that?

22 MR. OLIVER: Maria, can you repeat that  
23 please?

24 (Record read.)

25 A. Does that -- I don't understand the

1 question.

2 Q. Do you understand what that portion of  
3 the statute means?

4 A. That's outside the scope of my testimony.  
5 I'm not testifying whether things should be  
6 bypassable or nonbypassable. I'm just talking about  
7 the need for future solar.

8 Q. But am I correct that you say "Need will  
9 be determined based upon guidance provided by RC  
10 4928.64"?

11 A. Okay. So you're saying -- you're asking  
12 me is that (E) section part of where I went to look  
13 at the guidance?

14 Q. Did you look there?

15 A. The solar obligations come from a  
16 different part of 4928.64 so, no, I didn't rely on  
17 that section (E) in looking at whether solar  
18 facilities need to be built. I looked at the chart  
19 of percentages of load that need to be satisfied by  
20 renewable sources.

21 Q. Okay. So you're recognizing that that  
22 says it shouldn't be nonbypassable.

23 A. You just said that's what it said.

24 Q. Okay.

25 A. I mean, you just read it, so --



1           Q.    I'm just making sure you understood that  
2   that's what it meant.

3           MR. McNAMEE:  Objection.

4           A.    Like I said, I'm not testifying whether  
5   things should be bypassable or nonbypassable.  That's  
6   not part of my testimony.

7           MR. OLIKER:  Okay.  And, you know, I'm  
8   just trying to talk about the policy we're dealing  
9   with here and seeing how he's reading this and with  
10   the other statutes he cites, and I'll tie it up in  
11   one or two questions hopefully.

12          EXAMINER PARROT:  Let's move on.  I think  
13   he already said he didn't rely on subsection (E).

14          MR. OLIKER:  Okay.

15          Q.    I think you talked about the four tables  
16   in your testimony earlier with Mr. Lang; is that  
17   correct?

18          A.    Yes.

19          Q.    Sorry.  Mr. Lang isn't involved with this  
20   witness.

21                And I vaguely remember a discussion about  
22   choosing 8 megawatts or 20 megawatts.  Can you walk  
23   me through the decision to go with 8 megawatts versus  
24   20 megawatts again?  I'm not sure I followed that.

25          A.    Yes.  When I was looking at what might

1 actually get built in Ohio over the next 15 years, I  
2 looked at what had actually been built and certified  
3 by the PUCO in the past -- the first two full years  
4 of the portfolio standard.

5 So in 2010 we had approximately 20  
6 megawatts built of which 12 was one large facility.  
7 In 2011 we had approximately 12 megawatts built of  
8 which 9.7 was, you know, one large facility and  
9 2 megawatts certified early in 2012 was another large  
10 facility. So approximately 12 in 2010 and 2011 were  
11 large facilities.

12 So I thought it appropriate to ask are we  
13 sure that there's going to be a large 10, 12 megawatt  
14 facility built every year. And in case there's not,  
15 then all these other little facilities are  
16 represented by the 8 megawatts. So those would  
17 probably be built on an ongoing basis, you know,  
18 whether the other, you know, 10 to 12 gets built, you  
19 know, maybe, maybe not. So I thought it appropriate  
20 to, you know, look at those two numbers.

21 Q. Okay. I'd like to come back to that,  
22 but, quickly, is it 10 to 12 megawatts that have to  
23 be built a year you think to satisfy the statewide  
24 requirements for solar?

25 A. Well, like I put in my charts, if you --

1 if 20 megawatts is built every year going out, then  
2 we'll have enough with or without Turning Point.

3 Q. But do we need to get to 20 to do the  
4 statewide requirements? I guess could we do it at  
5 12 megawatts or 10 megawatts; have you done that  
6 calculation?

7 A. No.

8 Q. You haven't done it, or the answer is no?  
9 I'm sorry.

10 A. No, I don't know, you know, like I don't  
11 know -- I could probably do the calculation, but, for  
12 instance, I don't know how many megawatts we need  
13 exactly in 2014. Well, I mean -- actually, I could  
14 look on my chart.

15 2014 we'll need a little bit over 50.

16 Q. That's total, right?

17 A. Right. So right now we have 45, so by  
18 2014 we need an extra 5.

19 Q. Okay. And do you know how many megawatts  
20 have been built since the beginning of the year? I  
21 think you said there was a 2 megawatt Bryan facility;  
22 is that correct?

23 A. Since the beginning of this year?

24 Q. Beginning of 2012.

25 A. No. I mean, I know about the Bryan.

1 Bryan's obviously going to -- that's going to be the  
2 biggest part of what actually got built and certified  
3 this year.

4 I'm sure there's a lot of other little  
5 facilities, but no, I, you know, I could look it up,  
6 but I'm not sure exactly how many megawatts have been  
7 certified and built in Ohio in 2012.

8 Q. Did you look at Mr. Castle's testimony?

9 A. Yes.

10 Q. I think there's a -- did you see the  
11 table on page 11, I think it lists 40 megawatts in  
12 2011 and then 44 megawatts as of March 5th, 2012.  
13 So, subject to check, would you accept that  
14 4 megawatts had been built, 2 megawatts of that were  
15 the Bryan facility?

16 A. Yes. Well, no. I don't know.

17 Q. Would it be logical?

18 A. I'm not sure. I mean, the only one I  
19 know for sure that has been built and certified in  
20 2012 is Bryan. How much more than that I would have  
21 to check.

22 Q. Okay. Maybe I'll just show you his  
23 testimony. You can borrow this part of mine, it  
24 might help us.

25 A. I've got a copy of it.

1 Q. Do you have a copy of it? Because I  
2 think it's from the PUCO website and I'm hoping you  
3 can accept those are accurate numbers for what we're  
4 doing here today.

5 A. What page are you talking about?

6 Q. It's page 11 of Mr. Castle's testimony.

7 A. Okay. What's your question?

8 Q. I guess my question is is it true there  
9 were 40 megawatts built at the end of 2011 and then,  
10 when this testimony was filed, as of March 5th,  
11 2012, there was 44 megawatts. So would it be safe to  
12 assume that 4 megawatts had been constructed and  
13 certified in the first three months of the year?

14 A. If the numbers were calculated  
15 accurately, yes, but I would have to check.

16 Q. Actually in two months. I'm sorry. I  
17 misstated that.

18 Okay. And one of the things you're  
19 saying is we need to have a 12 megawatt facility or  
20 another 2 megawatt Bryan type facility to get to  
21 where we need to be and there's no guarantee that  
22 will happen. Is that one of the things you're saying  
23 to get to the 20 megawatts?

24 A. No. We could have all little facilities  
25 built and still get to the requirements.

1           Q.    Okay.  So then -- now if I do some mental  
2 math here, if we take out that Bryan facility, which  
3 you said there's no guarantee that will happen, and  
4 you still have --

5           A.    No; Bryan is built.

6           Q.    I'm saying if we had no guarantee that  
7 there will continue to be facilities like the Bryan  
8 facility, then we would still have 2 megawatts  
9 constructed in the first 2 months of the year.  If we  
10 take out the Bryan facility and we trend that over  
11 the rest of the year, doesn't that get us to  
12 12 megawatts?  And then we add the Bryan in and we're  
13 at 14.

14           MR. McNAMEE:  Can I have the question  
15 reread, please.

16                     (Record read.)

17           MR. McNAMEE:  Thank you.

18           A.    Okay, if the 2 megawatt number for the  
19 first two months is accurate, and if you multiply  
20 that by six, you get 12.

21           Q.    Okay.  So that's another possibility  
22 beside the 8 megawatts, the 20 megawatts.  It would  
23 seem that it's not A or B, there could be C, and C  
24 might happen to satisfy the solar requirements.  
25 Would you agree that that's a possibility?

1           A.    Yes, but you could do that with anything.  
2    You know, like for instance if we had a .1 megawatt  
3    facility built and you just took that one day, you  
4    could extrapolate that and say, you know, we're going  
5    to have 36.5 or, I'm sorry, yeah, 36.5 megawatts  
6    built for the year. Yeah, you can make the numbers  
7    say whatever they want. That's why I chose, you  
8    know, years. I looked at 2010, 2011, and obviously  
9    the bigger time span you can look at the more  
10   accurately you can, you know, project what might  
11   happen.

12           Q.    We do have almost three months of data,  
13   isn't that correct, for 2012?

14           A.    Yes.

15           Q.    And were you in the room earlier today  
16   when Mr. Castle was on the stand?

17           A.    Yes.

18           Q.    And so you're aware of the other pending  
19   applications that he mentioned; isn't that true?

20           A.    I'm aware there's a lot of pending  
21   applications at the Commission.

22           Q.    But just those four that I mentioned,  
23   that was another 2.7 megawatts; isn't that true?

24           A.    I would have to check, but, yes, if --  
25   you're talking about the four facilities that you

1 mentioned --

2 Q. Centerburg --

3 A. -- .6 megawatts, .49 megawatts,  
4 1 megawatt, and .59 megawatts.

5 Q. Is that three or four?

6 A. That's four.

7 Q. Yeah. It adds up to about 2.7  
8 megawatts --

9 A. Okay.

10 Q. -- isn't that true? So now we have some  
11 additional information, we're not even three months  
12 through 2012, and if you add that to the other ones,  
13 isn't that almost 7 megawatts in the first three  
14 months of the year?

15 A. I don't see what you're getting at. My  
16 projections included an 8 megawatt possibility and a  
17 20 megawatt possibility. So I factor in, you know,  
18 .59 megawatts and 1 megawatt additions, I've already  
19 included that into my projections. So I'm not sure  
20 what you're getting at.

21 Q. Well, I guess what I'm getting at is when  
22 I read your testimony it leads me to believe that  
23 unless we have a 12 megawatt facility and a 2  
24 megawatt facility there's no way we're going to get  
25 to 20. And it seems like that's the number you



1 picked we have to get to.

2 I'm trying to ask you is it possible, if  
3 not likely, based upon the current trend, that we can  
4 get to the solar benchmarks without any of these  
5 larger facilities?

6 A. I never said that we have to get to 20  
7 every year in order to meet the requirements.

8 Q. But can't we do it without a 2 megawatt  
9 and 12 megawatt facility?

10 A. Again, I previously said, you know, you  
11 could build innumerable 1 kilowatt facilities and  
12 meet the requirements.

13 Q. Okay. One of the things in your  
14 testimony also is I think you mentioned Turning Point  
15 is the only facility that you are aware of that will  
16 help Ohio meet these benchmarks; is that true?

17 A. When you look at the need, the larger  
18 need over the next 15 years, and you look at the gap  
19 of what might be there, you know, Turning Point will  
20 help me meet that gap of, you know, of the solar  
21 obligation. So I don't know of any project of that  
22 size that would meet that kind of need. I mean,  
23 certainly there are smaller projects that would help  
24 get towards meeting the renewable requirements, but I  
25 don't know of any one of the size of Turning Point

1 that would help satisfy that need.

2 Q. Is it the only project that you're aware  
3 of, though?

4 A. The only project that does what?

5 Q. The only project above 1 megawatt that  
6 you're aware of.

7 A. No.

8 Q. What other projects are you aware of?

9 A. Staples is going to build -- is planning  
10 on building a large facility outside of London, I  
11 can't remember, well, they only reference an acre,  
12 but it was like 8 acres, so that seems kind of big.  
13 I don't know how many megawatts that's going to be.  
14 That's one project.

15 I'm sure there's others, you know, out  
16 there and I acknowledge that and I include that in --  
17 I assume that there's going to be other, you know, 1,  
18 2 megawatt facilities built.

19 Q. And how did you learn about the Staples  
20 project?

21 A. It was included in the news clippings  
22 that the Commission puts out. The Commission puts  
23 out a series of new clips based on the newspapers  
24 that report on utility issues and those are compiled  
25 and sent out to all the staff, so it was on one of

1 those compilations of news clips that was put out.

2 Q. So would there have been other  
3 facilities? You mentioned government newspapers.  
4 What kind of a government --

5 A. I'm sorry. You said "government"  
6 newspapers?

7 Q. I might have misheard you, I'm sorry.  
8 You said that the Commission compiles newspaper  
9 clippings and then sends them around?

10 A. Yes.

11 Q. Can you give me -- you said "Staples."  
12 Are there any others that you know?

13 A. Probably, but I am not -- I can't  
14 remember off the top of my head. I'm sure, you know,  
15 we get articles all the time about, you know,  
16 different renewable issues and other utility related  
17 issues.

18 Q. Okay. So you think that news reports and  
19 things like that are relevant to deciding what's out  
20 there and what might be built.

21 A. No. But I would say that, I mean, it's  
22 important to know what might be built. But what, you  
23 know, when you talk about meeting the mandates, you  
24 can't meet the mandates on what might be built. You  
25 can't meet the mandates on who might build something

1 in the future, you know, because it's a might.

2 You know, the mandates are based on  
3 megawatt-hours that are actually produced by  
4 facilities. And if you look at the number of  
5 megawatts we have certified right now, it's not  
6 enough to meet future requirements, even, you know,  
7 three or four years out. So I can't -- I can't  
8 factor in every news article and figure all the stuff  
9 is going to get built, therefore, you know, there's  
10 not going to be any way that the mandate's not going  
11 to be met.

12 Q. But don't we have the mandates satisfied  
13 through at least 2015? Isn't that true? I'm  
14 ballparking there, and I don't want to misstate the  
15 record if that's not true, but we've got at least a  
16 few years, right?

17 A. We can -- based on what's been certified  
18 in Ohio, if all those megawatt-hours are created into  
19 RECs and those RECs are then used for compliance, we  
20 would be good through 2013. 2014 we start getting  
21 short.

22 Q. Okay. But for AEP -- well, you haven't  
23 looked at AEP's requirements, have you? I can't  
24 remember if you said that.

25 A. I'm not testifying on them. I mean, I've

1 looked at them, but I'm not supporting their numbers.  
2 I'm supporting my numbers.

3 Q. Do you know, is AEP probably good through  
4 2015? Would you accept that --

5 A. I'm not --

6 Q. -- subject to check?

7 A. I'm not aware. I'm not sure where or  
8 what year they start coming up short if nothing else  
9 is built.

10 Q. So it's very possible that many of those  
11 projects will be built. I think you admitted that,  
12 right?

13 A. No.

14 Q. It's not possible?

15 A. I didn't admit that anything's going to  
16 get built.

17 Q. But isn't it possible?

18 A. Of course. It's possible that everything  
19 gets built. It's possible that nothing gets built.

20 Q. Okay. And if there is a lot of press out  
21 there, I mean, that's showing a lot of projects are  
22 going to be developed in Ohio, doesn't that make  
23 either, A, the table -- the first table you said,  
24 No. 1, or No. 2, doesn't that make it more likely  
25 that that's going to happen?

1 MR. SATTERWHITE: Objection, your Honor.  
2 I think we've kind of beat this horse. I think he's  
3 answered multiple times what he relies upon and what  
4 he doesn't rely upon. I think this is cumulative at  
5 this point.

6 MR. OLIKER: Your Honor, actually, we've  
7 just had some new evidence that the state does  
8 receive newspaper articles and he cited to one of the  
9 exhibits that I put in front of the other witness,  
10 this Staples center I believe is Exhibit No. 13.

11 MR. SATTERWHITE: And I believe his  
12 response to the question of are the news reports  
13 relevant to what you need to know, his answer was No,  
14 then he went on to state that it's important to know,  
15 but you cannot plan on what might be built. You  
16 cannot rely on the maybes in the articles.

17 EXAMINER PARROT: Follow-up?

18 MR. OLIKER: It's not about a "yes" or  
19 "no." It's about forecasts that he's given. He's  
20 given several different scenarios and I'm asking  
21 whether or not he's looked at these, whether he can  
22 confirm or deny if they're true. I'd like to ask him  
23 a little bit more about his knowledge and the  
24 research he's gone through leading up to his  
25 forecast.

1 EXAMINER PARROT: I think we've covered  
2 this, so the objection is sustained.

3 MR. OLIKER: Your Honor, if I may, we're  
4 going to, to go back to this with foundation, I would  
5 like to say again for the record that there's two  
6 issues regarding that and one is authenticity and the  
7 other one is relevance. I think it's very difficult  
8 for us in making a complete record to say that  
9 newspaper articles about developing Ohio, if we can  
10 act like that's not relevant to what's being  
11 constructed, and authenticity is just not an issue  
12 here, your Honor. Under Ohio rules newspaper  
13 clippings are self-authenticating.

14 EXAMINER PARROT: Do you have a question,  
15 Mr. Oliker?

16 MR. OLIKER: I'm sorry, ma'am, it was a  
17 comment.

18 EXAMINER PARROT: Are you finished with  
19 your questioning?

20 MR. OLIKER: Just a few more questions.

21 Q. (By Mr. Oliker) I can't remember if you  
22 went over this with FirstEnergy Solutions, but are  
23 you familiar with the PJM interconnection queue?

24 A. Yes.

25 Q. And did you rely on that in making your

1 testimony or did you look at it at all?

2 A. I did look at it, but in the same vein of  
3 the you don't know what's going to get built, you  
4 know, everything in the queue might get built,  
5 nothing in the queue might get built, so no, I can't  
6 make a projection based on what's in the queue.

7 Q. Are you familiar with the MISO  
8 interconnection queue?

9 A. No.

10 Q. Are you aware of whether or not Michigan  
11 can deliver solar electricity to Ohio?

12 A. Yes, if a facility is located in Michigan  
13 and it can help meet the Ohio state part of the solar  
14 requirement.

15 Q. So you didn't look at the MISO  
16 interconnection queue when you formulated your  
17 testimony.

18 A. No, but it would be the same answer. In  
19 the same way that you don't know what is going to be  
20 built in the PJM queue, you wouldn't know what's  
21 going to get built in the MISO queue.

22 MR. OLKER: Could I have one moment,  
23 your Honor? Thank you.

24 Q. Maybe one or two more questions. You  
25 said that we have the solar RECs throughout the state



1 through 2013 and you don't know about AEP, correct?

2 A. Yes.

3 Q. Now, if they don't meet those  
4 requirements, are the lights going to go out?

5 A. No.

6 Q. It's not a reliability issue, correct?

7 A. Correct.

8 Q. So they could wait until 2013 or maybe  
9 2014 or 2015, if it turns out none of these projects  
10 were actually built, and then they could come back  
11 here and do this all over again, maybe with actually  
12 facts in their hand that say oh, I'm sorry, we could  
13 not meet the solar requirements. They could do that,  
14 couldn't they?

15 MR. SATTERWHITE: Objection, your Honor.  
16 This witness is testifying to his perception of what  
17 the need is at this time, not a policy decision by  
18 the company whether it's prudent to wait multiple  
19 years and see if they can catch up on the back end.

20 MR. OLKER: Your Honor, the issue is  
21 whether "need" should be given now when there's no  
22 clear necessity to do it in the next two years.  
23 Whether or not it would be better to wait.

24 EXAMINER PARROT: The objection is  
25 sustained.

1 MR. OLIKER: I have no further questions,  
2 your Honor.

3 EXAMINER PARROT: Thank you.

4 Anything, Mr. Satterwhite?

5 MR. SATTERWHITE: None, your Honor.

6 EXAMINER PARROT: Any redirect?

7 MR. McNAMEE: Your Honor, I sincerely  
8 doubt it, but if I could have just a few minutes with  
9 the witness, I can verify that.

10 EXAMINER PARROT: Let's take a  
11 five-minute recess.

12 (Recess taken.)

13 EXAMINER PARROT: Let's go back on the  
14 record. Any redirect?

15 MR. McNAMEE: No redirect, your Honor.  
16 Staff would move for the admission of Staff Exhibit  
17 1.

18 EXAMINER PARROT: You may step down.  
19 Thank you very much, Mr. Bellamy.

20 (Witness excused.)

21 EXAMINER PARROT: Are there any  
22 objections to the admission of Staff Exhibit 1?

23 MR. SATTERWHITE: No objection.

24 EXAMINER PARROT: Hearing none, Staff  
25 Exhibit 1 is admitted into the record.

1 (EXHIBIT ADMITTED INTO EVIDENCE.)

2 EXAMINER PARROT: Anything further from  
3 staff?

4 MR. McNAMEE: Nothing, your Honor.

5 EXAMINER PARROT: Thank you.

6 I believe FirstEnergy Solutions has a  
7 witness

8 MR. LANG: Thank you, your Honor.

9 FirstEnergy Solutions calls Dr. Jonathan A. Lesser.

10 EXAMINER PARROT: Raise your right hand.

11 (Witness sworn.)

12 EXAMINER PARROT: Please be seated.

13 MR. LANG: Your Honor, we ask that  
14 Dr. Lesser's testimony be marked as FirstEnergy  
15 Solutions Exhibit 1 or FES Exhibit 1.

16 EXAMINER PARROT: So marked.

17 (EXHIBIT MARKED FOR IDENTIFICATION.)

18 - - -

19 JONATHAN A. LESSER, PhD

20 being first duly sworn, as prescribed by law, was  
21 examined and testified as follows:

22 DIRECT EXAMINATION

23 By Mr. Lang:

24 Q. Dr. Lesser, do you recognize FES Exhibit  
25 1 which has been placed in front of you?

1 A. I do.

2 Q. Is this your prefiled direct testimony?

3 A. Yes, it is.

4 Q. Do you have any corrections to make to  
5 your testimony?

6 A. No, I do not.

7 Q. If I asked you the same questions that  
8 are in that testimony, would you provide the same  
9 answers today?

10 A. Yes, I would.

11 MR. LANG: Your Honor, Dr. Lesser is  
12 available.

13 EXAMINER PARROT: Thank you very much,  
14 Mr. Lang.

15 THE WITNESS: Your Honor, would you mind  
16 if I shut the door?

17 FROM THE FLOOR: I'll get it.

18 EXAMINER PARROT: Mr. Satterwhite.

19 MR. SATTERWHITE: Your Honor, is this the  
20 appropriate time, I know we filed the joint motion  
21 yesterday to strike certain portions, would this be  
22 the appropriate time to have the Bench deal with  
23 that?

24 EXAMINER PARROT: To deal with that, yes,  
25 I believe it would. Does FES have a response at this

1 point?

2 MR. LANG: We do, your Honor.

3 EXAMINER PARROT: All right. Let's hear  
4 it.

5 MR. LANG: Well, your Honor, to start  
6 with, the testimony that Dr. Lesser is responding to,  
7 Mr. Castle refers to .143, 4928.143(B)(2)(c) as one  
8 of the issues, page 4, line 5 of his testimony. He  
9 testified again on cross this morning about .143, the  
10 issue revolving around .143 is the nonbypassable  
11 surcharge. There's no other issue involving .143.  
12 The point of that provision in the statute is that  
13 you can obtain a nonbypassable surcharge by a showing  
14 of need and other criteria.

15 So the whole, the meaning of need for  
16 purposes of .143 is inextricably tied with the policy  
17 goal that is intended in the statute which is to  
18 demonstrate need in order to get a nonbypassable  
19 surcharge.

20 Dr. Lesser obviously and reasonably  
21 references the nonbypassable surcharge under that  
22 section because it's the only reason why AEP Ohio has  
23 in its stipulation that Turning Point is going to be  
24 needed for purposes of 4928.143(B)(2)(c).

25 Counsel -- Mr. Castle also cites to the

1 rule that we reviewed with him earlier about  
2 4901:5-5-06. This requires extensive evidence prior  
3 to filing for an allowance under .143(B)(2)(c) which  
4 we covered this morning is the nonbypassable  
5 surcharge. Mr. Bellamy has also testified, and I'll  
6 refer you to page 2, lines 9 through 12 of his  
7 testimony, he's asked "Why must AEP establish need to  
8 construct the Turning Point Solar facility?" And he  
9 says it's his understanding it relates to the  
10 generation project surcharge as authorized by  
11 4928.143(B)(2).

12 So, again, the demonstration of need is  
13 tied directly to the project surcharges, meaning the  
14 nonbypassable surcharges that are authorized in .143,  
15 versus the bypassable charge that is authorized for  
16 renewable resources in 4928.64.

17 What "need" means under .143 can only be  
18 determined by the Commission with an understanding of  
19 the context and purpose of 4928.143(B)(2)(c). So the  
20 request that the stipulation is specifically asking  
21 the Commission to make here is need for a specific  
22 solar facility, Turning Point, under two different  
23 statutes, 4928.143, and 4928.64, and what that  
24 authorization would mean for purposes of those  
25 statutes is what Dr. Lesser is addressing in his

1 testimony.

2           You can't separate out the need  
3 requirement, the demonstration of need in  
4 .143(B)(2)(c) from the fact that the entire purpose  
5 of that demonstration is to obtain a nonbypassable  
6 surcharge. The finding of need, the only reason it's  
7 in the stipulation is in order for AEP Ohio to  
8 justify a nonbypassable surcharge.

9           If they're willing to stipulate that this  
10 is not about a nonbypassable surcharge and they're  
11 willing to take .143 out of the stipulation, then  
12 this is not an issue. But it's in the stipulation,  
13 it's in their testimony, it's in staff's testimony.  
14 What "need" means under .143 and what AEP Ohio needs  
15 to do to comply with the benchmarks in .64, 4928.64,  
16 is addressed by Dr. Lesser in his testimony. The  
17 need that justifies a nonbypassable surcharge is  
18 different than the policy objectives of having more  
19 solar in Ohio.

20           Now, we certainly recognize that  
21 AEP Ohio's position in this case is that they  
22 shouldn't have to demonstrate anything with regard to  
23 need because their testimony doesn't demonstrate  
24 anything having to do with actual need under the  
25 specific statutory provisions in the stipulation.

1           AEP's position is all you need to do is  
2 demonstrate that the solar benchmarks are going to go  
3 up and, therefore, there's a need for solar. But  
4 that's their position. The legal position that  
5 FirstEnergy Solutions is taking, and I believe that  
6 IEU-Ohio joins, is that there is a heck of a lot more  
7 to this question than what AEP Ohio is trying to do  
8 in this case.

9           To actually satisfy the statutory  
10 criteria and in order for the Commission to accept  
11 the stipulation that has been submitted to it the  
12 Commission needs to do a lot more, it needs to  
13 actually understand what "need" means for purposes of  
14 those statutes, which AEP and staff are asking the  
15 Commission to make that finding, and Dr. Lesser's  
16 testimony goes extensively to that question.

17           We would also point out that in response  
18 to the motion to dismiss that we filed, your Honor  
19 issued an entry, your Honor said that the parties may  
20 offer testimony with respect to paragraph (2) of the  
21 stipulation. Dr. Lesser's testimony is that  
22 testimony. It's testimony saying why the paragraph  
23 (2) of the stipulation should not be adopted and why  
24 a finding of need under either .143 or .64 is not in  
25 the public interest, does not benefit -- does not



1 benefit Ohio consumers

2 Understanding that, we sought to actually  
3 limit this case to forecasting issues, but AEP sought  
4 to extend this case beyond forecasting issues to need  
5 for purposes of these other statutes. What  
6 Dr. Lesser's testimony does is go to that need  
7 determination, that is, you know, that is in black  
8 and white in the stipulation.

9 Now, your Honor, that's obviously  
10 FirstEnergy Solutions' general position. They have  
11 referenced several sections of Dr. Lesser's  
12 testimony. I'd be happy to go through each one of  
13 those sections if you think it's necessary.

14 EXAMINER PARROT: I'll leave that to you,  
15 if you feel you need to to make your argument.

16 MR. LANG: Thank you, your Honor. They  
17 reference text on page 4 of his testimony, the two  
18 full paragraphs on page 4 they're seeking to strike.

19 This is a summary of his testimony, it  
20 addresses that -- specifically the stipulation issue  
21 that the stipulating parties' seek a finding of need  
22 pursuant to .143 and .64, and Dr. Lesser is  
23 explaining here the error of conflating the different  
24 policy issues addressed by these two different  
25 statutes and why it does not benefit consumers and is

1 not in the public interest to conflate those two  
2 different policy issues that are presented in the  
3 statutes, it goes directly to the language of the  
4 stipulation itself and to the issue of why the  
5 Commission should not adopt the stipulation, again,  
6 under the standard that it does not benefit consumers  
7 and is not in the public interest.

8 On page 5 they're looking to delete a  
9 line and a word. I would simply note that the  
10 reference here to a nonbypassable charge is obviously  
11 the reference to the finding of need under  
12 4928.143(B)(2)(c).

13 And that's consistent throughout  
14 Dr. Lesser's testimony that when he refers to the  
15 nonbypassable charge, he is distinguishing between  
16 the requirement in 4928.143(B)(2)(c) that in order to  
17 obtain the nonbypassable surcharge you must  
18 demonstrate need, again, that's the entire purpose of  
19 that statutory provision, and so when he does that in  
20 his testimony, when he refers to "nonbypassable  
21 charge," that's the way that he is making clear that  
22 he's referring about the need standard under 4928.143  
23 and not the other requirement to satisfy solar  
24 benchmarks which is in 4928.64 which is bypassable.

25 I think the next reference is at page 9

1 toward the bottom of the page. The question, again,  
2 is the stipulation -- the specific issue raised by  
3 the stipulation, which is what "need" means for  
4 purposes of 4928.143(B)(2)(c). What does "need"  
5 mean. And Dr. Lesser is providing -- is answering  
6 that question and providing the context and the  
7 explanation from his many years of experience as a --  
8 many years of expertise in resource planning and  
9 regulatory issues as to what the Commission should  
10 take into consideration in determining whether there  
11 is need for purposes of that particular statutory  
12 provision.

13 Looks like they're also seeking to strike  
14 all of page 10 going on to page 11. Most of page 10,  
15 the first Q and A, again, is addressing the question  
16 of whether there's need under .143 based on resource  
17 planning projections. That is specifically what the  
18 language in paragraph (2) of the stipulation  
19 addresses is they're asking the Commission to find  
20 that there's need under .143 based on resource  
21 planning projections. Dr. Lesser is describing what  
22 this means, which includes a least-cost requirement.

23 Mr. Bellamy, in fact, makes the same  
24 point at the bottom of page 2 of his testimony, that  
25 the finding of need for purposes of that he -- a

1 finding of need for purposes of resource planning  
2 requires an examination of cost. And so Dr. Lesser  
3 is addressing, again, that issue which Mr. Bellamy's  
4 testimony also includes.

5 The question that starts at the bottom of  
6 page 10 is a different issue. He's summarizing the  
7 steps required in proper resource planning.

8 Dr. Lesser then discusses each step on the following  
9 pages. AEP does not move to strike any of his  
10 testimony regarding each step of the resource  
11 planning process. It's beyond me why they're moving  
12 to strike it here other than the fact that he simply  
13 refers to a nonbypassable -- well, that the question  
14 refers to a nonbypassable surcharge. There is no  
15 reason.

16 I think his next page, going through all  
17 of the resource planning process, next provision is  
18 on page 22 just below the center of the page. Again,  
19 this is going back to his testimony that there's no  
20 need established for Turning Point because it fails  
21 the resource planning requirements. Resource  
22 planning requirements include cost and includes  
23 demonstration of the, what he refers to as the safety  
24 valve aspect of 4928.143(B)(2)(c).

25 On the next page, page 23, the paragraph

1 that starts with "Fifth, even if," again, this is  
2 addressing that there's, in his testimony, that  
3 there's no need for Turning Point for purposes of  
4 .143 because solar resources must be bypassable and  
5 can be acquired without a determination of need under  
6 .143.

7 Obviously, it's a significant issue in  
8 this case, certainly, given the testimony of the AEP  
9 witness and the staff witness is whether the  
10 competitive market and whether solar developers will  
11 be providing solar resources in the future during the  
12 term of this LTFR.

13 There has, obviously, been no attention  
14 paid by AEP Ohio or staff to the question of whether  
15 the market will generate solar resources, but a core  
16 issue with regard to the determination of need for  
17 purposes of 4928.143 is that the market is not  
18 providing, or the market will not provide resources  
19 and, therefore, that the Commission has to authorize  
20 a nonbypassable surcharge so that an EDU's customers  
21 pay for generation that is not otherwise being made  
22 available.

23 That is the key issue that the Commission  
24 must decide for purposes of whether this Turning  
25 Point facility is needed under 4928.143, it's a

1 different issue as to whether it's needed under  
2 4928.64, but there's that key determination of  
3 whether it's needed under .143 and, thereby,  
4 entitling AEP Ohio to a nonbypassable charge; that's  
5 what, here, Dr. Lesser is addressing in his  
6 testimony.

7           On the next page, 24, they seek to strike  
8 the last part of the sentence above the first  
9 question. Dr. Lesser there is simply paraphrasing  
10 AEP's argument. That's -- he's describing in his  
11 answer to the question the basis for the stipulating  
12 parties' "need" argument under .143(B)(2)(c) and,  
13 again, the only purpose for AEP Ohio for seeking  
14 that, for seeking that determination of need is, as  
15 Dr. Lesser says, as the first step in determining  
16 whether they should receive a nonbypassable surcharge  
17 to obtain cost recovery for this resource.

18           At the bottom of page 24 and then  
19 trending onto page 25 Dr. Lesser here is discussing  
20 4928.64(E). He's now, instead of talking about the  
21 policy issues surrounding .143(B)(2)(c) and the  
22 authorization of a nonbypassable surcharge as part of  
23 an ESP, he's now in this section of his testimony  
24 discussing the renewable energy benchmarks and that  
25 the renewable energy benchmarks require a bypassable

1 surcharge.

2 And he's discussing that "need" under  
3 that statutory provision, the renewable energy  
4 benchmark provision, means something different than  
5 the other statutory provision because bypassable cost  
6 recovery is authorized in this section as starkly  
7 contrasted to the other provision that they are  
8 seeking need under, .143, which requires  
9 nonbypassable cost recovery.

10 Dr. Lesser is addressing an economic and  
11 regulatory perspective why it's important to  
12 understand the difference between the two statutory  
13 provisions, one has a nonbypassable provision, one  
14 has a bypassable provision.

15 The question and answer on page 25,  
16 that's just on page 25, switching back again and  
17 contrasting .64 to .143, why, given the language of  
18 .64 and .143, he's saying here why the Commission  
19 cannot find that Turning Point is needed under  
20 4928.143(B)(2)(c).

21 I believe it's the same going onto page  
22 26, the first Q and A they seek to strike, again,  
23 it's why the Commission can't find that there is a  
24 need under 4928.143, because AEP Ohio can participate  
25 in Turning Point without any such finding of need and

1 can obtain bypassable cost recovery for the facility.

2 So he's pointing out what I think  
3 AEP Ohio wants everyone to ignore, which is that  
4 without the determination of need, that doesn't mean  
5 that Turning Point won't be built, it just means that  
6 there won't be nonbypassable cost recovery imposed on  
7 AEP Ohio's customers for the life of the facility  
8 under .143. And the Commission needs, obviously  
9 needs to take into consideration that if Turning  
10 Point goes forward, that AEP does have an option for  
11 cost recovery for Turning Point which is through the  
12 bypassable provision in 4928.64.

13 Q and A on page 27 is the same issue,  
14 he's discussing why the finding of need under  
15 4928.143 would not be in the public interest, would  
16 be bad for AEP Ohio's customers.

17 Going on to page 28 it's the same; why  
18 the finding of need would be contrary to established  
19 state policy to develop competitive retail electric  
20 markets. Again, he's testifying that the finding of  
21 need by the Commission, the Commission adopting  
22 paragraph (2) of the stipulation, would violate Ohio  
23 policy under Revised Code section 4928.02 which is a  
24 well-established argument in regulatory proceedings.

25 When a stipulation is presented, the



1 Commission obviously wants to know whether the  
2 stipulation has provisions that violate 4928.02, the  
3 state policy to promote competitive markets.  
4 Dr. Lesser is addressing that issue.

5 Bottom of page 29, Q and A, "Why is  
6 focusing on the state's solar REC requirement  
7 inappropriate?" Again, Dr. Lesser here is explaining  
8 the error of the stipulating parties in trying to  
9 conflate the solar REC requirement with the planning  
10 for capacity requirement that's in 4928.143. It's  
11 the issue of, in this context, the nonbypassable  
12 charge that he's referenced meets the need under  
13 4928.143, this addresses the inadequacies of AEP  
14 testimony with regard to how need for AEP Ohio is  
15 based on statewide benchmarks and not based on  
16 AEP Ohio's own requirements.

17 At the top of page 31 they're seeking to  
18 strike the top Q and A. The question is: "Is there  
19 any reason to believe that no new solar development  
20 will take place in 2012 or thereafter?" This  
21 directly responds to AEP and the staff testimony  
22 regarding need under .143 and .64.

23 Your Honor, the absurdity of AEP Ohio's  
24 testimony that there won't be any solar development  
25 taking place in 2012 because they don't know of any,

1 Dr. Lesser is addressing that absurd position taken  
2 by the stipulating parties in this case and he's --  
3 and, again, he's referencing to the need for Turning  
4 Point, he's referencing the Wyandot Solar project  
5 that AEP -- that AEP's witness has testified to.  
6 There's no reason, again, to strike that language,  
7 they just ran out of things to write.

8 On page 34, again, that's just the one  
9 paragraph that starts "Third," and that's  
10 Dr. Lesser's conclusions regarding the stipulating  
11 parties' lack of understanding of the purposes of  
12 4928.143 and 4928.64.

13 Again, the stipulation wants the  
14 Commission to find that there's need under those two  
15 specific statutory provisions. Dr. Lesser is  
16 testifying from his experience that that need cannot  
17 be satisfied and that to understand what "need" means  
18 or what the requirements are under those two  
19 statutory provisions you actually have to think about  
20 what those statutory provisions say, you have to  
21 think about what those statutory provisions require,  
22 you have to think about whether those statutory  
23 provisions authorize cost recovery on a bypassable or  
24 nonbypassable basis.

25 And so all of the context of those

1 statutes, the meaning of those statutes is very  
2 important to this case and it is very important to  
3 the Commission's determination of whether there is  
4 need for this particular solar facility. So  
5 throughout his testimony Dr. Lesser addresses that  
6 need.

7 And I think that's everything.

8 MR. SATTERWHITE: Thirty-eight.

9 MR. LANG: Maybe not. No, got one more.  
10 Even more.

11 I think this is where Dr. Lesser is  
12 specifically responding to Staff Witness Bellamy's  
13 testimony, again, addresses the finding of need under  
14 4928.143 which in Mr. Bellamy's testimony, again,  
15 specifically refers to the need for generation  
16 project surcharges authorized by RC 4928.143(B)(2).  
17 So it's in Mr. Bellamy's testimony. Dr. Lesser is  
18 responding to Mr. Bellamy's testimony.

19 And if you look at the, in this  
20 particular Q and A, at the end of the -- at the end  
21 of the Q and A he's referring, well, throughout the Q  
22 and A he's referring to Mr. Bellamy's use of the --  
23 the assumptions of whether 10 to 20 megawatts of  
24 solar is used in one year versus 20 megawatts or  
25 8 megawatts, again, Mr. Bellamy's different

1 scenarios, and in describing that and simply offering  
2 Mr. Bellamy's conclusion that under the 8 megawatt  
3 per year forecast Mr. Bellamy argues that that  
4 justifies -- the 8 megawatt per year forecast  
5 justifies the need for Turning Point. So that is,  
6 again -- again, addresses and responds to  
7 Mr. Bellamy's testimony.

8 And then what is the last one on page 41,  
9 a paragraph that starts "Third," this is, again, his  
10 conclusion that what "need" means for purposes of  
11 satisfying the renewable benchmarks in 4928.64 means  
12 it's something different than under .143 and if need  
13 is satisfied under .64, it's not needed, it's not  
14 needed, under 4928.143.

15 That's it, your Honor.

16 EXAMINER PARROT: Thank you.

17 MR. SATTERWHITE: Can I go first? Your  
18 Honor, I think the joint motion that was filed talked  
19 about each individual one, so I won't go through the  
20 individual ones, I'll just go at a higher level.

21 I think what we heard, a lot of the  
22 responses were it's a question of whether this is  
23 built and how it's going to be recovered, whether  
24 it's bypassable, nonbypassable. None of that is  
25 proposed in this case. I think it's FES, and to the

1 extent -- if IEU's joining, redefining the process  
2 here. The Commission rules discuss both these  
3 statutes and the purpose of the resource plan and  
4 what you do in the resource plan to determine just  
5 the need part.

6 I don't think need and recovery through a  
7 bypassable or nonbypassable surcharge are  
8 interchangeable as being used by FES here, they are  
9 separate, and this is just following the resource  
10 process set out by the Commission in their rules as  
11 opposed to the resource process Mr. Lesser would like  
12 the Commission to use, so I think that's a big  
13 distinction here.

14 Multiple, I won't go into all of them,  
15 but the questions they ask Mr. Lesser are can you  
16 summarize the arguments made by stipulating parties  
17 regarding why the PUCO should approve a nonbypassable  
18 charge for the Turning Point; that's simply not  
19 requested in this case. That's something for a  
20 future case.

21 I think they're jumping the gun here a  
22 little bit ignoring the Commission rules and trying  
23 to fight a future case. They are asserting that  
24 because need is determined under the rules of the  
25 Commission, that that requires a nonbypassable charge

1 that automatically just falls from the sky. That's  
2 not the case here, it's not part of the stipulation,  
3 and all of this should be stricken to focus the case  
4 on what the Commission has determined in their rules  
5 as "need."

6 MR. McNAMEE: The only thing I would add  
7 is, this is very simple, but nonbypassable charge is  
8 not at issue here. The motion seeks to strike  
9 references to the nonbypassable charge that we -- is  
10 not in play. That's all.

11 EXAMINER PARROT: Final words.

12 MR. LANG: And, your Honor, obviously  
13 they don't want it to be in play. They want this  
14 "need" issue to be very simple. For them the issue  
15 is, well, the renewable benchmarks are going up,  
16 therefore, we need to build this. That is a gross  
17 simplification of the statutory requirements. It's  
18 wrong. And we are entitled to make -- to put forth  
19 our testimony with Dr. Lesser's expertise to  
20 demonstrate that it is wrong, not only wrong but  
21 absurd.

22 And what Mr. Satterwhite says is he  
23 doesn't think that "need" includes a consideration of  
24 context of the statutes. We think it does. And it  
25 ignores AEP Ohio's and staff's own testimony that

1 refers to the issue of recovery, allowances,  
2 surcharges.

3           The only reason we're here today, your  
4 Honor, is because the stipulation includes language  
5 that is an effort by AEP Ohio to get this "need"  
6 determination, which is a requirement, to obtain a  
7 nonbypassable surcharge in their next ESP; that's  
8 what the rules talk about that Mr. Satterwhite  
9 referenced. They talk about that -- the rules  
10 specifically say if you are seeking a nonbypassable  
11 surcharge in your next ESP, the "need" determination  
12 should be made in a forecast proceeding and  
13 Dr. Lesser's simply addresses that "need" issue.

14           And in the context of what the Commission  
15 must find for purposes of establishing need which, we  
16 agree, is the issue in this case, for purposes of the  
17 Commission establishing whether there is need the  
18 Commission has to examine the context and the express  
19 language of 4928.143(B)(2)(c) which says the only  
20 reason we're talking about need is to get the  
21 nonbypassable surcharge.

22           Again, if that language didn't exist in  
23 the stipulation, we wouldn't be here today. We would  
24 actually be doing an LTFR proceeding which would have  
25 I'm sure gone in under a complete stipulation of the

1 parties because under the actual forecast part of  
2 this case it's clear that AEP Ohio has no need for  
3 generation.

4 So the specific issue that their  
5 witnesses are here talking about are not forecast  
6 issues. They're not forecast issues dealing with  
7 capacity. They are here talking about the need that  
8 they need to establish so that AEP Ohio can get this  
9 nonbypassable surcharge. That's their witnesses'  
10 testimony. Dr. Lesser is responding to their  
11 witnesses' testimony.

12 MR. SATTERWHITE: And that's a  
13 misrepresentation, that's all I'll say, of what's in  
14 the rules and the testimony.

15 EXAMINER PARROT: Thank you all for your  
16 arguments. As noted in the February 29th entry  
17 that was issued in this docket, the Bench believes  
18 that the staff and AEP Ohio should have the  
19 opportunity to present the stipulation in its  
20 entirety to the Commission and to request that the  
21 "need" finding be a separate determination from the  
22 issue of cost recovery, and in light of that, while I  
23 believe that the testimony of Dr. Lesser may be  
24 relevant in its entirety at some point, I'm not sure  
25 that it's all relevant in this proceeding. It's not



1 the Commission's intention to address cost recovery  
2 at this point.

3 So in light of that I'd like to go  
4 through page by page like we did. I know this is  
5 tedious, but we'll go through page by page.

6 MR. LANG: And, your Honor, it is  
7 specifically in Mr. Bellamy's testimony that that  
8 determination of need relates to cost, so they're  
9 not --

10 EXAMINER PARROT: I understand that they  
11 did not --

12 MR. LANG: -- Mr. Bellamy is not  
13 separating it out.

14 EXAMINER PARROT: All right. Thank you.

15 Let's start on page 4. Here we have two  
16 full paragraphs. With respect to the first paragraph  
17 the motion to strike is denied and it is granted with  
18 respect to the second paragraph on page 4.

19 Turning to page 5, the motion to strike  
20 pertains to unmarked lines 7 and 8, the motion to  
21 strike is granted.

22 Turning to page 9, unmarked lines 18  
23 through 23, the paragraph at the bottom of the page,  
24 the motion is denied.

25 Turning to page 10, with respect to the

1 first question and answer the motion to strike is  
2 granted. With respect to the next question on page  
3 10 that continues on to page 11, the motion to strike  
4 is denied and, as Mr. Lang mentioned, this kind of  
5 lays outs a theory that then continues on for several  
6 pages that neither staff nor AEP seeks to strike, so  
7 I believe on that basis the question and answer give  
8 context to the many pages that follow. So on that  
9 basis the motion to strike is denied.

10 Let's turn to page 22, unmarked lines 6  
11 through 10, the motion to strike is granted.

12 On page 22 unmarked lines 17 through 19,  
13 the motion to strike is denied.

14 All right. From there we have testimony  
15 on page 23, lines 4 through 10; the motion to strike  
16 is granted.

17 On page 24 the testimony there at the end  
18 of the answer on lines 5 and 6, the motion to strike  
19 is granted.

20 With respect to the last question and  
21 answer on pages -- starts on page 24, continues to  
22 page 25, the motion to strike is denied.

23 With respect to the rest of page 25 and  
24 the first question and answer on page 26, the motion  
25 to strike is granted.

1           Pages 27 to 28 on lines 10 through 22  
2   that runs through the first two lines on page 28, the  
3   motion to strike is granted. I'm sorry, that  
4   continues on then through the rest of page 28, that  
5   question and answer is -- with respect to that  
6   question and answer the motion to strike is granted.

7           Page 29 through 30 beginning at line 16  
8   and continuing on to the top of page 30, the motion  
9   to strike is granted.

10          Page 31, the question and answer at the  
11   top of the page, the motion to strike is denied with  
12   respect to the question and the answer running  
13   through "No." Everything after "No" where it begins  
14   "In fact, the Stipulating Parties never explain" and  
15   continues on to the rest of the answer, with respect  
16   to that portion the motion to strike is granted.

17          Then the staff and AEP have moved to  
18   strike portions on page 34, 38 to 39, and 41, and the  
19   motion with respect to those portions of the  
20   testimony, the motion's granted.

21          MR. SATTERWHITE: I'm sorry. What was  
22   the last part? I couldn't hear.

23          EXAMINER PARROT: Granted.

24          MR. LANG: Your Honor, the last one was  
25   page 41 that was granted?

1 EXAMINER PARROT: Yes. The last three  
2 portions of the motion, and that's testimony on pages  
3 34, 38 to 39, and 41, granted.

4 MR. LANG: Your Honor, we would proffer  
5 that testimony and I fully explained why and it's  
6 certainly something the Commission will need to  
7 consider.

8 EXAMINER PARROT: That's right. Thank  
9 you.

10 All right. Any other motions before we  
11 proceed?

12 MR. McNAMEE: Nothing.

13 EXAMINER PARROT: Mr. Satterwhite.

14 MR. SATTERWHITE: Thank you, your Honor.  
15 I've tried to separate it not knowing how it was  
16 going to turn out, but bear with me if it gets --  
17 I'll try to follow along.

18 - - -

19 CROSS-EXAMINATION

20 By Mr. Satterwhite:

21 Q. Afternoon, Mr. Lesser. Good to see you  
22 again.

23 A. Nice to see you, Mr. Satterwhite.

24 Q. Page 3 of your testimony you discuss the  
25 purpose of your testimony and you focus that on

1 paragraph (2) of the stipulation, correct?

2 A. That's correct.

3 Q. Let's actually go to page 6 of your  
4 testimony, skip ahead here. At the top of the page  
5 you provide your understanding of the statutes you  
6 are discussing, correct?

7 A. That's correct.

8 Q. And are you licensed to practice law in  
9 the state of Ohio?

10 A. I'm not licensed to practice law, and I'm  
11 not offering an understanding that's a legal  
12 interpretation, it's a layperson's interpretation  
13 based on 30 years' experience with resource planning,  
14 with electricity regulation, with deregulation, with  
15 requirements, ratemaking. Obviously, I've taught  
16 seminars on ratemaking. I've written a textbook on  
17 ratemaking. You've even attended one of those  
18 seminars I've given.

19 So I think I qualify as an expert on the  
20 material in being able to give my interpretation as  
21 someone very familiar with energy planning on  
22 .143(B)(2)(c) which is why I refer to the language  
23 about nonbypassable surcharges which at --

24 Q. I'll see if I can find my notes from that  
25 seminar, see what was on there.

1 All right. And I asked that question  
2 because I want to make sure your understanding of the  
3 statute, and thank you for that context of what you  
4 do do, I believe you're referring -- you're  
5 interpreting that statute and comparing it to the  
6 underlined portions of the statute on page 5,  
7 correct?

8 A. Yes, that's correct.

9 Q. And it's your interpretation that the  
10 statute specifically requires a finding of need for  
11 the generation provided by Turning Point as  
12 underlined on page 5, correct?

13 A. Well, obviously, the statute is more  
14 general, but in this case we're referring to -- the  
15 whole purpose of this proceeding is Turning Point.  
16 So in that case it's a finding of need for Turning  
17 Point.

18 Q. Right. I'm just trying to get you -- on  
19 page 5 it is the statute and on page 6 it's your  
20 interpretation with all of your credentials of what  
21 that statute means, and in there you say  
22 "Specifically, it requires a finding of 'need' for  
23 the generation provided by Turning Point in a  
24 resource planning sense." I want to make sure that's  
25 part of the statute that you underlined that you're

1 referring to where you grab that understanding, the  
2 base of that understanding that you give in your  
3 opinion on the next page.

4 MR. LANG: Your Honors, objection to the  
5 form of the question. Maybe --

6 MR. SATTERWHITE: I think it's pretty  
7 clear. I'm just trying to figure out, he has a  
8 statute and gives an interpretation, I want to see  
9 where in the statute he's turning to.

10 A. I believe it's the, if I understand your  
11 question, the portion of the statute saying "no  
12 surcharge" -- meaning a nonbypassable surcharge --  
13 "shall be authorized unless the commission first  
14 determines in the proceeding that there is a need for  
15 the facility based on resource planning projections  
16 submitted by the electric distribution utility."

17 Then on the top of page 6 my  
18 interpretation of that is that in this case the  
19 electric distribution utility is AEP Ohio and we're  
20 referring to Turning Point and so the need is a  
21 finding of need in a resource planning sense.

22 Q. And you state specifically "for the  
23 generation provided" on unmarked line 3, correct?

24 A. For the generation provided by Turning  
25 Point.

1 Q. Okay.

2 A. And in this case clearly since --

3 Q. That's okay.

4 A. -- solar RECs --

5 Q. That answered it fine.

6 A. Let me provide some clarification.

7 Q. I'll ask you a question and on redirect  
8 your counsel can ask if they need to.

9 A. Very well.

10 Q. On page 7 of your testimony you  
11 provide -- you answer a question responding to the  
12 goals of electric utility resource planning. Do you  
13 see that?

14 A. Yes, I do.

15 Q. Now, the goals that you list do not come  
16 from an Ohio rule or statute, correct?

17 A. Those are general goals of resource --  
18 utility resource planning that is based on my  
19 understanding of undertaking the utility resource  
20 planning exercises for -- since almost 30 years ago.  
21 And, also, if you'll look on page 8, if I may direct  
22 you to that where I quote from the AEP East  
23 integrated resource plan which talks about the goal  
24 of resource planning and I testify on how that's very  
25 similar to what I'm talking about.



1 Q. So you accept the snippet you take on  
2 page 8 from the AEP integrated resource plan as a  
3 proper goal of integrated resource planning?

4 A. I'm saying as -- I'm saying that's what  
5 that is is an identification of the goal. They call  
6 it one goal. I would probably say it's multiple  
7 goals in resource planning.

8 Q. Okay. So we see the source of the AEP  
9 version, or we know that's attributed to AEP, but on  
10 pages 7 to 8 you provide your version of what you  
11 think the goals are and I think you stated, correct  
12 me if I'm wrong, that that's based on your  
13 experience, extensive experience, as opposed to an  
14 administrative code rule in Ohio or a statute in  
15 Ohio, correct?

16 A. That's correct.

17 Q. Okay. Have you ever prepared an  
18 integrated resource plan in Ohio under 4901:5-5-06?

19 A. I have not prepared an integrated  
20 resource plan in Ohio.

21 Q. You talk in your testimony about electric  
22 utility restructuring in Ohio.

23 A. What page are you on, please?

24 Q. I'm on page 7, I believe, "Prior to  
25 electric utility restructuring."

1 A. All right. I see that.

2 Q. The second question.

3 What's the date of the restructuring in  
4 Ohio, in your opinion?

5 A. The date is the transition period January  
6 1st, 2001.

7 Q. 2001? So SB 3?

8 A. That's how I interpret SB 3, yes.

9 Q. I know you know that. I know you're not  
10 an attorney, but I know you know that one.

11 Now, on pages 12 and 13 you refer to, I  
12 don't have the exhibit number, IEU had put it in the  
13 record earlier, the affidavit of Mr. Bill Allen from  
14 the 10-2929 case.

15 A. Yes.

16 Q. And the numbers at the top of page 13 of  
17 your testimony that you take from that affidavit,  
18 that relates to assumptions made on RPM price for  
19 capacity, correct?

20 A. I believe that's correct. I don't have  
21 Mr. Allen's affidavit with me right now. If I could  
22 see it, I can refresh my memory.

23 Q. I believe it's IEU Exhibit 2, is that up  
24 in front of you?

25 A. No, there's nothing.

1           Q.     Just let me know when you've reviewed it  
2     to your satisfaction.

3           A.     I've reviewed it.

4           Q.     And the numbers now on the top of your  
5     testimony on page 13 dealing with the numbers that  
6     Mr. Allen uses there, is it your understanding that  
7     that was based on a situation where the ESP  
8     stipulation had been rejected and all customers were  
9     able to receive capacity at the RPM pricing?

10          A.     That's what the affidavit is discussing,  
11     yes.

12          Q.     Okay. And are you aware of what happened  
13     after this was filed, whether that's still the  
14     situation, if that's the price for capacity in Ohio  
15     in AEP's territory?

16          A.     I'm sorry. What -- you said "after  
17     this." You mean after Mr. Allen's affidavit was  
18     filed?

19          Q.     Yeah. What happened in the 10-2929 case?  
20     Is the situation and the price for capacity the same  
21     as the time this affidavit was filed?

22          A.     I believe the situation in the capacity  
23     case is in flux because there are hearings scheduled  
24     on that very issue that begin April 17th, I  
25     believe.

1           Q.    Are you aware of the order that came out  
2 after this filing that reinstituted at least the  
3 capacity pricing part of the ESP stipulation in the  
4 interim?

5           A.    I have not seen that order, no.

6           Q.    So as far as you know, the RPM pricing  
7 for capacity that's referenced in Mr. Allen's  
8 affidavit is still what customers are being charged  
9 for capacity in AEP Ohio's territory -- or, CRES  
10 providers, I apologize.

11          A.    The 250, you're referring to the \$255 per  
12 megawatt-day value in the stipulation?

13          Q.    Correct.

14          A.    I do not know what the specific  
15 Commission order you're referring to said.

16          Q.    What do you -- sorry. Were you done?

17          A.    Yes, I am.

18          Q.    What do you believe is the current  
19 capacity price in AEP Ohio's territory right now?

20          A.    Based on what your -- what you're saying,  
21 there are two prices, some are being charged \$255,  
22 which is the stipulation price, and other customers  
23 are being charged the RPM price.

24          Q.    Okay. And that's different than the  
25 state of affairs when this affidavit was filed,

1 correct?

2 A. Well, Mr. Allen was talking about a -- if  
3 everyone goes to RPM, what will happen. I don't  
4 think he was saying what would happen  
5 instantaneously. He was projecting what would happen  
6 I believe starting next year.

7 Q. So it's your understanding that currently  
8 customers, not all customers are being -- not all  
9 CRES providers are being charged the RPM price for  
10 capacity; it's the two-tier system you just referred  
11 to.

12 A. That's based on my understanding of what  
13 you just represented. Again, I have not seen the  
14 specific Commission order you've told me about. I'd  
15 be happy to look at it if you have a copy. I haven't  
16 seen that, therefore, I cannot confirm or deny what  
17 you're saying. I'm saying based on what you're  
18 representing there are two prices.

19 Q. Okay. So I'd like you to ignore me and  
20 what I represented to you. Sir, I'm asking you what  
21 your understanding currently in Ohio, in AEP Ohio's  
22 territory, the price for capacity is.

23 A. My last understanding was that the  
24 Commission had rejected the stipulation and was  
25 reverting back to the previous stipulation's terms

1 under which capacity was priced at the RPM price.

2 If you're saying the Commission, however,  
3 has issued an order after Mr. Allen's affidavit was  
4 filed on, I can't remember the specific date, March  
5 5th it looks like --

6 Q. Look on the back is the electronic --  
7 yes.

8 A. Yeah. And has reinstituted the two-tier  
9 pricing; I accept that.

10 Q. Okay. So do you believe that the,  
11 accepting that there is the two-tier pricing system  
12 we just talked about, do you believe that the level  
13 of shopping contemplated in the affidavit that you  
14 reference will be at this level going forward?

15 A. Absolutely yes, because, as you know, AEP  
16 has stated that it will no longer be an FRR entity,  
17 fixed resource requirement entity, after -- as of  
18 June 1st, 2015, in which case all prices will  
19 revert to RPM. And Mr. Allen was not confining his  
20 analysis to just one year; he was talking about going  
21 forward.

22 Therefore, absolutely I can see that the  
23 level of shopping will increase quite a bit. I'm  
24 assuming just like every other utility in the state,  
25 except for AEP and, therefore, the need for in-state

1 solar RECs for AEP itself will decrease dramatically  
2 and, in fact, under Mr. Allen's own projections of  
3 switching AEP Ohio will have no need for any  
4 additional solar RECs because of its contract with  
5 Wyandot.

6 MR. SATTERWHITE: Your Honor, I move to  
7 strike everything beyond the discussion of whether  
8 shopping will increase or not. The impact of what  
9 shopping will be really wasn't part of my question.

10 I was asking what the level of shopping  
11 will be in response to the portions of his testimony  
12 representing numbers what shopping will be.

13 EXAMINER PARROT: I think it completes  
14 his answer. The motion is denied.

15 MR. SATTERWHITE: Thank you.

16 Q. But that won't occur until RPM pricing is  
17 applied, correct?

18 A. Which would start June 1st, 2015, a  
19 little over three years from now.

20 Q. So the two-tiered pricing is different  
21 than that.

22 A. That's right. Although the two-tiered  
23 pricing may end much sooner than that based on the  
24 outcome of the hearing that starts next month. And  
25 I'll see you next month.

1 Q. Can't wait. With bells on.

2 Now, on page 9 of your testimony, the  
3 bottom of the testimony, 4928.143(B)(2)(c), you see  
4 that testimony?

5 A. Yes. Ten was stricken, wasn't it?

6 Q. The bottom of 9 is still valid testimony.

7 A. All right.

8 Q. And you state in the last three lines  
9 that is why the statute also states the distribution  
10 utility should dedicate to Ohio consumers the  
11 capacity and energy rate associated with the cost of  
12 that facility --

13 A. I see that, yes.

14 Q. -- do you see that?

15 So you make some generalizations in your  
16 testimony that there will be some double counting.  
17 If the benefit of the solar REC follows the customer,  
18 how do you achieve the double counting that you  
19 assert?

20 A. Where are you referring to, double  
21 counting?

22 Q. I knew you were going to ask me that.

23 A. I'm not stupid.

24 Q. Elsewhere in your testimony.

25 Let me restate it this way, then, isn't



1     it correct that the benefit that would be associated  
2     with the establishment of something like the Turning  
3     Point facility would carry with customers that pay  
4     for that?

5             A.     Let me see if I understand your question.  
6     I believe you said, and correct me if I'm  
7     misphrasing --

8             Q.     I will.

9             A.     -- that you said the benefit of Turning  
10    Point would go with the customers paying for it? Is  
11    that correct?

12            Q.     What I'm asking is, in your testimony  
13    here when you describe the statute you state that the  
14    statute states that the EDU shall dedicate to Ohio  
15    consumers the capacity, the energy, the rate  
16    associated with the cost of that facility. Do you  
17    understand that -- what's your understanding of that  
18    as it relates to the Turning Point facility?

19            A.     Well, first off, Turning Point will not  
20    only produce solar RECs, it will actually produce  
21    electric energy, some amount of megawatt-hours, and  
22    an amount of capacity. So the first thing to  
23    understand is that if AEP -- for example, the last  
24    phase of Turning Point would be completed I believe  
25    in 2015 or so, let's assume hypothetically that it's

1 after June 1st, so AEP is now a participant in the  
2 RPM market. And so AEP would offer in the installed  
3 capacity or the unforced capacity of Turning Point  
4 into the RPM market and also into -- the generation  
5 would be in the spot energy market.

6 AEP would earn revenues from that and  
7 presumably some sort of, there would be some sort of  
8 profits AEP would earn from that. AEP would have to  
9 credit, essentially, all the revenues it's receiving  
10 from that installed capacity and the energy sales to  
11 Ohio consumers. AEP cannot just say, well, we'll  
12 keep all these profits for shareholders even though,  
13 Customers, we're forcing you to pay for it through a  
14 nonbypassable surcharge.

15 Q. Okay. Thank you.

16 I'll take you to page 16 of your  
17 testimony. Now, here in this general area you're  
18 talking about the planned addition, the capacity and  
19 the overall level of generation in the AEP Ohio  
20 fleet, correct?

21 A. That's correct.

22 Q. At the bottom of 16 you mention the  
23 Dresden facility. Do you see that?

24 A. That's correct.

25 Q. Are you aware that the Dresden plant is

1 not an Ohio Power facility but an APCo facility?

2 A. Yes, I am. And that's why instead of  
3 saying AEP Ohio I said AEP corporation.

4 Q. So what portions of your testimony  
5 referring to AEP Ohio's reserve margin relate to  
6 AEP Ohio and what portions relate to AEP overall?

7 A. All the testimony -- all my testimony, if  
8 you'll look at figures 1 and 2, those all refer to  
9 AEP Ohio itself. Now, AEP corporation has announced  
10 that its strategy is to pursue more gas-fired  
11 capacity development and less, obviously less coal,  
12 although AEP is fighting some of the EPA regulations,  
13 I believe there was a rulemaking yesterday by EPA, or  
14 today, I can't -- on CO2 which makes it effectively  
15 impossible for anyone to build new coal.

16 So AEP -- but AEP executives have  
17 previously stated their strategy is to build more  
18 gas-fired generation.

19 Q. What I'm trying to determine here is  
20 you're not asserting that either Dresden or the  
21 potential for Muskingum River 5 are part of AEP Ohio,  
22 correct?

23 A. Muskingum River 5, well, actually it  
24 would be Muskingum River 6 I think, has been  
25 referenced previously as another facility that AEP

1 Ohio might build if it received a certification of  
2 need and a nonbypassable surcharge under  
3 .143(B)(2)(c).

4 Q. And that was part of the previous  
5 stipulation --

6 A. That was part of the previous --

7 Q. -- that was rejected, correct?

8 A. I believe that was in the first ESP  
9 filing even prior to the actual stipulation, but it  
10 was certainly in the stipulation as well.

11 Q. But you're not representing that the  
12 580 megawatts of the Dresden gas-fired power could be  
13 part of figure 2.

14 A. No, I'm not.

15 Q. Okay.

16 A. Yeah, that's correct.

17 Q. Now, on page 20 of your testimony you  
18 refer to an RFP that FirstEnergy participated in.

19 A. That's correct.

20 Q. And that was for in-state solar that met  
21 the 2011 requirements for FirstEnergy, correct?

22 A. That's correct.

23 Q. But that was a ten-year contract that was  
24 entered into?

25 A. That's correct.

1           Q.    Out of that FirstEnergy only fulfilled  
2   its requirements for 2011, correct? And if it helps,  
3   I think JAL-3 is what you referred to.

4           A.    If you'll give me a minute.

5                    Could you ask your -- I see the -- I'm  
6   looking at JAL-3. Could you repeat your question,  
7   please.

8           Q.    Sure. I'm trying to determine the scope  
9   of what this allows FirstEnergy, and am I correct  
10   that this allowed FirstEnergy to meet their full  
11   compliance requirements for 2011 --

12          A.    As well --

13          Q.    -- and not beyond?

14          A.    No, it -- well, the RECs that FirstEnergy  
15   procured in this RFP, as it says in the press  
16   release, allowed FirstEnergy to achieve full  
17   compliance for 2011 as well as the 2010 shortfall  
18   that rolled over into 2011. However, the RFP is for  
19   ten years. So it's not as if those RECs vanished  
20   after 2011; they're still available in 2012, 2013,  
21   et cetera.

22          Q.    But do you know if that ten-year contract  
23   fulfilled the requirements of FirstEnergy that they  
24   won't need to get more in that time period up to  
25   2020?

1           A.    Well, as you are also aware FirstEnergy  
2    just recently went out for another RFP for more solar  
3    RECs and the results of that will be released, I  
4    don't know, I think in another week or so.    So  
5    presumably if FirstEnergy went out for some more  
6    RECs, another RFP, they think that they probably have  
7    a need for more -- more solar RECs in the future or  
8    perhaps they think there's a market for them to sell  
9    solar RECs which AEP also indicated it might do if it  
10   has surplus RECs, and that's my point about RFPs.

11          Q.    Let me cut you off there because now  
12   we're getting I think beyond the question.   The  
13   answer to my question, then, is no, that the ten-year  
14   contract reflected in this press release didn't  
15   fulfill the full requirements for FirstEnergy as far  
16   as you know, correct?

17          A.    As far as I know.   But based on your own  
18   witnesses' testimony where they talk about uncertain  
19   requirements, if there's more shopping for  
20   FirstEnergy customers, if that shopping level  
21   increases, it may very well cover all their need for  
22   the next ten years.

23          Q.    Would you recommend to a client like  
24   FirstEnergy Solutions that they only get the amount  
25   of solar RECs for the customers they have on the book

1 that day that they're looking at it?

2 A. Your question can't be answered in a  
3 simple yes or no because it's a far more complex  
4 economic analysis. You have to consider the markets  
5 for what have they gotten in the past, what has their  
6 past experience taught them in terms of these RFPs,  
7 what is their corporate strategy. Do they see a  
8 market where they can actually develop RECs at a  
9 price and then successfully sell them at a -- for  
10 profit.

11 You know, they may want to pursue more of  
12 an option-based approach where they set up RECs where  
13 they have just enough but they have the option to  
14 obtain more if they need it depending on perhaps the  
15 penalties.

16 Q. Let me try to limit my assumptions then.  
17 For compliance purposes, if a client of yours is  
18 trying to determine how many RECs they need, solar  
19 in-state RECs for compliance purposes, is it  
20 important to plan out and get more than they need,  
21 less than they need? Or what's the proper -- what's  
22 the sweet spot for what you would recommend that they  
23 go get?

24 A. I think I just answered your question. I  
25 can't give you a simple answer. It depends on their

1 strategy. It depends on projections of future  
2 prices. It depends on their experience with past  
3 RPMs and the type of response and prices they have  
4 received from those responses. And that's what I  
5 find so strange here is that AEP could go out and  
6 issue a long-term RFP like it did in 2008 when it got  
7 Wyandot.

8 MR. SATTERWHITE: Your Honor, I'll  
9 pre-object here and move to strike this because I  
10 think we moved on to his judgment of AEP versus the  
11 question what was happening with FirstEnergy.

12 Sorry to interrupt you, but I wanted to  
13 just --

14 MR. LANG: And, your Honor, he's  
15 answering the question.

16 MR. SATTERWHITE: The question was about  
17 FirstEnergy Solutions and what he would recommend  
18 versus his opinion of what AEP's --

19 THE WITNESS: No, then you asked about a  
20 client of mine.

21 MR. SATTERWHITE: I'm just talking to the  
22 judge here.

23 EXAMINER PARROT: Overruled. I should  
24 say your motion's denied.

25 MR. SATTERWHITE: Thank you.



1 MR. LANG: Do you want to finish your  
2 question -- or, finish your answer?

3 EXAMINER PARROT: Yeah, if you're --

4 A. First, one of the things that AEP did not  
5 do and has not done is go out for any other long-term  
6 RFPs for solar RECs, which it could plainly do. So  
7 that would certainly be one thing I would advise the  
8 client to do is actually try to issue an RFP rather  
9 than just assume, as AEP has done, oh, golly, there's  
10 nothing else there so we have to build Turning Point  
11 because there's this need for it.

12 Q. Let me ask this, so your assumption is  
13 that you have to issue an RFP to understand what's  
14 available in the market?

15 A. I'm saying that's one very good way, as  
16 my testimony -- I don't know if that is part that was  
17 stricken or not, that one way to explore what's  
18 available in a competitive market is to actually go  
19 out and explore it with an RFP, which is not  
20 something AEP has even attempted to do; rather,  
21 you're simply saying we need Turning Point but we're  
22 not going to bother with actually looking for what's  
23 out in the competitive market.

24 You could sign an agreement today with  
25 Turning Point that's in the market. You've said it's

1 in the market. You could sign that right now for 10  
2 years, for 20 years, whatever the lifetime is just  
3 like Wyandot and yet -- and it would be, you know,  
4 pay whatever price you want, who cares. The only  
5 reason we're here is because AEP doesn't want to do  
6 that. AEP wants to establish need so it can say gee,  
7 there's a need, now we have to make everybody pay for  
8 it as a nonbypassable charge. It's ridiculous.

9 MR. SATTERWHITE: Your Honor, I'll move  
10 to strike the last part. Again, I believe the  
11 question was is an RFP the only way to understand  
12 market prices. Somehow we ended up into what AEP  
13 wants with a nonbypassable charge.

14 And I'll try not to cut you off before I  
15 object.

16 EXAMINER PARROT: Motion to strike is  
17 denied.

18 Q. So are there other ways besides, and  
19 let's stick to ways that someone can understand what  
20 the value is out there in the market and the  
21 availability of in-state solar RECs. Are there other  
22 ways besides issuing an RFP?

23 A. Sure. Let me give you a few examples.

24 Q. Okay.

25 A. Besides issuing an RFP, probably -- I

1 don't know who at AEP deals with renewables, per se,  
2 but I'm going to assume that you have folks on staff  
3 who deal with renewable developers, wind, they're out  
4 there looking at that stuff. They probably receive  
5 unsolicited offers from different parties all the  
6 time; I know FirstEnergy does.

7           So I would assume AEP receives offers  
8 from folks saying, "Hey, I want to develop this 2  
9 megawatt solar facility, would you be interested in  
10 signing a long-term PPA for 20 years at \$200 a  
11 megawatt-hour," something like that. So I'm sure  
12 those folks are receiving all sorts of offers all the  
13 time. That's another way I would -- besides an RFP  
14 and that, you know, those are probably the main  
15 things in terms of what's in the market.

16           Q.    Is there trade press that would list that  
17 as well?

18           A.    Specific offers?

19           Q.    Pricing.

20           A.    I would doubt there's trade press that  
21 lists specific prices for contracts, you know, Joe is  
22 willing to sell solar RECs to anybody at \$300 a  
23 megawatt-hour, that -- I doubt that would be  
24 published in something like Renewable Daily.

25           Q.    Right. But not saying, you know, Joe's

1 In-state Solar Renewables, Ltd., but is there a  
2 general price for what in-state solar RECs are going  
3 for published anywhere?

4 A. I don't have sufficient knowledge to know  
5 whether there are publications that track solar REC  
6 prices by state. There may very well be, I'm just  
7 not aware of it.

8 Q. So your experience is focused on RFP  
9 responses, correct?

10 A. RFP responses and direct solicitations  
11 which when I worked at, you know, Green Mountain  
12 Power, for example, we'd get calls all the time from  
13 people for things like -- all sorts of resources.

14 Q. Did you review the bids that came in  
15 that's reflected in the press release on JAL-3 to see  
16 all the different bids that came in to FirstEnergy?

17 A. For last year's --

18 Q. For, yeah, the one referenced in JAL-3  
19 that supplied for 2011 and the remaining 2010?

20 A. No. I have not reviewed those individual  
21 bids, no.

22 Q. Did you just review the final bid or the  
23 final offer?

24 A. I've only -- what I reviewed is what's  
25 been represented in the press release. I have not --

1 I was not part of that, the solicitation review  
2 process.

3 Q. Are you part of the process for the one  
4 that's coming in next week or whenever that you  
5 mentioned?

6 A. No, I'm not.

7 Q. Let me check to see if something's in  
8 here real quick; if you'll bear with me.

9 Never mind.

10 A. Okay.

11 Q. Don't worry, my silence is getting us  
12 further than you know.

13 A. Take your time.

14 Q. Do you know if the price for in-state  
15 solar RECs that you've seen for Ohio tend to be more  
16 expensive than non-in-state solar RECs? Other  
17 renewables I'll compare them to.

18 A. I couldn't give you an answer to that  
19 question.

20 Q. So as far as you know they're all -- all  
21 renewable RECs are the same?

22 A. No. It really depends on the market. If  
23 you're just focused on Ohio, whether in-state RECs  
24 are more expensive than out-of-state RECs that can be  
25 used for Ohio, I would expect that out-of-state RECs

1 are less costly because there's a larger supply of  
2 them to meet Ohio's statutory requirement.

3 MR. SATTERWHITE: That's all I have.  
4 Thank you, Dr. Lesser.

5 EXAMINER PARROT: Mr. McNamee.

6 MR. McNAMEE: Thank you.

7 - - -

8 CROSS-EXAMINATION

9 By Mr. McNamee:

10 Q. Good afternoon --

11 A. Good afternoon.

12 Q. -- Dr. Lesser. Could you turn your  
13 attention to page 20 of your testimony.

14 A. All right.

15 Q. There's a quote there from a FirstEnergy  
16 press release; do you see that?

17 A. Yes, I do.

18 Q. Okay. Do you know Dennis Chack?

19 A. No, I do not.

20 Q. You don't, okay. Do you have some  
21 independent knowledge of the facts that are in that  
22 quote, perhaps through working with FirstEnergy or  
23 something, other than through this press release?

24 A. I have discussed the results of that RFP  
25 with a FirstEnergy staff member --

1 Q. Okay.

2 A. -- who has confirmed that what they said  
3 in the press release is, in fact, what happened. I  
4 have no reason to doubt that.

5 Q. So then you --

6 A. Yeah.

7 Q. All right. Good.

8 Page 40. The very first answer on the  
9 page, you have a quote, "PUCO Staff is not aware of  
10 any other solar PV being developed in the state at  
11 this time." Do you see that?

12 A. Yes, from Mr. Bellamy's testimony.

13 Q. Mr. Bellamy's testimony at page 3, lines  
14 16 through 18.

15 A. To test the reference, if you'll bear  
16 with me, I'll pull it out here.

17 Q. If you would, please.

18 A. I may have an incorrect page reference;  
19 I'm checking that now.

20 Q. When you're done checking, if you could  
21 please read what actually 16 through 18 on page 3  
22 say.

23 A. Well, let me read, in the interest of  
24 time, let me read that --

25 Q. If you would, please.

1 A. Page 3, 16 through 18?

2 Q. Yes, please.

3 A. "Question: Will there be a lack of  
4 in-state solar renewable energy credits (SRECs) for  
5 AEP to purchase for compliance?

6 "Answer: It looks like there will be."  
7 Would you like me to keep reading?

8 Q. No.

9 MR. McNAMEE: That's all the questions I  
10 have. Thank you.

11 EXAMINER PARROT: Anything from  
12 Mr. Olikar?

13 MR. OLICKER: While I would like to, I do  
14 not believe I'd be permitted, your Honor.

15 EXAMINER PARROT: Very good.

16 Any redirect?

17 MR. LANG: Can we have two minutes, your  
18 Honor?

19 EXAMINER PARROT: You may.

20 MR. LANG: I'm sure we don't need a whole  
21 five.

22 EXAMINER PARROT: Go off the record.

23 (Recess taken.)

24 EXAMINER PARROT: Let's go back on the  
25 record. Any redirect?



1 MR. LANG: Your Honor, thank you. One  
2 question.

3 - - -

4 REDIRECT EXAMINATION

5 By Mr. Lang:

6 Q. Dr. Lesser, you were asked by the  
7 esteemed Mr. McNamee about the quote in Mr. Bellamy's  
8 testimony that you were referencing. Have you been  
9 able to identify what you were referencing?

10 A. Yeah, I was actually referencing  
11 Mr. Bellamy's testimony on page 9, lines 10 through  
12 12 where he says, quote, "The Turning Point project  
13 is the only plan of which Staff is aware which would  
14 address this shortage." And that given that the  
15 PUC's own website lists hundreds of solar facilities  
16 that have been certified, that is clearly not the  
17 case.

18 MR. LANG: No other questions, your  
19 Honor.

20 EXAMINER PARROT: Thank you.

21 Any follow-up based on that,  
22 Mr. Satterwhite?

23 MR. SATTERWHITE: No, thank you, your  
24 Honor.

25 EXAMINER PARROT: Mr. McNamee?

1 MR. McNAMEE: No.

2 EXAMINER PARROT: I assume nothing from  
3 Mr. Olikar, then.

4 MR. OLIKER: No, your Honor.

5 EXAMINER PARROT: Very good. Thank you  
6 very much.

7 (Witness excused.)

8 EXAMINER PARROT: Are there any  
9 objections to the admission of FES Exhibit 1?

10 MR. McNAMEE: None.

11 MR. SATTERWHITE: None.

12 EXAMINER PARROT: All right. Hearing  
13 none, FES Exhibit 1 is admitted into the record.

14 (EXHIBIT ADMITTED INTO EVIDENCE.)

15 EXAMINER PARROT: All right. Let's go  
16 off the record.

17 (Discussion off the record.)

18 EXAMINER PARROT: Let's go back on the  
19 record. We have agreed to a briefing schedule,  
20 initial briefs will be due on April 25th and reply  
21 briefs due on May 4th.

22 Is there anything else to come before us  
23 this afternoon?

24 (No response.)

25 EXAMINER PARROT: Seeing nothing --

1 MR. McNAMEE: Do you want electronic  
2 service on those?

3 EXAMINER PARROT: That's fine.  
4 Electronic service on the parties.

5 MR. SATTERWHITE: For everything here.

6 EXAMINER PARROT: That's fine. Please  
7 copy the examiners, both myself and Greta See as  
8 well.

9 All right. With that we are adjourned.  
10 Thank you very much, everyone.

11 (The hearing concluded at 4:09 p.m.)

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CERTIFICATE

I do hereby certify that the foregoing is a true and correct transcript of the proceedings taken by me in this matter on Wednesday, March 28, 2012, and carefully compared with my original stenographic notes.

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

My commission expires June 19, 2016.  
(MDJ-3989)

- - -

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**4/11/2012 3:31:28 PM**

**in**

**Case No(s). 10-0501-EL-FOR, 10-0502-EL-FOR**

Summary: Transcript Transcript of Ohio Power Company and Columbus Southern Power Company hearing held on 03/28/12 electronically filed by Mrs. Jennifer Duffer on behalf of Armstrong & Okey, Inc. and Jones, Maria DiPaolo Mrs.