

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

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In the Matter of the :  
Review of the Application :  
of Ohio Edison Company, :  
The Cleveland Electric :  
Illuminating Company, The : Case No. 12-2190-EL-POR  
Toledo Edison Company for : Case No. 12-2191-EL-POR  
Approval of Their Energy : Case No. 12-2192-EL-POR  
Efficiency and Peak :  
Demand Reduction Program :  
Portfolio Plans for 2013 :  
through 2015. :

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PROCEEDINGS

before Mr. Gregory Price and Ms. Mandy Willey Chiles,  
Attorney Examiners, at the Public Utilities  
Commission of Ohio, 180 East Broad Street, Room 11-A,  
Columbus, Ohio, called at 10:00 a.m. on Tuesday,  
October 30, 2012.

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VOLUME VI-REBUTTAL

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1 Tuesday Morning Session,

2 October 30, 2012.

3 - - -

4 EXAMINER PRICE: Let's go on the record.

5 Good morning. The Public Utilities has  
6 set for hearing at this time and place Case Nos.  
7 12-2190-EL-POR, et al., being In the Matter of the  
8 Application of Ohio Edison Company, the Cleveland  
9 Electric Illuminating Company, and The Toledo Edison  
10 Company for Approval of Their Energy Efficiency and  
11 Peak Demand Reduction Program Portfolio Plans for  
12 2013 through 2015.

13 My name is Greg Price. With me is Mandy  
14 Willey Chiles. We are the attorney examiners  
15 assigned to preside over today's hearing. We'll  
16 dispense appearances, as has been our practice so far  
17 in this hearing. This is our sixth and final day of  
18 hearing in this proceeding.

19 Before we take our first witness,  
20 Mr. Lang, you have something for the Bench?

21 MR. LANG: Yes, your Honor, thank you.

22 On the second day of hearing while  
23 Mr. Fitzpatrick was testifying, he referenced an AEP  
24 achievable -- AEP achievable potential data, and the  
25 request was to identify where that was coming from.

1 That was filed November, 2011, in Case No.  
2 11-5568-EL-POR, the AEP portfolio plan proceeding,  
3 and the data that he was referencing was from their  
4 Plan, Volume II, Appendix B, and he drew the base  
5 case and the high case for AEP from Tables 32, 36,  
6 37, 40, 44, and 45, and then using figure 1, did a  
7 weighted average using total kilowatt-hours sales to  
8 derive the 16 percent base case and 20 percent high  
9 case that he referenced in the testimony. And  
10 that's -- so that's the one.

11 And then he also referenced an ACEEE  
12 study, and the citation for that is Neubauer, Elliott  
13 and Korane, K-O-R-A-N-E. It was 2009 study, and the  
14 title was "Shaping Ohio's Energy Future, Energy  
15 Efficiency Works, published Washington, D.C.,  
16 American Council for an Energy-Efficient Economy.

17 EXAMINER PRICE: Thank you very much.  
18 Anything else for the Bench before we take our first  
19 witness?

20 Okay. Mr. Miller.

21 (Witness sworn.)

22 EXAMINER PRICE: Please be seated. State  
23 your name and business address for the record again.

24 Please state your name and business  
25 address for the record. There we go.



1                   THE WITNESS: My name is Edward Charles  
2 Miller. My business address is 631 Excel Drive,  
3 Suite 200, Mount Pleasant, Pennsylvania 15666.

4                   EXAMINER PRICE: Thank you.  
5 Please proceed.

6                   MR. LANG: Your Honors, the companies  
7 would ask that Mr. Miller's rebuttal testimony be  
8 marked as Company Exhibit 21.

9                   EXAMINER PRICE: So marked.  
10 (EXHIBIT MARKED FOR IDENTIFICATION.)

11   - - -

12                   EDWARD C. MILLER  
13 being first duly sworn, as prescribed by law, was  
14 examined and testified on rebuttal as follows:

15                   DIRECT EXAMINATION

16 By Mr. Lang:

17                   Q. And, Mr. Miller, do you have your  
18 rebuttal testimony in front of you this morning?

19                   A. I do.

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

22                   A. Yes.

23                   Q. Do you have any corrections to make to  
24 your rebuttal testimony?

25                   A. I do not.

1           Q.    If I were to ask you the same questions  
2   today that are in your rebuttal testimony, would you  
3   provide the same answers?

4           A.    Yes.

5           MR. LANG:  Your Honor, Mr. Miller is  
6   available for cross.

7           EXAMINER PRICE:  Thank you.

8           Mr. Williams.

9           MR. WILLIAMS:  No questions.

10          EXAMINER PRICE:  Mr. Dougherty.

11          MR. DOUGHERTY:  No questions.

12          EXAMINER PRICE:  Mr. Allwein.

13          MR. ALLWEIN:  Thank you, your Honors.

14                   - - -

15                   CROSS-EXAMINATION

16   By Mr. Allwein:

17          Q.    Good morning, Mr. Miller.

18          A.    Good morning.

19          Q.    I'm Chris Allwein, and I will be asking  
20   you questions on behalf of the Natural Resources  
21   Defense Council and the Sierra Club this morning.

22                On page 8 of your testimony you discuss  
23   the data centers beginning on line 1.  Do you see  
24   that?

25          A.    Yes.

1           Q.    And in the sentence beginning on line 6,  
2    you say, "The companies will develop a sub-program to  
3    specifically target data center participation in the  
4    Companies' plans. Do you have a proposed timeline  
5    for that development?

6           A.    We would develop -- excuse me. We would  
7    develop the subprogramming in conjunction with  
8    implementation of the plans upon Commission approval.

9           Q.    Okay. And upon Commission approval, from  
10   that moment, how long do you think it will take to  
11   develop the program?

12          A.    I'm referring to Section 5 of our plans  
13   where we provide an implementation schedule for our  
14   programs, does show that for newer programs and  
15   measures, the implementation timing does vary between  
16   certain programs but does show roughly a three- to  
17   six-month period associated with implementation of  
18   new programs. I would anticipate that the  
19   development of the subprogram would be completed in  
20   conjunction with that timing.

21          Q.    All right. And just to be clear, the  
22   page you are referring to, I think it's page 77,  
23   Section 5.0, correct?

24          A.    Yes, sir.

25          Q.    And you don't -- data centers is

1 something you're proposing that's an addition, that's  
2 not in that list; is that correct?

3 A. That is correct.

4 Q. All right. I want to ask you about the  
5 development of marketing materials. Do you have a  
6 process for developing those marketing materials?

7 A. Marketing plans and marketing materials  
8 are developed in coordination with the implementation  
9 vendors that we hire to support and deliver the  
10 programs. The process would be once the vendors are  
11 under contract, we work with them on their proposed  
12 marketing plan and then ultimately very close  
13 coordination for the development of the marketing  
14 materials through the course of program  
15 implementation.

16 Q. Okay. And do you plan on utilizing the  
17 collaborative at all to assist in the development of  
18 those materials?

19 A. I don't believe that we've historically,  
20 you know, reviewed marketing materials as they were  
21 developed with the collaborative. I would note  
22 though that we, you know, I believe, would be open to  
23 receiving any input or feedback on our marketing  
24 materials for the various programs.

25 Q. Okay. So do you plan on, perhaps,

1 presenting a draft of these materials to the  
2 collaborative for input ahead of releasing them or  
3 completing them?

4 A. I don't have an answer for that at this  
5 time.

6 Q. All right. And may I ask, will you  
7 solicit the collaborative's input in terms of program  
8 development for this particular program? Program  
9 design is what I am referring to specifically.

10 Strike that and let me ask you again.  
11 Will you solicit the collaborative's input for  
12 program design?

13 A. I'm not sure I understand specifically  
14 what program design is referring to.

15 Q. Well, this is a new program and so  
16 there -- the only detail we have about this program,  
17 and correct me if I'm wrong, is from line 4 through  
18 line 14 on page 8 of your testimony, correct?

19 A. Yes.

20 Q. And so in terms of details of program  
21 design that you have developed with some of your  
22 other programs that do appear in your proposed plans,  
23 do you plan on soliciting the collaborative's input  
24 for some of those program design details?

25 A. I wouldn't characterize that we are

1 developing a new program. I would comment that the  
2 core foundation for the program is our commercial and  
3 industrial efficient equipment program, as proposed.

4           You know, we recognize data centers are a  
5 specific either end use or customer type that would  
6 be eligible to participate in our programs. What  
7 we're proposing is as part of implementation of our  
8 commercial and industrial portfolio, the Energy  
9 Efficient Equipment Program that as part of that we  
10 will have a subprogram element through -- through  
11 implementation we will develop specific marketing  
12 materials, as well as specifically target the data  
13 center uses and customers through the implementation  
14 of the larger program.

15           Q. So, in your opinion, is there enough  
16 information here from lines 4 through lines 14 to  
17 begin or institute this subprogram?

18           A. I believe between the proposed plans, as  
19 well as the information in my testimony, that there  
20 is sufficient information. I note that, you know,  
21 data center, you know, specific measures that are  
22 provided to data centers includes HVAC type of  
23 equipment, which is included in our Efficient  
24 Equipment Program; includes lighting equipment,  
25 again, also in the Efficient Equipment Program;

1 includes motors and drivers type applications; as  
2 well as other custom measures. So we're leveraging  
3 the Efficient Equipment Program design, but through  
4 program implementation we will specifically target  
5 data center participation in our programs.

6 Q. Are you planning to employ or utilize the  
7 same implementation vendors that you are using for  
8 the Efficient Equipment Program already, small and  
9 large?

10 A. That will be decided when we conduct RFPs  
11 for the program. We do plan on, as a portion of  
12 implementing the subprogram, targeting data centers,  
13 that the implementation vendor will be required  
14 either to have the experience directly or through  
15 their contractors and trade allies in order to  
16 support data center participation in the programs.  
17 Could be the same implementation vendor or it could  
18 be a different implementation vendor.

19 But, again, that will be decided through  
20 the RFP process based on the vendors who submit bids  
21 to us in order to support the implementation  
22 marketing of the programs based upon their experience  
23 and expertise.

24 Q. All right. Thank you. And I want to ask  
25 you about line 11 where you discuss leveraging the

1 budgets. I think you just mentioned this in your  
2 previous answer as well. Is this additional money,  
3 or will you be moving -- are funds from your proposed  
4 commercial and industrial efficient equipment  
5 programs, small and large, going to be dedicated, if  
6 you will, to this subprogram? Is that what you are  
7 proposing in your testimony?

8 A. It's not an addition of funds. It's a --  
9 it's a utilization of the funds as proposed in the  
10 plan.

11 Q. Okay. If you look at your testimony on  
12 page 8, line 18 through line 20, you state that "The  
13 Companies consider a Continuous Energy Improvement  
14 Program as a form of customer education, marketing  
15 and engagement of energy efficiency opportunities  
16 within major C/I customers." Do you see that?

17 A. Yes, sir.

18 Q. And can you explain that statement,  
19 what -- what do you mean when you say that they  
20 "consider the Continuous Energy Improvement Program a  
21 form of customer education"?

22 A. The Continuous Energy Improvement  
23 Program, the typical approach is it's a methodology  
24 to engage major customers and to obtain their  
25 interest and commitment to performing energy



1 efficiency retrofits, et cetera, within the -- within  
2 the customer.

3 Q. Okay. And, finally, I would like to ask  
4 you about the Continuous Energy Improvement Program.  
5 Further down beginning on line 21 on page 8, you say,  
6 "The Companies plan to target their major C/I  
7 customers through their implementation vendors and  
8 their Customer Service Representatives." That isn't  
9 anything new that you are proposing here; is that  
10 correct?

11 A. I wouldn't characterize it as new. I  
12 would characterize it as continued or expanded focus,  
13 recognizing that the plans that we are proposing here  
14 are greatly or vastly expanded over the existing  
15 plans, but it continues to leverage the customer  
16 service representatives and their relationships that  
17 they have with our major customers.

18 Q. All right. And then I would ask you on  
19 page 9, lines 1 through 3, you discuss, "The  
20 Companies will engage their largest customers to  
21 promote energy efficiency opportunities." Is -- is  
22 that new? Is that something that you're not doing  
23 now?

24 A. I would not characterize that as new.  
25 Again, I would characterize that as a continued, as

1 well as an expanded focus.

2 Q. And just one final item here, on line 2  
3 of page 9, the second part of that sentence you state  
4 that you are going "to promote energy efficiency  
5 opportunities without the added costs associated with  
6 a Continuous Energy Improvement Program." What do  
7 you mean by "added costs"?

8 A. What I was referring to was the increased  
9 costs of administration that would be associated with  
10 specifically developing a program that would organize  
11 that involvement among the major C&I customers, you  
12 know, from, you know -- for instance, in the AEP plan  
13 I believe they have approximately \$9 million assigned  
14 to that program within their plans, so it's basically  
15 recognizing that by leveraging the existing  
16 relationships, as well as the implementation vendors  
17 that we'll be hiring for all of the programs, it  
18 helps us to avoid the increased administration,  
19 operations costs, such as M&V, for instance,  
20 tracking, reporting that would result from having an  
21 additional program on top of the existing portfolio.

22 Q. So is it your opinion that you will add  
23 no additional administrative costs for this item as  
24 proposed on -- that we have just been discussing on  
25 pages 8 and 9 of your testimony?

1           A.     It's my opinion that the costs associated  
2 with those efforts will be covered by the existing  
3 programs.

4           Q.     But is it your testimony also that you'll  
5 gain additional energy savings without any additional  
6 cost? Is that your testimony?

7           A.     I -- can you repeat the question?

8           Q.     Yes. Is it your opinion then that you --  
9 with your proposal regarding the Continuous Energy  
10 Improvement Program on pages 8 and 9, that you are  
11 going to generate additional savings with no  
12 additional administrative costs?

13          A.     The no additional administration costs is  
14 specific to the approach of having a -- having a  
15 dedicated program for that activity. The goal of  
16 the -- of the overall plan design is to achieve  
17 participation across the programs in order to meet  
18 our targets.

19                 The -- I mean, the additional energy  
20 savings is supported through the marketing and  
21 engagement activities that we are proposing.

22          Q.     And by taking the steps that you outline  
23 on pages 8 and 9 for this Continuous Energy  
24 Improvement Program, do you have an estimate of -- an  
25 estimate, excuse me, of additional energy savings

1 that you'll generate?

2 A. The projections would be as we included  
3 in our plans.

4 MR. ALLWEIN: Okay. Thank you.

5 I have no further questions, your Honor.

6 EXAMINER PRICE: Thank you.

7 Ms. Kern.

8 MS. KERN: No questions, your Honor.

9 EXAMINER PRICE: Ms. Kyler.

10 MS. KYLER: No questions, your Honor.

11 EXAMINER PRICE: ELPC.

12 MR. KELTER: I do have some questions,  
13 your Honor.

14 - - -

15 CROSS-EXAMINATION

16 By Mr. Kelter:

17 Q. Mr. Miller, could you please turn to page  
18 3, line 14 of your testimony.

19 A. Yes.

20 Q. At line 14 you state, "The Opt-In Kit  
21 program has proven successful in both Pennsylvania  
22 and Maryland. It is a major source of energy savings  
23 for the companies that are offered them," correct?

24 A. Yes.

25 Q. And you continue that "The kits provided

1 in both of these states are very similar to those  
2 being contemplated in the Companies' Energy  
3 Efficiency and Peak Demand Reduction Plans and,  
4 therefore, we expect similar results in Ohio"?

5 A. Yes.

6 Q. When did you implement the Pennsylvania  
7 kits program?

8 A. Line 8 of my testimony, the West Penn  
9 Power opt-in case was implemented during the second  
10 quarter of 2011. I believe, more specifically, it  
11 was the month of May.

12 Q. What about in Maryland?

13 A. Line 12 of my testimony identifies the  
14 fourth quarter of 2011. I don't remember the exact  
15 timing within the fourth quarter.

16 Q. So you don't have -- refresh my  
17 recollection from last week, do you have results from  
18 those programs yet?

19 A. We have -- yes, we do. We have  
20 participation results and energy savings results that  
21 have been included as part of our reporting.

22 Q. And do you know how many CFLs the average  
23 resident in Pennsylvania had at the time that you  
24 implemented that program?

25 A. I don't remember the last number, exact

1 number, but I believe it's less than the six CFLs  
2 that were cited in Ohio.

3 Q. Could you get that number for us?

4 A. I could.

5 Q. And the same question about how many CFLs  
6 the average residents in Maryland had at the time.

7 A. I believe it's comparable, but, again,  
8 don't have the exact number.

9 Q. Do you have any protections in place to  
10 guard against households that already have CFLs from  
11 obtaining those kits?

12 A. We do track participation in the program.  
13 If a customer receives an opt-in kit from us, they  
14 are only eligible to receive one.

15 Q. But before you send out the opt-in kit,  
16 you don't ask them -- or strike that.

17 Before you send out the opt-in kit, do  
18 you have any idea whether they -- whether that  
19 household already has CFLs?

20 A. Not specific to that household.

21 EXAMINER PRICE: Could I ask a question  
22 about opt-in in Maryland and Pennsylvania?

23 THE WITNESS: Okay.

24 EXAMINER PRICE: So your testimony is 55  
25 percent of the customers in West Penn Power

1 affirmatively opted in to the kits?

2 THE WITNESS: That is correct.

3 EXAMINER PRICE: Did they get some sort  
4 of notice -- how did that work, I guess my question  
5 is?

6 THE WITNESS: The opt-in kit for West  
7 Penn Power is promoted through a few methods,  
8 including billing inserts, postcards that were  
9 provided to customers, as well as some billboard  
10 signage within the service territory.

11 EXAMINER PRICE: So the customer had to  
12 initiate the contact to opt in; you were not calling  
13 them or anything like that?

14 THE WITNESS: That is correct.

15 EXAMINER PRICE: And you got 55 percent  
16 participation?

17 THE WITNESS: Yes.

18 EXAMINER PRICE: Is the same situation in  
19 Maryland, the same sort of marketing?

20 THE WITNESS: Yes.

21 EXAMINER PRICE: Thank you.

22 Q. (By Mr. Kelter) Turning to page 4 of your  
23 testimony at line 3 you stated, "The Companies"  
24 conservatively included EISA impacts for all CFLs in  
25 the Opt-In Energy Efficiency Kits for the entire 2013

1 to 2015 Plan Period. The savings estimate for kits  
2 modeled in the Companies' plans is a constant value  
3 that represents the full reduction of savings for all  
4 CFLs for the entire 3-year period in accordance with  
5 the baseline established under EISA, regardless of  
6 the timing projections associated with the kits,"  
7 correct?

8 A. Yes.

9 Q. And then you continued it, "As an  
10 example, EISA reduces the baseline for 60 watt  
11 incandescent with a 43 watts effective January 1,  
12 2014. However, the Companies' modeling incorporates  
13 the 43 watts baseline for the entire 3-year period  
14 including any 60 watt equivalent CFLs distributed in  
15 2013," correct?

16 A. Yes.

17 Q. And under the new EISA standard, the  
18 60-watt equivalent standard goes down to a maximum of  
19 43 watts, correct?

20 A. That is correct.

21 Q. And you anticipate that there will be  
22 42-watt halogen, 60-watt equivalent bulbs, in 2014,  
23 correct?

24 A. I can't be specific to that exact  
25 question regarding the availability of halogen



1 meeting the EISA requirements. I would anticipate  
2 that there will be halogen bulbs that do meet the  
3 EISA requirements, but specific to wattage, I don't  
4 have the wattage distribution.

5 Q. Well, you anticipate that there will be  
6 some 42- or 43-watt bulbs for sale that are 60-  
7 equivalent; is that correct?

8 A. I would say that's a fair assumption.

9 Q. And so based on your previous answer,  
10 it's also fair to say that you don't have any  
11 projections of how many of those bulbs would be  
12 available on the market?

13 A. Halogen bulbs?

14 Q. Halogen, yes.

15 A. That's correct, I don't have any  
16 projections.

17 Q. What about other types of bulbs that  
18 would replace the 60 watt?

19 A. Other types such as?

20 Q. I don't know. Are there any other type  
21 bulbs that you anticipate would be replacing the  
22 60-watt bulbs under the EISA standards that meet the  
23 EISA standards?

24 A. With the exception of CFLs, I can't speak  
25 to the, you know, availability of other more

1 efficient, other technology bulb types that would,  
2 you know, meet or exceed the 60-watt requirements.

3 EXAMINER PRICE: You don't think there  
4 will be LEDs available by 2014?

5 THE WITNESS: Actually, that's a good  
6 question. I would expect there would be LED  
7 technologies available. I just don't know the  
8 distribution among the different wattage types and  
9 equivalence to the incandescents.

10 EXAMINER PRICE: Okay.

11 Q. (By Mr. Kelter) What is the equivalency  
12 in terms of wattage for C -- for CFLs that would be  
13 replacing the 60-watt?

14 A. I believe it's in the 13- to 15-watt  
15 range.

16 Q. Do you have any projections of how many  
17 customers will replace incandescent bulbs with CFLs  
18 immediately upon receipt of kits?

19 A. Can you repeat the question?

20 Q. Sure. Do you have projections of how  
21 many customers will replace incandescent bulbs with  
22 CFLs immediately upon receipt of the kits? In other  
23 words, somebody receives their kit in the mail on a  
24 Tuesday, and in the next few days they replace  
25 working bulbs with CFLs.

1           A.    Is there something specific in my  
2    rebuttal that is referencing that?  I'm sorry.

3           Q.    No.  I'm going to the -- what you talk  
4    about is the effectiveness of the kits, and you're  
5    making the arguments about how effective the kits  
6    are, so I'm asking a question about how quickly  
7    people replace their bulbs.

8           EXAMINER PRICE:  The Bench would like to  
9    hear the answer to this too, so.

10          A.    Okay.  My statement on the success of the  
11    kits was predominantly based on the levels of  
12    participation, noting that we were successful in  
13    obtaining a very broad participation among the  
14    residential customers in the programs.

15                Specific to the question what -- what,  
16    you know, the -- I think what you are referring to  
17    relates to the installation rates, and I know earlier  
18    in the hearing last week we did discuss various  
19    installation rates associated with various kit  
20    components.

21                Specific to CFLs, my recollection was the  
22    program year 2 evaluation rate in Pennsylvania cited  
23    a 70 percent installation rate based on surveying  
24    within the first two or three months of customer  
25    participation, and then increased to an 82 percent

1 installation rate within one year. So I believe the  
2 replacement of the incandescents with CFLs that  
3 result from the kit would follow those evaluation  
4 findings.

5 Q. Could you repeat that last part of your  
6 answer in terms of the statistics?

7 A. The -- that the installation rates  
8 increased to I believe it was 82 percent within one  
9 year of the receipt of the kit. I believe the  
10 evaluation report that we discussed was a follow-up  
11 survey of those customers who had participated to  
12 ascertain the timing of installation, you know,  
13 the -- associated with the CFLs component of the  
14 kits.

15 Q. I may be wrong, but I don't think you  
16 answered the question in terms of how many customers  
17 receive those kits and within the first few days  
18 replace working incandescent bulbs.

19 A. I don't have any insight on within the  
20 first few days. I was relying on the information  
21 that was available.

22 EXAMINER PRICE: So you don't have any  
23 information as to whether people immediately replace  
24 or just put them in the closet and as incandescents  
25 bulbs fail replace them with CFLs?

1 THE WITNESS: Other than the initial  
2 survey results, which was within two to three months  
3 of participation, that's correct. I don't have any  
4 more aggressive knowledge.

5 EXAMINER PRICE: Right. But you really  
6 can't extrapolate from the information in two or  
7 three months people usually have two or three or four  
8 incandescent bulbs fail anyway.

9 THE WITNESS: I cannot.

10 Q. (By Mr. Kelter) Turning to your testimony  
11 regarding the T8s, could you turn to page -- page 5,  
12 line 1.

13 A. Yes.

14 Q. And you state, "Based on the likelihood  
15 that T12 lamps remain in retail stock or customer  
16 inventory, I believe that there are opportunities to  
17 incent standard T8 lighting installations that  
18 provide the early retirement of T12 lighting  
19 installations and achieve greater participation in  
20 the Companies' programs." Did I say it correct?

21 A. Yes.

22 Q. Would you also agree that there are  
23 opportunities to get customers to move from T12 lamps  
24 to a high performance T8?

25 A. That is correct.

1           Q.    What's the average life expectancy of a  
2   standard T8 fixture?

3           A.    I believe in the industry the measured  
4   life in technical reference manuals is approximately  
5   15 years.

6           Q.    Do you know the difference in price  
7   between a standard T8 fixture and a high performance  
8   T8 fixture?

9           A.    I know there is a price premium.  There's  
10   a lot of variables involved just because of the  
11   volume of different types of fixtures that are  
12   available in the market.  My understanding is for a  
13   common type of T8 fixture, it would be an  
14   approximately 38 percent increase.  But that's my  
15   understanding, again, recognizing there is a huge  
16   volume of different types of fixtures.

17          Q.    Is it -- is it correct that standard T8s  
18   use different bulbs than the high performance T8s?

19          A.    Yes.

20          Q.    And are those bulbs generally less  
21   efficient than the bulbs from the high standard --  
22   high performance T8s?

23          A.    Yes.

24          Q.    Are you familiar with a manufacturer  
25   called Sylvania?

1           A.     Yes.

2           Q.     According -- if I told you according to  
3     Sylvania, the high efficiency T8s save customers 20  
4     percent in energy costs over the average T8, does  
5     that sound like an accurate figure?

6           MR. LANG: Your Honors, I object at this  
7     time as going beyond the scope. He's asked several  
8     questions, I think, straying from the point in his  
9     testimony, which is simply whether it, you know,  
10    should be permitted to give incentives for standard  
11    T8s. Obviously, ELPC wants to spend all their time  
12    talking about high efficiency T8s. That's already  
13    been answered in their testimony. It's not being  
14    addressed in Mr. Miller's testimony, so I believe  
15    that this line is beyond the scope of what is in the  
16    rebuttal.

17           EXAMINER PRICE: Overruled.

18           A.     Can you repeat the question?

19           Q.     I said, according to Sylvania, the high  
20    efficiency T8s save customers 20 percent on average  
21    in energy costs over the average standard T8. Does  
22    that sound like an accurate figure to you?

23           A.     Without seeing the assumptions behind  
24    their calculation, it appears to be a little bit  
25    high, on the surface. Standard T8 fixtures are

1 32 watts. High efficiency are in the 28-watt range  
2 so there is basically a 4-watt delta, you know, on a  
3 32-watt base. To me, it's closer to 10 percent, 12,  
4 percent than 20 percent, so I think it all --  
5 everything else being equal, such as hours of use, it  
6 does appear to be on the high side. So I'm -- again,  
7 without seeing the assumptions, it's hard to agree  
8 with that number.

9 Q. Are you familiar with the Consortium for  
10 Energy Efficiency?

11 A. Yes.

12 Q. Do you think they have reliable numbers?

13 A. I would be hard-pressed to not -- to  
14 disagree.

15 Q. So if they -- if they say that the  
16 lighting systems, the difference between the high  
17 efficient T8 and the standard T8 are 10 to 20  
18 percent, you would accept that?

19 MR. LANG: Objection, facts not in  
20 evidence.

21 EXAMINER PRICE: We'll give him a little  
22 bit of leeway on this one, but after this.

23 MR. KELTER: That's my last question  
24 along those lines.

25 EXAMINER PRICE: Okay. Go ahead and



1 answer.

2 A. I would accept it as reasonable.

3 Q. And you would also agree that when  
4 comparing the differences between standard T8s and  
5 high performance T8s, you would also need to consider  
6 the differences in efficiency of the bulbs that you  
7 would use in each of those fixtures.

8 A. Yes.

9 Q. And you would agree that the high  
10 performance -- the high performance T8s use more  
11 efficient bulbs; is that correct?

12 A. They use bulbs that have less wattage, if  
13 that's what you're --

14 Q. Correct. So would it be in the realm of  
15 reasonableness, in your opinion, to assume that when  
16 you combine the high efficiency T8 with a lower  
17 wattage bulb, that the savings compared to a standard  
18 T8 fixture and bulb may be in the 40 percent range?

19 A. I would recognize that the savings does  
20 change by the combination of the bulbs and ballasts  
21 associated with the fixtures. Whether you are  
22 comparing a standard T8 or a high performance T8, I  
23 do note that there are cost issues associated with  
24 driving, I'll say, lower wattage bulbs or driving a  
25 higher performance related to the fixtures that also

1 needs to be factored into that consideration.

2 And there's also some considerations from  
3 an operations and maintenance standpoint, based on  
4 hours, measured life of the bulbs themselves. But,  
5 you know, you are correct in that you can -- there's  
6 a lot of many different combinations of T8 lights and  
7 fixtures, and depending upon the bulb and ballast  
8 assumption, it does drive differences in savings, as  
9 well as it does drive differences in costs.

10 Q. And could those savings be in the  
11 40 percent range?

12 A. I don't have any information that I could  
13 base a 40 percent on. I would be speculating on  
14 that. I do acknowledge there are different energy  
15 savings based on different lamp and bulb  
16 configurations, but just can't put a specific number  
17 to what the -- you know, what different combinations  
18 would produce.

19 MR. KELTER: Can I approach the witness,  
20 your Honor?

21 EXAMINER PRICE: You may.

22 Q. Could you take a look at the second  
23 column over to the left down at the bottom.

24 MR. LANG: Objection. Lack of  
25 foundation.

1 EXAMINER PRICE: Sustained.

2 MR. KELTER: Sorry.

3 Q. Mr. Miller, you're familiar with  
4 Sylvania, correct?

5 A. I'm familiar to the point of knowing they  
6 are a light bulb manufacturer and lighting fixture  
7 manufacturer. I can't speak intimately regarding  
8 Sylvania or their products specifically, but I am  
9 familiar with them.

10 Q. And this -- this sheet is marked  
11 "Sylvania" -- the title of this is Sylvania High  
12 Performance T8 Systems," correct?

13 A. Yes. This appears to be a specific type  
14 of lamp.

15 Q. And at the bottom in the right-hand  
16 corner, it also has the Consortium for Energy  
17 Efficiency logo, correct?

18 A. Yes.

19 Q. So if you -- if you take a look at this  
20 paragraph at the bottom of the second column --

21 MR. LANG: Your Honors, I continue to  
22 object. There is no evidence the witness has seen  
23 this document before.

24 MR. KELTER: I'm just going to ask him a  
25 question whether he thinks Sylvania's number is

1 reasonable.

2 EXAMINER PRICE: We'll defer ruling on  
3 your objection.

4 Q. (By Mr. Kelter) As I think Sylvania is a  
5 well-known manufacturer and they are part of the  
6 Consortium for Energy Efficiency and use their logo  
7 on this fact sheet, it says -- do you see the  
8 paragraph that says. "When you couple this system  
9 with highly efficient luminaries such as the Lithonia  
10 Lighting ES8 luminaire (shown above), the energy  
11 savings can be up to 44 percent compared to standard  
12 T8 Systems"?

13 A. Yes.

14 Q. And do you have any -- any reason to  
15 think that that would be an inaccurate statement by  
16 Sylvania?

17 MR. LANG: Continue to object, your  
18 Honor, based on the use of the document, and he is  
19 essentially trying to pull hearsay in through the  
20 document and assuming facts not in evidence that way.

21 EXAMINER PRICE: Sustained. It's a  
22 hearsay document, I don't mean to impugn Sylvania,  
23 but certainly as their interest in their savings  
24 document to maximize the value of the product, so  
25 this is not like a -- it's not going to come into the

1 learned treatise exception, let's put it that way.

2 MR. KELTER: Well, I -- again, your  
3 Honor, I am just asking him if he thinks that's a  
4 reasonable number so if he -- if he doesn't, then he  
5 doesn't.

6 MR. LANG: Your Honor, he has already  
7 asked -- he has been asked and answered that question  
8 before he brought that document out.

9 EXAMINER PRICE: He's already said the  
10 40 percent is a reasonable estimate.

11 MR. KELTER: Okay. That's all the  
12 questions I have, your Honor.

13 EXAMINER PRICE: I just have a follow-up  
14 question to that line of questions. Now, you intend  
15 to provide incentives for both standard T8 and high  
16 performance T8 systems; is that correct?

17 THE WITNESS: Yes.

18 EXAMINER PRICE: Will the incentive  
19 levels be the same?

20 THE WITNESS: No, they will not. Our  
21 incentive structure is on an energy-savings basis so  
22 we do provide a greater incentive for customers to  
23 install higher efficiency lighting fixtures.

24 EXAMINER PRICE: Have you considered  
25 whether your incentive structure should also be

1 disproportionate so you get a relatively higher  
2 incentive if you go with the more efficient system  
3 rather than the straight line that's just based on  
4 energy savings?

5 THE WITNESS: I don't know.

6 EXAMINER PRICE: You don't know whether  
7 you have considered that?

8 THE WITNESS: Yeah. I don't know. I  
9 know we work very closely with our implementation  
10 vendors to set the incentives to drive the  
11 participation, but I don't know as part of those  
12 discussions if that was considered or not.

13 EXAMINER PRICE: And have you set the  
14 incentives for these light bulbs yet or this program  
15 yet?

16 THE WITNESS: We have our rebate strategy  
17 which provides the up to value that's part of our  
18 filing. Would you like me to reference it?

19 EXAMINER PRICE: If you could, just  
20 identify where it is so I can find it later.

21 THE WITNESS: Okay.

22 EXAMINER PRICE: I'm sorry, I've not  
23 committed your entire 1,500 pages.

24 THE WITNESS: Understood. Rebate  
25 strategy is Appendix C-4 of our filing, and for

1 lineal fluorescent retrofit, it's what I was  
2 referring to, is called nonstandard. It's up to 12  
3 cents per kWh energy savings. The standard which is  
4 for smaller retrofits is 75 percent of the  
5 incremental cost, not to exceed.

6 EXAMINER PRICE: Okay. Thank you.

7 I'm sorry, Mr. Kelter, you have completed  
8 your cross; is that correct?

9 MR. KELTER: Yes, your Honor.

10 EXAMINER PRICE: Mr. Olikar.

11 MR. OLIKER: No questions, your Honor.

12 EXAMINER PRICE: EnerNOC.

13 MR. POULOS: No questions, your Honor.

14 EXAMINER PRICE: Staff.

15 MR. PARRAM: No questions, your Honor.

16 EXAMINER PRICE: Redirect.

17 MR. LANG: May we have two minutes, your  
18 Honor? We will do this very quickly.

19 EXAMINER PRICE: You may.

20 Let's go off the record.

21 (Discussion off the record.)

22 EXAMINER PRICE: Let's go back on the  
23 record.

24 Mr. Lang.

25 MR. LANG: Thank you, your Honor. And we

1 have no redirect so the company would move Exhibit  
2 21.

3 EXAMINER PRICE: Okay. Any objections to  
4 the admission of Company Exhibit 21?

5 Seeing none, the exhibit will be  
6 admitted.

7 (EXHIBIT ADMITTED INTO EVIDENCE.)

8 MS. KOLICH: Your Honor, before we take  
9 the next witness, just to knock this off the list,  
10 can we read a stipulation into the record?

11 EXAMINER PRICE: You may.

12 MR. POULOS: Your Honor, the statement  
13 is, "EnerNOC and the Companies stipulate that the  
14 results from a competitive request for proposal  
15 enabled the Ohio Edison Company and the Cleveland  
16 Electric Illuminating Company to pay less than 10  
17 percent of the modeled incentive value of \$120,000  
18 per megawatt in contracted demand response resource  
19 incentives in 2011. The Toledo Edison Company did  
20 not issue a request for proposal for contracted  
21 demand response resources in 2011."

22 EXAMINER PRICE: Thank you.

23 MS. KOLICH: And to put that stipulation  
24 into context, Mr. Poulous asked several questions  
25 pertaining to the cost of the incentives that the



1 company deemed confidential. The companies  
2 originally agreed to file that under seal. This  
3 stipulation is in lieu of us filing that information  
4 under seal.

5 EXAMINER PRICE: Thank you. Any  
6 objections to the stipulation?

7 Seeing none, thank you.

8 MR. POULOS: Thank you, your Honor.

9 (Witness sworn.)

10 EXAMINER CHILES: You may proceed.

11 - - -

12 EREN G. DEMIRAY

13 being first duly sworn, as prescribed by law, was  
14 examined and testified on rebuttal as follows:

15 DIRECT EXAMINATION

16 By Mr. Lang:

17 Q. Mr. Demiray, could you introduce yourself  
18 again.

19 A. Yes. My name is Eren Glen Demiray. My  
20 business address is 76 South Main Street, Akron, Ohio  
21 44308.

22 MR. LANG: Your Honor, we would ask that  
23 Mr. Demiray's rebuttal testimony be marked as Company  
24 Exhibit 22.

25 EXAMINER CHILES: So marked.

1 (EXHIBIT MARKED FOR IDENTIFICATION.)

2 Q. Mr. Demiray, do you have your rebuttal  
3 testimony in front of you?

4 A. Yes, I do.

5 Q. It was prepared by you or under your  
6 direction?

7 A. Yes, it was.

8 Q. Do you have any corrections to make to  
9 your testimony?

10 A. One very minor one, yes. On page 7, line  
11 7, in the parentheses it has "(EGD-R4 F 18)." The  
12 "R4" should say "R5," and that's my only correction.

13 Q. If I were to ask you the same questions  
14 today as are in Company Exhibit 22, would, with that  
15 one correction, would your answers be the same?

16 A. Yes.

17 MR. LANG: Your Honor, Mr. Demiray is  
18 available for cross.

19 EXAMINER CHILES: Thank you.

20 Mr. Williams.

21 MR. LANG: I'm sorry, I have one last  
22 housekeeping matter.

23 EXAMINER CHILES: Go ahead.

24 MR. LANG: Moved too quickly through  
25 that.

1           Q.     (By Mr. Lang) Mr. Demiray, on the first  
2     day of hearing, Attorney Examiner Price asked I  
3     believe it was Mr. Dargie what percentage of  
4     customers prior to the May, 2012, base residual  
5     auction declined to commit their resources and what  
6     percentage of customers simply were unable to make a  
7     decision or unable to be reached. Do you have a  
8     response?

9           A.     Yes, I do. Your Honors, the --  
10    Mr. Dargie did testify 15 percent of customers did  
11    assign their EE resources while the remaining  
12    85 percent we didn't hear back from or said no. In  
13    that 85 percent, essentially the companies did reach  
14    out to the top customers that made up the  
15    disproportionate amount of the savings, and of those,  
16    9 percent of the customers said specifically no.

17                The remaining 91 percent, although our  
18    customer service reps and national account reps would  
19    have reached out to them to ensure they did receive  
20    the letter, tried to walk them through what it  
21    actually meant, the 91 percent never got back to us  
22    by the time of the deadline.

23                EXAMINER PRICE: Okay. Thank you.

24                MR. LANG: And now I'm done. Thank you,  
25    your Honor.

1 EXAMINER CHILES: Mr. Williams.

2 MR. WILLIAMS: No questions.

3 EXAMINER CHILES: Mr. Dougherty.

4 MR. DOUGHERTY: I have one question.

5 That question that was presented by Mr. Lang, is that  
6 considered part of the rebuttal testimony, or is he  
7 just answering a question that was presented to  
8 another party -- to another witness? Is that  
9 crossable?

10 EXAMINER CHILES: We will allow cross on  
11 the statement.

12 EXAMINER PRICE: That was your one  
13 question, though.

14 MR. DOUGHERTY: And I am going to leave  
15 it at that. No questions.

16 EXAMINER CHILES: All right.  
17 Mr. Allwein.

18 MR. ALLWEIN: Thank you, your Honors.

19 - - -

20 CROSS-EXAMINATION

21 By Mr. Allwein:

22 Q. Good morning, Mr. Demiray.

23 A. Good morning.

24 Q. My name is Chris Allwein, and I'll be  
25 asking questions on behalf of the Natural Resources

1 Defense Council and the Sierra Club this morning.

2 Were you the sole author of this  
3 testimony?

4 A. It was prepared by me or under my direct  
5 supervision, yes.

6 Q. All right. And did you consult with  
7 other folks at FirstEnergy before filing it?

8 A. Yes.

9 Q. Who did you consult with?

10 A. It would have been Diane Rapp.

11 Q. Is that R-A-P-P?

12 A. Yes.

13 Q. And can you tell me what department that  
14 Diane Rapp works in?

15 A. I'm not sure the technical title, but  
16 it's essentially within our energy efficiency  
17 department, the EMB group.

18 Q. In your previous testimony -- I should  
19 say your original direct testimony, did you testify  
20 as to whether the plan was designed to meet the  
21 benchmarks?

22 A. That was not part of my direct testimony,  
23 no.

24 Q. Why not?

25 A. My testimony was on shared savings.

1           Q.    Okay.  And have you participated in the  
2           preparation of the FirstEnergy companies' previous  
3           portfolio status reports?

4           A.    Are you saying specifically to Ohio?  
5           Pennsylvania?  What states are you referring?

6           Q.    Sorry.  I will clarify.  I am referring  
7           to the FirstEnergy Ohio Electric Distribution  
8           Utilities Annual Benchmark Portfolio status reports.

9           A.    Specific to Ohio, no, I don't believe I  
10          have.

11          Q.    Now, even though you haven't participated  
12          in the preparation of those Ohio Electric  
13          Distribution Utility Reports, are you familiar with  
14          the reports of the companies' evaluators, ADM  
15          Associates?

16          A.    Generally, yes.

17          Q.    Going to your testimony on page 2, line  
18          19, you state that the three companies, The Cleveland  
19          Electric Illuminating Company, The Toledo Edison  
20          Company, and the Ohio Edison Company, you state that  
21          the proposed plans "as filed are designed to meet or  
22          exceed Ohio's statutory benchmarks for energy  
23          efficiency, both on a cumulative savings and  
24          additional incremental savings basis."  Do you see  
25          that?

1           A.    Yes, I do.

2           Q.    All right.  And can you define, please,  
3 your definition or the definition you've used for  
4 "cumulative savings."

5           A.    I would say that it is consistent with  
6 4928.66(A) (1) (a) where it is a total savings, year  
7 over year, that is increasing.

8           Q.    All right.  And then can you please  
9 provide what definition you used or what you are  
10 referring to when you state "additional incremental  
11 savings."

12          A.    I would say that incremental amount would  
13 be the difference, year over year, between those  
14 cumulative numbers.

15          Q.    All right.  And on page 2, beginning on  
16 line -- well, beginning on line 20, your second  
17 bullet point, you state that "The methodology used by  
18 Mr. Sullivan in his Direct Testimony... contains  
19 flaws and overstates the comparative alleged  
20 benefits."  Do you see that?

21          A.    Yes, I do.

22          Q.    All right.  How would you have  
23 calculated, on a ballpark basis, the net billed  
24 savings and enhanced portfolio of nonmercantile  
25 self-direct and nontransmission distribution programs

1 would produce?

2 A. Again, what I would say is I'm not  
3 proposing that I necessarily agree with the analysis.  
4 I'm just pointing out flaws that are apparent in the  
5 one that was performed.

6 Q. Okay. So you wouldn't have an idea of  
7 how to perform such an analysis yourself?

8 A. That analysis was not performed as part  
9 of this. I was just finding fundamental errors in  
10 the methodology that was employed.

11 Q. Okay. I know it wasn't done, but I guess  
12 my question was, do you have an idea of how you would  
13 perform the calculation?

14 A. Well, if you refer to my testimony, page  
15 8, lines 16 through 19, I do state that "While  
16 detailed modeling would be required to see if this  
17 supposed additional savings could even be achieved in  
18 the 2013-'15 period and at what ultimate cost, it is  
19 clear that Mr. Sullivan's analysis focused solely on  
20 long term potential benefits, without regard for the  
21 near term rate impacts of such actions."

22 So I would state that to do such an  
23 analysis, you would have to do, as I state, the  
24 detailed modeling to see if it's achievable.

25 Q. Now, is such a -- is the detailed



1 modeling that you describe on lines 16 through 19 on  
2 page 8, is that available in the companies' Market  
3 Potential Study?

4 A. I think that would be one of many inputs  
5 that would have to be considered as part of  
6 developing a detailed modeling to see, but not the  
7 sole input.

8 Q. All right. And is the determination of  
9 whether those benchmarks are achievable, is that part  
10 of the Market Potential Study?

11 A. I believe the definition of the Market  
12 Potential Study is looking at the achievable results  
13 and the economic results and the technical results,  
14 so I think that that is contained within the broad  
15 view of that. But to do such a detailed analysis you  
16 would have to take in many other considerations,  
17 including participation rates, experience the  
18 companies have in these programs and the other  
19 programs in other jurisdictions to create a  
20 well-balanced portfolio.

21 Q. All right. And I believe you mentioned  
22 Company Exhibit 15. And I apologize. I don't have a  
23 line number. Hang on one second. I will look for  
24 it, unless you know what it is. Okay. That was --  
25 it's page 4, line 4. Do you see that?

1           A.    I'm there.

2           Q.    All right.  And do you have a copy of  
3 that exhibit with you?

4           A.    The original discovery, yes.

5           Q.    Did you develop this estimate?

6           A.    What estimate in particular are you  
7 referring to?

8           Q.    I am referring to the exhibit in general.  
9 Were you a part of developing the estimates that  
10 appear?

11          A.    In conjunction as looking at part of the  
12 overall modeling, there was a -- these tables do come  
13 directly from that, yes.

14          Q.    All right.  Okay.  I want to refer  
15 specifically to the 2012 cumulative annualized  
16 year-end estimate, which I believe is in the top left  
17 corner.

18          A.    The specific operating company?

19          Q.    We can -- you can choose one, if you  
20 want, but if you want me to choose one, we'll look at  
21 Ohio Edison's.

22          A.    Okay.  That's the first one.

23          Q.    Okay.  So did you develop that estimate?

24          A.    I was involved as part of the modeling of  
25 the overall portfolio.  Yes, that was one thing I

1       helped prepare.

2               Q.     All right.  And who assisted you with  
3       that?

4               A.     I would say Ed Miller's team, in general.

5               Q.     All right.  And looking at that table,  
6       can you tell me the basis or, I guess asked more  
7       plainly, where did you get the annualized year-end  
8       estimate for residential programs?

9               A.     Would have come from internal reporting  
10       that would have been through the time at which we  
11       were developing the plan.  At that point we took a  
12       look at installed measures, month over month, to the  
13       point where they would have been, I guess you would  
14       say, you would take a look at the total you had under  
15       the belt to the estimation of when those came in and  
16       estimate the residual savings that would apply in the  
17       next year based on that under partial year  
18       methodology.  Those two bits together would make up  
19       the annualized equivalent.

20              Q.     Okay.

21              A.     Including also all activity to date that  
22       was prior to the year 2011 -- I'm sorry, prior to the  
23       year 2012, so 2011 and before, annualized results.

24              Q.     Okay.  And just to be clear, you say  
25       "annualized results."  But when you say "annualized

1 results," you mean the -- the residual pro rata that  
2 extends from the beginning of that measure to the end  
3 of that measured life; is that correct?

4 A. I think there's a couple of points there.  
5 I mean, first off, I was talking about annualized  
6 results in terms of the 2011 and prior, so we had  
7 those to the companies' annual status reports on top  
8 of that. You would take, again, the partial year  
9 contributions you do have within the year in 2012 and  
10 then an estimate for those that would apply in 2013.

11 Those were not included as part of the  
12 overall portfolio because the portfolio program in  
13 '13-'15, you have to ensure you have a pro rata  
14 amount in there that is not influenced by activities  
15 from prior years that you can say that the budgets  
16 and TRC are specific to what's listed in the plan.

17 Q. Right. And I guess I just want to  
18 distinguish the way that you are using the term  
19 "annualized" as being different from the waiver that  
20 the company was requesting -- requesting, you know,  
21 in reference to pro rata versus annualized savings.  
22 You are using "annualized" here differently, just to  
23 refer to the beginning of the pro rata measured life  
24 to the end of that pro rata measured life?

25 A. I would say under the Companies' proposal

1 for a waiver, they had requested that the savings in  
2 future periods would count would have the  
3 partial-year methodology. So that, regardless of the  
4 point at that time within the year that you do  
5 install it, it is counted as the full-year  
6 equivalent. I would say that's consistent with what  
7 these are suggesting.

8 Q. Okay. All right. In the annualized  
9 year-end estimate for residential programs, are you  
10 including the 2010, 2011, and 2012 year results of  
11 the online audit program?

12 A. I would say that the savings prior to the  
13 2011 -- I'm sorry, prior to 2012 would be included as  
14 part of the 2011 status report. In the 2012 period  
15 it would include a combination of those installations  
16 that the companies were aware of at the time the  
17 modeling was created, as well as a forecast of  
18 activity through the end of the year.

19 Q. All right. And do the annualized  
20 year-end estimates for mercantile customer-sited  
21 programs, does that include projects that the  
22 Commission has not yet approved?

23 A. Again, it would be in conjunction with a  
24 number of things, that being prior to 2012, those  
25 that were filed as part of the companies' annual

1 status report in 2012, it would have been an estimate  
2 of the number that the companies had, again, under  
3 their belt and those that they forecast through the  
4 end of the period.

5 Q. In going back to my question, does that  
6 estimate include projects that the Commission has not  
7 yet approved?

8 A. It depends on, I think, the -- it would  
9 include those that have been filed with the  
10 Commission. Again, it would include those that have  
11 been projected through the end of the year. You can  
12 definitely say that those that are projected have not  
13 been approved by the Commission.

14 Q. Okay. All right. And are these  
15 estimates based on ex-ante or ex-post verified  
16 annualized savings?

17 A. It would be consistent with the  
18 information -- well, again, depends on what we are  
19 talking about here. The 2011 would be consistent  
20 with the information as presented in there. It would  
21 be -- I don't recall off the top of my head at what  
22 level that was done. I would -- I don't believe  
23 that -- for terms of the forecast savings for the  
24 balance of this year, it would definitely be done on  
25 an ex-ante basis.

1           And I will add, I know this entire  
2 process is a series of forecasts, both for the period  
3 of the balance of the year from the forecast through  
4 the entire '13 to '15 plan, so the companies did deem  
5 that these were reasonable expectations.

6           Q.    Okay.  Really quickly here, I just want  
7 to look at Exhibit EGD-R4, and just for reference you  
8 refer to this on page 4, lines 11 through 12 -- well,  
9 line 11 through 13.  I just want to ask you, is it  
10 your testimony that this September 6 document  
11 provides the same level of detail that was provided  
12 on September 24 to the collaborative?

13           A.    I think it definitely provides the -- to  
14 the collaborative?

15           Q.    Yes.  Wasn't this part of a  
16 collaborative -- oh, it's a technical conference.

17           A.    It's part of the technical conference  
18 supporting the portfolio plan to demonstrate, again,  
19 that the targets that we have would be met by what  
20 was included in the portfolio plan.

21           Q.    And can you just read the note that  
22 appears below the table there on this page?

23           A.    Yes.  It says, "For discussion purposes  
24 only, numbers are subject to change."

25                   The reason that was included, again, at

1 the top of the page it does say it is a savings  
2 forecast.

3 Q. Okay. All right. I would like to turn  
4 back to your testimony now on page 5, lines 15  
5 through 17. If you look, you state that  
6 "Mr. Sullivan does not account for the application of  
7 banked surplus energy savings the Companies are  
8 estimating at the end of the 2012." Do you see that?

9 A. I do.

10 Q. All right. And according to the  
11 FirstEnergy companies' proposed plans, would the  
12 companies be able to comply with the 2013 to 2015  
13 additional incremental benchmarks without employing  
14 these banked surplus energy savings?

15 A. I disagree, first off, that there are  
16 incremental and renewal benchmarks. Again, the way  
17 that I have defined it is on a cumulative basis  
18 consistent with 4928.66(A)(1)(a).

19 Q. And I think you are referring to your  
20 testimony. Well, first, let's -- okay. Let's go to  
21 page 6, line 2. You state that "The correct way to  
22 calculate the additional incremental annual baseline  
23 is to use the difference in yearly cumulative  
24 benchmarks consistent with 4928.66(A)(1)(a). Do you  
25 see that?



1           A.    One more time, the line?

2           Q.    Page 6, lines 2 through 4.

3           A.    Yes, I see that.

4           Q.    Okay.

5           A.    I get that as a conflict with what I just  
6 said, that it is, again, on a cumulative basis.

7           Q.    And when you say "the correct way," is  
8 that your opinion, or is there some -- is there some  
9 statute or Commission rule that defines calculating  
10 the incremental annual baseline this way?

11          A.    Again, I don't think that there is  
12 anything other than in 4928.66(A)(1)(a), where it  
13 states specifically that on a cumulative basis, the  
14 cumulative amount increases year over year.

15          Q.    And so turning back to my question, using  
16 this language that you present here, the additional  
17 incremental annual baseline, would the companies be  
18 able to comply with the 2013-2015 additional  
19 incremental benchmarks without banked surplus energy  
20 savings?

21          A.    Again, my answer would be the same, that  
22 it is based on a cumulative basis, and that those  
23 cumulative savings are what is applicable, that there  
24 is no separate annual incremental baseline as  
25 established in 4928.66.

1           Q.    So the companies haven't employed any  
2           calculations to show additional incremental  
3           benchmarks?

4           A.    I don't think it is part of the -- their  
5           requirement. No, that has not separately been done.

6           Q.    Okay.

7           EXAMINER PRICE: Okay. Let's ask the  
8           question a different way. Can the companies comply  
9           with their 2013, '14, and '15 energy efficiency  
10          benchmarks without the use of banked savings?

11          THE WITNESS: Without the use of banked  
12          savings?

13          EXAMINER PRICE: Yeah.

14          THE WITNESS: I would say the way we  
15          did -- complied was using a portion of the banked  
16          savings that was subject to future years so I don't  
17          want to argue over the semantics of it.

18          EXAMINER PRICE: I don't want to argue  
19          about the legality of it. Nobody is questioning your  
20          ability to use banked savings. I'm just asking if  
21          banked savings were to be excluded, which they will  
22          not be, but, hypothetically, if banked savings were  
23          to be excluded, would the companies comply with their  
24          2013, '14, and '15 benchmarks?

25          THE WITNESS: On a cumulative basis?

1 EXAMINER PRICE: On a cumulative basis.

2 THE WITNESS: I think you would have to  
3 take a look at the exhibits where that would or would  
4 not occur. I think it would occur in some  
5 situations. It might not occur in other situations.

6 EXAMINER PRICE: Walk me through them.

7 THE WITNESS: All right. So I think we  
8 can walk past Exhibit EGD-R1 because that's purely on  
9 a cumulative basis. Do you think that's fair?

10 EXAMINER PRICE: Sure.

11 THE WITNESS: CK if you take a look at  
12 Exhibit RD -- EDG-R2, on there you would see the --  
13 the cumulative benchmark each year, and to determine  
14 if you ultimately comply, and assuming for some  
15 reason banked savings could not be applied, you would  
16 take out what is in column 9.

17 So then it would be a combination of  
18 columns 5 plus columns 8, and, for example, the first  
19 year would be -- and I am referring specifically to  
20 CEI here -- you would take that 839,193, plus the  
21 additional 63,849, and then you would have to compare  
22 that against the benchmark, which would be 608,007.

23 If you want to do that a different way,  
24 you could state that the difference between the  
25 cumulative benchmark year over year, for example, the

1 860,007 against the 427,846, that would be if there  
2 weren't incremental benchmarks that you had to hit,  
3 that that would be an equivalent of what that would  
4 be compared against, the 63,849, and that's assuming  
5 you had no banked whatsoever, no prior performance  
6 whatsoever.

7 EXAMINER PRICE: Okay. Thank you.

8 MR. ALLWEIN: All right. Your Honors,  
9 may I have the last portion of that last answer read  
10 back, please.

11 EXAMINER PRICE: You may. Why don't we  
12 read back the entire answer.

13 MR. ALLWEIN: That will be fine.

14 EXAMINER PRICE: Not guessing where you  
15 want to start. Read back the previous answer,  
16 please.

17 (Record read.)

18 Q. (By Mr. Allwein) Mr. Demiray, are you  
19 aware of banked surplus energy savings referenced  
20 anywhere in the law?

21 A. I don't know semantics about law versus  
22 what might be ordered, things like that, but I will  
23 say in 888, it's my understanding companies are  
24 allowed to apply banked savings.

25 Q. All right. And do you know if any Ohio

1 utilities have used banked surplus savings to comply  
2 with the additional incremental benchmarks?

3 A. I am not aware if they have exercised  
4 that right.

5 Q. And do you know if any Ohio utility has  
6 used banked surplus savings to comply with cumulative  
7 incremental benchmarks?

8 A. I am not aware if they have exercised  
9 that right.

10 EXAMINER PRICE: What we can agree,  
11 however, is that you project for each company for  
12 each year, the -- both on an annualized and pro rata  
13 basis, that the projected banked savings balance will  
14 decline steadily over the course of this three-year  
15 program portfolio period.

16 THE WITNESS: I think that's fair, yes.

17 Q. (By Mr. Allwein) I'm sorry, let me find  
18 one more testimony reference here.

19 Turning to your testimony on page 7,  
20 beginning on line 14 and through line 17, you state  
21 that "Simply keeping other errors constant and using  
22 the corrected net benefits/gigawatt hour for  
23 FirstEnergy rather than AEP would eliminate almost  
24 53 million of the alleged additional benefits." Do  
25 you see that?

1           A.    Yes, I do.

2           Q.    How did you calculate that?

3           A.    I can walk you through on Sullivan  
4 Exhibit DES-1. There are a number of errors on there  
5 and which ones I corrected. Bear with me. I am  
6 getting there now.

7           Q.    I'm sorry, are we going to look at one of  
8 your exhibits or DES-1 --

9           A.    No. I would like to go to DES-1 because  
10 that's how I calculated it.

11          Q.    Okay. Hand on one second, please. Okay.

12          A.    All right. If you are there, there are  
13 11 numbers on this page, and I believe 6 of them are  
14 wrong. But essentially, you know, in support of the  
15 53 million, first off, the B5B 139,945 demonstrated  
16 on EDG-R5, that is inappropriate noting the  
17 exclusions as called out on Mr. Sullivan where that  
18 would be in the range of 160 million.

19                Then you take that over -- even though  
20 there is a reference in D5 that you are taking B and  
21 dividing by D, that is incorrect. You are actually  
22 taking B and dividing by C. In that case, the  
23 126,127 per net benefit to gigawatt would change to I  
24 think it's 146,000 or so.

25                Again, putting aside that E5 and then

1 ultimately E9 are wrong, you would then essentially  
2 be saying that the 324, which, again, was calculated  
3 in Mr. Sullivan's testimony by taking the 1,995 and  
4 for some reason calculating that against AEP's net  
5 benefit per gigawatt hour, which is inappropriate,  
6 you would then correct that against the now correct  
7 FirstEnergy one, which would be 146, again, which  
8 would be the corrected value in D5. That would take  
9 that down to I believe it's 231 or 239 million,  
10 somewhere around there, and 184 would drop to  
11 131 million.

12 Q. Okay. And you are aware some of this  
13 was, I believe, corrected by Mr. Sullivan when he was  
14 on the stand.

15 A. I don't have all of that.

16 Q. Okay.

17 A. Again, though, I don't believe the  
18 reference to using AEP's avoided costs as opposed to  
19 FirstEnergy's was.

20 Q. All right. And you state on page 8,  
21 beginning on line 10 and going through line 12, "The  
22 resulting adjusted budget is approximately  
23 \$238 million dollars or roughly \$217,000 per gigawatt  
24 hour." Do you see that?

25 A. Yes.

1           Q.    And -- okay.  And then on line 14 through  
2 line 15 you see that it says in DES-1, the -- I'm  
3 sorry.  I'll back up.

4                    You're referring to the "additional 898  
5 gigawatts of energy savings suggested in DES-1 could  
6 cost an additional \$195 million on top of The  
7 companies' proposed budgets."  Do you see that?

8           A.    Yes, I do.

9           Q.    And what would that be in terms of per  
10 kWh?  Do you know?

11          A.    I don't know off the top of my head, no.

12          Q.    All right.  And --

13          A.    Again, though, I think the underlying  
14 analysis is flawed, and I don't think the comparative  
15 nature of it is reasonable.  But taking it into  
16 consideration, making the same exclusions that  
17 Mr. Sullivan noted, I do just show that as a rough  
18 guide what that -- a way to calculate an impact, yet  
19 still note on the bottom it is not a detailed  
20 modeling.

21          Q.    All right.  One more question here and  
22 then I wanted to move on to the crossable item you  
23 talked about earlier but.

24                   All right.  On page 8, lines 17 through  
25 19, you state, "It is clear that Mr. Sullivan's



1 analysis focused solely only on long term benefits,  
2 without regard for the near term rate impacts of such  
3 action." Do you see that?

4 A. Yes, I do.

5 Q. What is the weighted average measured  
6 life of the measures in the proposed plans?

7 A. I don't know. That would be a great  
8 question for Mr. Miller.

9 Q. Okay. One moment, please.

10 Okay. Regarding the -- the testimony  
11 that you presented when you -- when you got on the  
12 stand, I wanted to ask you, has FirstEnergy  
13 experienced a significant decline in program  
14 participation since April?

15 A. I don't believe the companies have seen a  
16 significant decline.

17 Q. All right. And according to the Opinion  
18 and Order in -- in 12-1230-EL-SSO, the FirstEnergy  
19 so-called "ESP III," according to that order, if the  
20 participants don't commit ownership, they are not  
21 eligible for the rebates; is that correct?

22 MR. OLKER: Can I have that question  
23 read back, your Honor? I'm sorry.

24 EXAMINER CHILES: Would you read that  
25 back.

1111

1 (Record read.)

2 MR. LANG: Your Honor, I would object. I  
3 am trying to figure out how that's within the scope  
4 of his testimony, and I'm not seeing it so I'll  
5 object on that basis.

6 EXAMINER CHILES: Mr. Allwein.

7 MR. ALLWEIN: I don't think it's in the  
8 scope of his rebuttal testimony, but I believe he  
9 made a statement regarding ownership and  
10 participation this morning to supplement something  
11 that Mr. Dargie had stated. Is that correct?

12 MR. LANG: With regard to as in answering  
13 a hearing examiner question, but it was -- had  
14 nothing to do with ESP III and the legal  
15 requirements. It was simply the factual matter of  
16 who was contacted and who responded.

17 EXAMINER CHILES: Overruled.

18 A. I don't have a legal basis for that. I  
19 don't think that language that you quoted is exactly  
20 what the ESP III states either, though.

21 Q. Have any of the 91 percent of customers  
22 that you stated did not respond responded since the  
23 May auction two-year letter?

24 A. I am not aware.

25 Q. All right.

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1 EXAMINER PRICE: Excuse me, wait one  
2 second, Mr. Allwein. When you say "I'm not aware,"  
3 you are saying: I'm not aware of any," or "I do not  
4 know one way or the other"?

5 THE WITNESS: I don't know one way or the  
6 other. I do know the companies have taken, if you  
7 want to call it, another shot at trying to contact  
8 them and trying to get them to commit those  
9 additional resources, but I don't know any of the  
10 specifics about that.

11 EXAMINER PRICE: Okay. Thank you.

12 Q. (By Mr. Allwein) All right. And has the  
13 company followed up, or do the companies plan to  
14 follow up regarding the ownership of the 91 percent  
15 of the customers to bid into, perhaps, subsequent  
16 incremental auctions?

17 A. I believe I just answered that question.

18 Q. Oh, you did, I'm sorry.

19 MR. ALLWEIN: May I have the answer read  
20 back?

21 EXAMINER CHILES: Please read it back.

22 (Record read.)

23 MR. ALLWEIN: Okay. I have no further  
24 questions, your Honor. Thank you.

25 EXAMINER CHILES: Thank you.

1 Ms. Kern.

2 MS. KERN: I have no questions, your  
3 Honor.

4 EXAMINER CHILES: Ms. Kyler.

5 MS. KYLER: No questions.

6 EXAMINER CHILES: ELPC.

7 MR. McDANIEL: No questions.

8 EXAMINER CHILES: Mr. Oliker.

9 MR. OLIKER: I think I have one question,  
10 your Honor.

11 - - -

12 CROSS-EXAMINATION

13 By Mr. Oliker:

14 Q. You mentioned a portion of the customers,  
15 Mr. Demiray, that affirmatively said no, they would  
16 like to retain the ownership rights of energy  
17 efficiency credits.

18 A. That's correct.

19 Q. Is it possible that those customers  
20 wanted to retain those ownership rights because they  
21 wanted to bid those capabilities into PJM?

22 A. Yes, it is.

23 MR. OLIKER: No more questions, your  
24 Honor.

25 EXAMINER CHILES: Thank you.

1 Mr. Parram.

2 MR. PARRAM: Yes, your Honor. Thank you.

3 - - -

4 CROSS-EXAMINATION

5 By Mr. Parram:

6 Q. Good morning, Mr. Demiray.

7 A. Good morning.

8 Q. I have a question regarding your Exhibit  
9 EDG-R2. And I'm looking specifically at column 5.  
10 It's Cumulative Forecasted Savings.

11 A. I'm there.

12 Q. Do you see where I'm at? Now, the  
13 cumulative forecasted savings listed in column 5 are  
14 based upon an assumption that the Commission will  
15 grant mercantile applications from 2013 through 2015;  
16 is that correct?

17 A. That it will grant applications in 2013  
18 through '15, I believe it would be based on the  
19 projected results as included in the companies'  
20 filings where there were some savings associated with  
21 mercantile programs.

22 Q. Okay.

23 A. Mercantile sited, I apologize.

24 Q. Okay. And those savings are based upon  
25 mercantile customer applications that some have been

1 approved by the Commission and some have not been  
2 approved by the Commission?

3 A. I would say it doesn't specifically state  
4 they would be going through the rider exemption  
5 method or they would be going through the pilot  
6 program. To say that some have not been approved,  
7 I think is fair. But I think recent memory or  
8 recent experience would show the vast majority going  
9 through the pilot program have been approved, and I  
10 would say that, most likely, the style of projects  
11 that you would see as projected in the portfolio plan  
12 are more likely those that are going through that  
13 pilot mechanism which has seen a very high approval  
14 rate.

15 Q. Okay. Just to be clear, these are still  
16 pending applications?

17 A. They are forecasted, and then pending on  
18 top of that, yes.

19 Q. And if you could, go to column 9 on the  
20 same exhibit, the "Incremental pro-rata banked  
21 savings applied."

22 A. Yes.

23 Q. And for these banked savings, these  
24 numbers are also based upon mercantile applications  
25 that are still pending before the Commission; is that

1 correct?

2 A. Again, I think it would be a blend of  
3 when you're talking about specifically, I would say  
4 that it includes activities as part of the 2011  
5 annual status report. Those that were applied, I  
6 don't know the exact status of how many were approved  
7 versus pending. It would also include a forecast  
8 through the balance of '12 and those that we would  
9 expect to file, again, most likely under the pilot  
10 program.

11 And then within specifically the future  
12 period, it would probably be a combination of those  
13 that you would expect in '13 and '14, depending on  
14 which banked number you are specifically referring  
15 to. It would probably include a forecast portion in  
16 there as well.

17 Q. Are you aware of a general number of how  
18 many mercantile applications have already been either  
19 denied or suspended by the Commission?

20 A. I want to say that somewhere around 450  
21 applications have actually gone to the Commission,  
22 this was as of mid September, and I am aware of maybe  
23 one or two, it would be very, very small numbers,  
24 that have been suspended or not approved. Of the  
25 450, the vast, vast majority of them have been

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1 approved and, again, especially those that will be  
2 going under the pilot program.

3 MR. PARRAM: That's all I have. Thank  
4 you.

5 THE WITNESS: Thank you.

6 EXAMINER CHILES: Thank you.

7 Mr. Lang, redirect?

8 MR. LANG: Your Honors, we have no  
9 redirect.

10 EXAMINER CHILES: Examiner Price.

11 EXAMINER PRICE: No questions.

12 EXAMINER CHILES: I have no questions.  
13 Thank you. You may step down.

14 THE WITNESS: Thank you, very much.

15 MR. LANG: Your Honors, the companies  
16 would move Exhibit 2, please.

17 EXAMINER CHILES: All right. Are there  
18 any objections to the admission of Company Exhibit  
19 22?

20 Seeing none, Company Exhibit 22 will be  
21 admitted.

22 (EXHIBIT ADMITTED INTO EVIDENCE.)

23 MR. ALLWEIN: Your Honor, may we take a  
24 brief break before the last witness here?

25 EXAMINER CHILES: Sure. Let's take a



1118

1       brief five-minute recess.

2                       (Discussion off the record.)

3                       (At 12:41 p.m. a lunch recess was taken  
4       until 1:06 p.m.)

5                               - - -

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1 Tuesday Afternoon Session,  
2 October 30, 2012.

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4 EXAMINER CHILES: Let's go on the record.

5 MR. LANG: Your Honors, the companies  
6 call Eileen Mikkelsen.

7 (Witness sworn.)

8 EXAMINER CHILES: Thank you. You may be  
9 seated.

10 - - -

11 EILEEN M. MIKKELSEN

12 being first duly sworn, as prescribed by law, was  
13 examined and testified on rebuttal as follows:

14 DIRECT EXAMINATION

15 By Mr. Lang:

16 Q. Can you -- hit the mic first. Can you  
17 introduce yourself, please.

18 A. My name is Eileen Mikkelsen.

19 Q. Business address.

20 A. My business address is 76 South Main  
21 Street, Akron, Ohio 44 308.

22 MR. LANG: Your Honor, at this time I  
23 would like Ms. Mikkelsen's testimony, rebuttal  
24 testimony, marked as Company Exhibit 23.

25 EXAMINER CHILES: It is so marked.

1 (EXHIBIT MARKED FOR IDENTIFICATION.)

2 Q. Ms. Mikkelsen, do you have before you  
3 Company Exhibit 23?

4 A. I do.

5 Q. Is this rebuttal testimony that you  
6 prepared or was under your supervision?

7 A. Yes.

8 Q. Do you have any corrections to make?

9 A. I do. Page 3, line 5, the word  
10 "Testified" is misspelled.

11 Q. Add an "i"?

12 A. Correct. And on page 8, line 20, the  
13 word that is currently styled "W-H-A-Y" should be  
14 why, "W-H-Y." That's all the corrections I have.

15 Q. Thank you.

16 A. You're welcome.

17 Q. And if I were to ask you the questions in  
18 Company Exhibit 23, would those -- with those two  
19 corrections, would your answers be the same?

20 A. Yes.

21 MR. LANG: Your Honor, the witness is  
22 available.

23 EXAMINER CHILES: Thank you.

24 Begin with Mr. Allwein.

25 MR. ALLWEIN: Thank you, your Honors.

1                               - - -

2                               CROSS-EXAMINATION

3       By Mr. Allwein:

4               Q.     Good afternoon, Ms. Mikkelsen.

5               A.     Good afternoon.

6               Q.     My name is Chris Allwein, and I'm here to  
7       ask questions on behalf of the Natural Resources  
8       Defense Council and the Sierra Club today.

9                       Let's look at your testimony. Page 2,  
10       lines 17 to 20, you discuss your -- I'm sorry, lines  
11       17 to -- 16 to 19. You talk about your work with  
12       various positions at FirstEnergy Solutions. And I  
13       was just wondering, did you participate in the PJM  
14       market as part of your work with FirstEnergy  
15       Solutions?

16              A.     Can you be more specific? What do you  
17       mean with respect to participating in the PJM market?

18              Q.     Did you assist the company with any PJM  
19       market activities during your time at FirstEnergy  
20       Solutions?

21              A.     At various times throughout my tenure at  
22       FirstEnergy Solutions, I did participate in various  
23       rulemaking activities associated with PJM and  
24       would -- another point in my time at FirstEnergy  
25       Solutions, I would have used PJM forward prices for

1 developing price quotes, or under my direction, price  
2 quotes would have been developed for customers of  
3 FirstEnergy Solutions.

4 Q. Did any of your activities involve the --  
5 any auction participation of any kind?

6 A. When I was at the FirstEnergy's  
7 consulting business, the E Group, we had clients that  
8 participated in PJM demand response programs, so in  
9 that capacity, discharging those responsibilities on  
10 behalf of our clients, I would say yes.

11 Q. Okay. Thank you. On page 3, beginning  
12 with line 1 and going through line 3, you note that  
13 you "participated in internal decision making to  
14 develop the strategy for the Companies' participation  
15 in PJM auctions." What was your role in that  
16 decision-making process, if you can speak to it  
17 generally?

18 A. My role in the internal decision making  
19 to help develop the strategy was probably a couple of  
20 things. One, I communicated to my management  
21 concerns and issues that I heard, both through the  
22 collaborative process as well as in discussions with  
23 staff as part of the 12-1814 docket; and in addition  
24 to kind of communicating that information that I was  
25 learning from various folks we were dealing with, I

1 did participate directly with the folks on the energy  
2 efficiency team to put together a strategy for  
3 participating in the PJM auction, which we then  
4 recommended that that strategy be reviewed and  
5 improved by the management of the companies,  
6 specifically through our EE Steering Committee.

7 Q. Okay. And were you -- did you  
8 participate in the bid into the PJM base residual  
9 auction that occurred earlier this year in which the  
10 companies participated?

11 A. Two questions, in what respect are you  
12 using the word "participated"; and, two, are you  
13 referring to the base residual auction in May or some  
14 other auction?

15 Q. I am referring to the base residual  
16 auction in May, and "participated" meaning that the  
17 companies bid, I believe, 36 megawatts in or  
18 36 megawatts cleared. Did you assist in preparing  
19 and executing that bid into the PJM base residual  
20 auction in May?

21 A. I participated in -- I would say I did.  
22 I participated in the development of the bid.  
23 Someone other than me actually executed the bid.

24 Q. Okay. Who is it in FirstEnergy that  
25 actually executed the bid?

1           A.    Our regulated generation strategy group.

2           Q.    Is that -- is Ed Stein one of the folks  
3 on this group?

4           A.    Ed Stein is in a different group.

5           Q.    Okay. Did he participate in -- or in the  
6 preparation or execution of your bid into the  
7 capacity auction, into the base residual auction this  
8 year?

9           A.    He may have.

10          Q.    Okay. On page 3, line 8, you say that  
11 the purpose of your testimony is "to rebut  
12 recommendations of various parties that the Companies  
13 should bid speculative positions into future PJM  
14 Auctions." Do you see that?

15          A.    I do.

16          Q.    And I just want to ask specific -- is  
17 there any specific recommendation that you are  
18 rebutting here, or is this just a general rebuttal of  
19 items in direct testimony?

20          A.    I think a number of parties in the course  
21 of this proceeding have raised the topic of whether  
22 the companies should be bidding into the forward  
23 market energy efficiency and demand response  
24 resources that don't exist currently, so I'm  
25 addressing those topics in this testimony.

1           Q.    Okay. Okay. Let's move on to page 4,  
2    line 6 of your testimony. You state that "Energy  
3    efficiency resources must meet both" -- "the PJM  
4    project requirements and be of a size where the  
5    Companies "can reasonably expect the auction revenues  
6    produced by the technology or project to offset the  
7    cost of the incremental M&V associated with the  
8    project." Do you see that?

9           A.    That's not completely correct. What the  
10   sentence reads is that "Energy efficiency resources  
11   must meet both the minimum PJM project requirements  
12   and be of a size where the Companies can reasonably  
13   expect the auction revenues produced by the  
14   technology or project to offset the cost of the  
15   incremental M&V associated with the project."

16          Q.    Thank you for that clarification.  
17   Regarding that statement, what PJM requirements are  
18   you referring to in that statement?

19          A.    The PJM requirement that in order to --  
20   the minimum bid size for an energy efficiency project  
21   be 100 kW.

22          Q.    And then the second half of that  
23   statement, and can "reasonably expect the auction  
24   revenues produced by the technology or project to  
25   offset the cost of incremental M&V," is that a PJM



1 requirement?

2 A. The additional M&V requirements in order  
3 to participate in the PJM auctions are a PJM  
4 requirement. The practical judgment that the company  
5 makes that the revenue expected to be received by  
6 participation should exceed the cost of participation  
7 is not, to my knowledge, a PJM requirement.

8 Q. Okay. And --

9 EXAMINER PRICE: Are there economies of  
10 scale in the M&V -- the cost of the M&V requirement?

11 THE WITNESS: You are obligated to have  
12 separate M&V for each project or technology, but to  
13 the extent that you have many projects of a similar  
14 type that you can use the same M&V, yes.

15 EXAMINER PRICE: Okay.

16 Q. (By Mr. Allwein) And do you have any  
17 ballpark estimates of what the cost of incremental  
18 M&V is that you mentioned, like a per kW or per  
19 megawatt?

20 A. I don't.

21 Q. And earlier when you were talking about  
22 your recommendations to management, did that include  
23 any analysis of the cost benefits or risks of bidding  
24 energy efficiency -- of bidding speculative energy  
25 efficiency resources into the 2012 base residual

1 auction? And by "speculative" I mean forecast  
2 savings from your plans.

3 MR. ALLWEIN: May I have that question  
4 reread, please.

5 EXAMINER CHILES: Please reread.

6 (Record read.)

7 A. Yes.

8 Q. And can you describe the -- the analysis  
9 that was included?

10 A. The question that you asked me addressed  
11 whether we did an analysis of the risks associated  
12 with -- for bidding forecasted energy efficiency  
13 resources into the 2012 base residual auction. And  
14 we did provide management our analysis and judgment  
15 with respect to the attendant risks associated with  
16 doing that.

17 Q. Okay. And can you -- let's just talk  
18 about that for a minute. To the extent that you can,  
19 what -- what were the risks -- the attendant risks as  
20 you described them that you discussed with your  
21 management?

22 A. I think those are the same risks that I  
23 have outlined in my testimony.

24 Q. Any others that are not in the testimony?

25 A. Not that I recall.

1           Q.    Okay.  And if I didn't, I also meant to  
2           inquire whether your recommendations included an  
3           analysis of the costs associated with bidding  
4           forecast savings or the benefits of forecast savings.  
5           Did your analysis include either of those things?

6           A.    Again, our analysis addressed the risks  
7           associated with bidding those forecasts, but we did  
8           not perform a specific numerical analysis,  
9           cost/benefit analysis, and I am not sure we could  
10          have simply because it would have been based on  
11          future judgments which were not available at that  
12          time.  I should clarify that to say future auction  
13          results, so merely we talked about the range of risks  
14          associated with the actions.

15          Q.    All right.  I'm going to ask you -- let's  
16          see, I want to ask you about page 4, line 13 going  
17          through line 14, you state that "First, in my  
18          opinion, the primary purpose for PJM capacity market  
19          auctions is to provide certainty for system  
20          reliability."  Do you see that?

21          A.    I do.

22          Q.    And is it your opinion that only the  
23          resources that are certain should be bid into the PJM  
24          capacity market auctions?

25          A.    I think PJM rules allow for bidding

1 planned resources.

2 Q. So if the PJM rules allow for the bidding  
3 of planned resources and the company plans on  
4 generating energy efficiency savings in order to  
5 comply with the Ohio statutory benchmarks, how would  
6 you distinguish that from other planned resources?

7 A. I think there is an element, as I say  
8 here in my testimony, particularly with respect to  
9 bidding energy efficiency resources that don't exist,  
10 to the extent that those are bid into the market and  
11 they are, in fact, not installed downstream, that  
12 does not provide for, you know, certainty with  
13 respect to the system reliability.

14 Q. Now, do you think that that holds true  
15 for any form of generation or just energy efficiency  
16 resources?

17 A. I think it would be incumbent upon any  
18 bidder to have a great degree of certainty that the  
19 planned resources they are bidding into a base  
20 residual auction will be delivered in advance of the  
21 delivery year.

22 MR. ALLWEIN: May I have that answer read  
23 back, please.

24 EXAMINER CHILES: You may.

25 (Record read.)

1           Q.    So is there a lack of certainty on your  
2 part that the proposed savings to be generated by  
3 your plan in 2013 to 2015 will actually be generated?

4           THE WITNESS:   May I have that question  
5 reread, please.

6           EXAMINER CHILES:   Please reread the  
7 question.

8                       (Record read.)

9           A.    I have a high degree of certainty that we  
10 will reach the statutory mandates in the years 2013  
11 through 2015.  I have less certainty, as I've  
12 discussed here in my testimony, about how we'll  
13 achieve those mandates.

14          Q.    I would like to move on to lines 16 to  
15 18.

16          A.    Page, please?

17          Q.    I'm sorry, page 4 still.  You state that  
18 you "do not believe it is appropriate for regulated  
19 electric utilities to take speculative future  
20 positions that could subject either the utility or  
21 its customers to severe financial harm."  Do you see  
22 that?

23          A.    I do.

24          Q.    And can you, with more specificity, tell  
25 us what you mean by "severe financial harm"?

1           A.    I think there is a couple of aspects to  
2   the financial harm associated with speculative --  
3   taking a speculative future position. The first is  
4   in the event that the company would be unable to  
5   provide that resource in the delivery year, the  
6   company would be subject to penalties from PJM.

7                       Secondly, I've heard it discussed in this  
8   proceeding that the companies should view future  
9   incremental auctions as a possible hedge or risk  
10  mitigation tool for taking a future position today.  
11  And not knowing what future incremental auctions will  
12  clear at, to rely on that as a strategy for meeting  
13  an open future position creates a situation where the  
14  company may end up paying more for that resource than  
15  they were compensated for that resource in the BRA.

16           Q.    Well, is it your opinion that any utility  
17  that bids planned resources into a future capacity  
18  auction is taking a speculative position?

19           A.    I have no opinion on what other electric  
20  utilities do, sir.

21           Q.    Okay. The only reason I asked is because  
22  you said you do not believe it is appropriate for  
23  regulated electric utilities. Were you only  
24  referring to the FirstEnergy electric distribution  
25  utilities in Ohio? That's line 16 on page 4.

1           A.    Yes.

2           Q.    Are you aware of the Public Utilities  
3 Commission's order in the 12-814 case?

4           A.    Perhaps you could describe more  
5 completely what you mean by "order." I am not aware  
6 there was an order in that case.

7           Q.    I'm sorry. I misspoke. My apologies.  
8 Are you aware of the Commission's 12 -- I'm sorry.  
9 I'll start over.

10                   Are you aware of the Commission's entry  
11 in 12-814 from February 29, 2012?

12           A.    Yes.

13           Q.    And are you aware that the Commission  
14 within that order requested that the FirstEnergy  
15 companies consult with staff and file a report  
16 detailing potential energy efficiency and peak demand  
17 reduction offers into the May, 2012, PJM auction?

18           A.    I'm aware that the entry requested that  
19 the company consult with the staff and prepare a  
20 report for the Commission with respect to the  
21 Companies' plans regarding the 2015-'16 base residual  
22 auction.

23           Q.    Okay. Now, you follow up your statement  
24 on page 4, lines 16 through 18, with a second  
25 statement where you say, "This is especially true

1 given there is not a statewide directive providing  
2 consistent requirements for electric utilities." Do  
3 you see that?

4 A. I do.

5 Q. And when you say "directive providing  
6 consistent requirements," are you referring  
7 specifically to any -- are you specifically referring  
8 to requirements by the Public Utilities Commission of  
9 Ohio regarding bidding energy efficiency resources  
10 into PJM?

11 A. I'm referring in that line to the fact  
12 that there is no PUCO requirement for bidding in PJM,  
13 and that there is no statutory requirement for  
14 bidding in PJM, and PJM considers participation for  
15 these types of resources voluntary.

16 Q. Are you aware of whether -- of whether  
17 FirstEnergy has presented this item, the fact that  
18 there isn't a statewide directive providing  
19 consistent requirements for the electric utilities in  
20 any of -- in the 12-814 docket or the ESP or some  
21 other appropriate docket?

22 A. I'm not entirely clear what you mean by  
23 "appropriate docket," sir.

24 Q. Well, I'll just take a couple then. Are  
25 you aware of whether the companies expressed this



1 position in either the 12-814 case or the so-called  
2 ESP III case?

3 A. I don't recall the company articulating  
4 this in the 12-814 case, and I genuinely don't  
5 remember the ESP III case, whether we did or did not.

6 Q. Okay. Are you aware of other regulated  
7 utilities that bid -- that bid planned or forecast  
8 energy efficiency resources into the PJM base  
9 residual auction?

10 A. Can you describe to me what you mean by  
11 "forecast," sir?

12 Q. Savings that have not yet been generated  
13 but are planned to be generated in the future.

14 A. Can you describe to me what you mean then  
15 by "plan"?

16 Q. Well, they have a -- similar to the  
17 Companies' plans in this case, they have a  
18 presentation on how they will generate energy  
19 efficiency resources in the future.

20 A. So when you use the word "plan" in this  
21 context, you are not using it in the same sense that  
22 PJM uses it when they talk about a planned resource.  
23 Am I correct in understanding you?

24 Q. Well, I -- I would like to follow up your  
25 question with a question. Can you tell me how PJM

1 uses the word "plan"?

2 A. PJM for energy efficiency resources  
3 considers a resource existing if it has an approved  
4 post-implementation m&V plan that has been approved  
5 by PJM. It considers the resource planned to the  
6 extent that it does not have a post-implementation  
7 approved M&V plan.

8 MR. ALLWEIN: All right. And may I have  
9 that answer reread, please.

10 EXAMINER CHILES: You may.

11 (Record read.)

12 Q. All right. So in your understanding of  
13 PJM, can a planned resource be bid into a PJM base  
14 residual auction?

15 A. PJM articulates a number of requirements  
16 before a resource provider can offer or bid an energy  
17 efficiency resource into a PJM auction. So in order  
18 to -- as long as the resource provider can satisfy  
19 those requirements, they are able to offer or bid a  
20 resource into. All of that would proceed well in  
21 advance of the point where you reach a  
22 post-implementation M&V plan.

23 Q. Okay. So your understanding is that the  
24 only resources that can be bid into PJM base residual  
25 auctions -- and by "resources," I mean energy

1 efficiency resources -- are those existing resources,  
2 using PJM's definition that have an approved  
3 post-implementation M&V plan; is that correct?

4 A. No.

5 Q. Okay. Please correct me.

6 A. Perhaps -- if you could frame a question  
7 for me.

8 Q. Okay. Sure. My question is what did I  
9 say that was incorrect?

10 THE WITNESS: May I have his statement  
11 reread, please.

12 EXAMINER CHILES: Please read the  
13 statement.

14 (Record read.)

15 MR. ALLWEIN: Thank you.

16 A. So you would like me to now correct that  
17 statement? I think if I were to attempt to correct  
18 that statement, I would say that I don't believe the  
19 only resources that a resource provider is eligible  
20 to bid into PJM are existing resources. I don't  
21 believe that to be true.

22 Q. Okay. Well, my -- my question is, are  
23 there forecast resources by utilities that can be bid  
24 into future base residual auctions?

25 A. As I said earlier, there are specific

1 requirements that a resource provider has to satisfy  
2 in order to offer an energy efficiency resource into  
3 a PJM RPM auction.

4 Q. And, hypothetically, let's say these  
5 resources meet those requirements that must be  
6 satisfied but they haven't yet been generated, those  
7 could be bid into the PJM base residual auction; is  
8 that correct?

9 A. Energy efficiency resources that satisfy  
10 the requirements for being offered into a base  
11 residual auction as articulated by PJM can certainly  
12 be offered into a PJM auction.

13 Q. Okay. And some of those resources have  
14 not yet been generated. Even when they satisfy all  
15 the requirements, it's possible they haven't yet been  
16 generated; isn't that correct?

17 A. I apologize. I am not entire sure when  
18 we talk about generated, we are talking about EE  
19 resources here, so can you be clearer what you are  
20 talking about generated?

21 Q. I'm sorry. I'm talking about the savings  
22 from energy efficiency resources being generated.

23 THE WITNESS: I'm sorry, can you repeat  
24 the question? I apologize.

25 EXAMINER CHILES: Could you read the

1 question back, please.

2 (Record read.)

3 A. Energy efficiency resources that have not  
4 yet been installed but that otherwise meet the  
5 requirements for being offered into the PJM auction  
6 may be offered by a PJM resource -- pardon me, by a  
7 resource provider.

8 Q. Okay. And just for purpose of future  
9 questions, may we call those "planned resources"?

10 A. I don't think so because I think -- why I  
11 am reluctant to do so because planned resources are a  
12 very specific term, and I don't think using it  
13 generally does a service to the discussion.

14 Q. Okay. How about if I call them "forecast  
15 resources"?

16 A. I think what I'm struggling with is in my  
17 mind, there may be resources and there may be energy  
18 efficiency resources that are included in the plan  
19 that we may forecast but that may not, in my  
20 judgment, meet the requirements necessary to offer  
21 those into the auction before they are installed.

22 Q. All right. I can use a longer term and  
23 call them "planned resources that have not yet  
24 been" -- "planned energy efficiency savings that have  
25 not yet been generated." May I use that term?

1           A.    I think we can use any term you want to  
2    use, but what I don't want to lose in using your term  
3    is a fundamental understanding of what needs to occur  
4    in order to bid those in, and so I am reluctant to  
5    accept your characterization because I'm afraid in  
6    doing so, I've assumed it into a resource that can,  
7    in fact, participate in the auction. That's where my  
8    reluctance is.

9           Q.    All right. Well, my question is that I'm  
10   wondering whether you're aware of other regulated  
11   utilities bidding in resources that meet the PJM  
12   requirements to be bid into an auction but whose  
13   savings have not yet been generated. Are you aware  
14   of other regulated utilities bidding those resources,  
15   as I just described, into base residual auctions  
16   conducted by PJM?

17          A.    I have no direct knowledge.

18          Q.    Okay. In going back to your earlier  
19   definition, would those resources being utilized by a  
20   utility to be bid in a PJM be speculative?

21          A.    I apologize. We had a number of  
22   discussions about a number of definitions. Which  
23   definition are you referring to now, sir?

24          Q.    Well, you discuss on lines 16 and 17 of  
25   your testimony on page 4 that you don't believe it's

1 appropriate for regulated electric utilities to take  
2 speculative positions. And so what I'm asking you  
3 now is, in your opinion, would utility companies that  
4 bid in existing resources as defined by PJM whose  
5 savings have not yet been generated would then be  
6 taking a speculative position by bidding those into  
7 the PJM auction?

8 A. The definition of an existing energy  
9 efficiency resource for PJM means that it has an  
10 approved post-implementation M&V plan. So in my mind  
11 that means the resource has been installed, PJM has  
12 done its due diligence with respect to validating the  
13 nominated value of the energy efficiency resources  
14 associated with that, and approved that M&V. So, no,  
15 sir, I don't think at that point I would consider  
16 that a speculative resources.

17 Q. Now, did you just say that existing is  
18 defined by PJM as now something that's already been  
19 installed?

20 A. An existing PJM resource is a resource  
21 that has an approved post-implementation M&V plan by  
22 PJM. I think I have been consistent in my  
23 description of that, and yes, sir, it has to be  
24 installed or implemented in order to have a  
25 post-implementation M&V plan that is reviewed and

1 vetted by PJM prior to approval.

2 Q. Is it your understanding that the M&V  
3 plan looks at a resource in terms of how it will be  
4 installed but doesn't imply that it already has been  
5 installed, according to PJM?

6 A. I think your question, perhaps, is  
7 referring to an initial M&V plan that a resource  
8 provider is obligated to file with PJM no later than  
9 30 days before an auction, and that, sir, is an  
10 entirely different M&V plan than the  
11 post-implementation M&V plan I have been referring  
12 to.

13 Q. Okay. We'll move on for a while. Going  
14 to it -- back to page 4, line 18, you used the term  
15 "severe financial harm." And did you do any kind of  
16 analysis or calculation that would demonstrate the  
17 severe financial harm to the company if they did bid  
18 in a portion of their forecast resources as proposed  
19 by this plan?

20 A. I think my testimony is that it could  
21 subject the utilities, not that it would, and, no, I  
22 did not make a calculation of what that severe  
23 financial harm could be.

24 Q. Okay. So is it fair to say that you  
25 don't really know if it would be severe?



1           A.    It could be severe.  I don't know that it  
2 would be severe.

3           Q.    Okay.  Thank you.  And then the next line  
4 which we've discussed already, which is, "This is  
5 especially true given that there is not a statewide  
6 directive providing consistent requirements for  
7 electric utilities," are you suggesting that if there  
8 was a statewide directive providing consistent  
9 requirements for electric utilities to bid into PJM,  
10 that the FirstEnergy companies would then begin to  
11 bid in forecast resources into these auctions?

12          A.    Whether the FirstEnergy companies would  
13 bid forecast resources into the PJM future auctions  
14 based on a state directive would be entirely  
15 dependent upon what the state directive is.  But to  
16 the extent that there is a state directive, whatever  
17 that directive is, FirstEnergy, I believe, would  
18 follow that directive.

19          Q.    On page 4, beginning on line 19 and going  
20 through line 21, you state that "There is -- "There  
21 also is no risk protection mechanism in mass to  
22 insulate each of the Companies (or their customers)  
23 from such financial harm."  Do you see that?

24          A.    I do.

25          Q.    And you just stated, and correct me if

1 I'm wrong, but you haven't calculated any potential  
2 financial harm here, be it severe or otherwise; is  
3 that correct?

4 A. I have not estimated a potential future  
5 harm based on a speculative bid that doesn't exist  
6 today, no, sir.

7 Q. Okay. And there weren't any specifics in  
8 the analysis that you presented to your management;  
9 is that correct?

10 A. No.

11 MR. ALLWEIN: May I have that question  
12 and the answer reread, please.

13 EXAMINER CHILES: You may.

14 Thank you.

15 (Record read.)

16 Q. And just to be clear, you are saying  
17 there was no specifics in that analysis as provided  
18 to management?

19 A. No, I don't think that's what I'm saying.  
20 I apologize. That was not what I was saying, no.

21 Q. Okay. What were you saying?

22 A. If your question to me was, were there no  
23 specifics -- maybe I better have the question reread  
24 back to the question about, I think, were there any  
25 specific --

1 THE WITNESS: Please read the question  
2 about the specifics to me.

3 EXAMINER CHILES: Thank you.

4 (Record read.)

5 A. The answer "no" meant that is not  
6 correct.

7 Q. Okay. So were there specifics in the  
8 analysis regarding financial harm, then, that you  
9 presented to management?

10 A. I'm sorry, so now you've appended  
11 "financial harm" to the question, sir?

12 MR. ALLWEIN: Can I have that question  
13 reread one more time, please.

14 EXAMINER CHILES: Please.

15 (Record read.)

16 Q. In the analysis you provided to your  
17 management, were there any specifics in terms of  
18 calculations that bidding in forecast savings --  
19 strike that.

20 In your analysis to management, were  
21 there any analysis of specifics regarding the severe  
22 financial harm you mentioned on line 18, page 4?

23 A. We discussed with our management in some  
24 great detail risks associated with participating in  
25 PJM -- or PJM base residual auctions and incremental

1        auctions. I would say we had a great deal of  
2        specificity in those discussions. They were fairly  
3        robust discussions.

4                Q. And so were there calculations as to what  
5        the financial harm might be?

6                A. No.

7                Q. So what were the specifics in terms of  
8        the financial harm that you discussed?

9                A. I think what I testified, sir, is that we  
10       discussed in great detail the risks associated with  
11       participating in the auctions, and the risks that we  
12       talked about, as I testified earlier, are really the  
13       risks that I have discussed here in my testimony.

14               Q. Okay. And did you discuss the benefits  
15       to customers, your customers, in these discussions?

16               A. Can you describe to me, sir, what you  
17       mean by benefits?

18               Q. Financial or otherwise.

19               A. We certainly included in the discussion  
20       the fact that should a resource clear in the auction,  
21       that resource would be compensated for participation  
22       in the auction. And our management is aware that  
23       those dollars would be credited back to customers  
24       through the DSE rider. Yes, we did have those  
25       discussions.

1 EXAMINER PRICE: Is that -- hold on a  
2 second, Mr. Allwein.

3 Is that the only benefits to customers  
4 you discussed?

5 THE WITNESS: Yes.

6 MR. ALLWEIN: I'm sorry, I didn't hear  
7 the question. I apologize.

8 EXAMINER PRICE: Let's read the question  
9 and answer back, please.

10 (Record read.)

11 MR. ALLWEIN: Thank you.

12 Q. Are you aware that a lower capacity price  
13 is also a potential benefit to your customers?

14 A. I believe lower capacity prices are a  
15 benefit to customers, yes.

16 Q. And do these bids into PJM hold the  
17 potential to lower that capacity price, depending on  
18 their size?

19 A. When we talk about "these bids," which  
20 bids are we talking about now, sir? The bids that  
21 didn't occur?

22 Q. We are talking about just hypothetical  
23 bids into the PJM base residual auction of energy  
24 efficiency resources.

25 A. Hypothetically speaking, energy

1 efficiency resources bid into the PJM base residual  
2 auction may impact the capacity clearing price in the  
3 auction.

4 Q. Impact it by lowering it?

5 A. Yes. May.

6 Q. And being aware of these benefits, did  
7 the companies ask the Commission in their proposed  
8 plans for any kind of risk mitigation measure to  
9 protect against the financial harm you discuss in  
10 your testimony?

11 A. I'm a little troubled by the "being aware  
12 of these benefits" at the beginning of the statement  
13 because, again, the companies have participated in  
14 base residual auctions and incremental auctions with  
15 demand resources and energy efficiency resources. So  
16 the companies understand the benefits of  
17 participating in those auctions and have done so in  
18 the past.

19 The benefits of participating in an  
20 auction with an uncertain resource are much less  
21 clear to me because bidding a resource into a  
22 capacity auction that does not ultimately get  
23 installed does not, in my mind, meet the test or meet  
24 really the purpose for the capacity auctions.

25 Q. All right. I guess I'm referring to you

1 discuss in a question on page 4, beginning on line 9,  
2 "Do the Companies agree with the recommendation of  
3 certain parties that 'planned' energy efficiency  
4 resources should be bid into future PJM auctions?"

5 And you give your answer, and then you  
6 discuss that you don't believe it's "appropriate for  
7 regulated utilities to take speculative future  
8 positions," on page 4, lines 16 to 18, because it  
9 could subject the utility or the customers to severe  
10 financial harm.

11 And so my question is, you talk about  
12 what these unknowns and uncertainties are, and I  
13 believe you -- and that's on page 5 with the question  
14 beginning on line 13, but let's -- I guess  
15 specifically -- and I'll actually form a question  
16 here.

17 On page 4, line 2 is -- I'm sorry. Let  
18 me back up. On page 4, line 19, this is what my  
19 question earlier -- questions were referring to. It  
20 says, "There also is no risk protection mechanism in  
21 place to insulate each of the Companies... from  
22 financial harm." And then you say that "Essentially,  
23 the parties advocating this risk exposure are  
24 suggesting that the Companies utilize the PJM  
25 capacity market as a financial arbitrage

1 opportunity."

2 So going to the line beginning on line 19  
3 and going through line 21, that there is also no risk  
4 protection mechanism in place, that's what I am  
5 referring to, that you stated there -- you state it  
6 conditionally, I will concede that -- that it  
7 could -- it may lower the capacity price, and that  
8 any revenue realized would flow back through the DSE  
9 rider.

10 So my question to you is, keeping all  
11 that in mind, did the companies in their proposed  
12 plans advocate any kind of a risk mitigation  
13 mechanism in order to bid?

14 MR. LANG: I'm sorry, I just have to  
15 object to the form of the question because I'm afraid  
16 that will be a total mess in the transcript.

17 EXAMINER CHILES: Could you restate your  
18 question, Mr. Allwein?

19 MR. ALLWEIN: Sure. Yep, I can.

20 EXAMINER CHILES: Thank you.

21 Q. Okay. Regarding your statement on page  
22 4, lines 19 through 21, where you state there is also  
23 no risk protection mechanism in place to insulate  
24 each of the companies or their customers from  
25 financial harm, my question to you is, did the



1 companies in their proposed plans present any kind of  
2 risk mitigation mechanism?

3 A. I believe the companies did, sir. And  
4 the risk mitigation mechanism that the company  
5 proposed is that it would plan to bid all eligible  
6 installed energy efficiency resources for which they  
7 have ownership rights at the time of each base  
8 residual auction or incremental auction, provided  
9 that the resources are of sufficient scale and will  
10 meet PJM measurement and verification standards and  
11 are included in an M&V plan approved by PJM. I  
12 believe, sir, that is the risk mitigation plan that  
13 the companies laid out when they filed their EE/PDR  
14 plan.

15 Q. Okay. And -- and that is why you  
16 disagree -- or I should say, is that one of the  
17 reasons that you disagree, as you state in your  
18 question on page 4, lines 9 through 11, that you do  
19 not agree with the recommendation of certain parties  
20 that planned energy efficiency resources should be  
21 bid into future PJM auctions?

22 A. As I've said here in my testimony, I  
23 believe that by bidding in these forecasted  
24 resources, it creates an additional level of risk for  
25 the company and/or its customers.

1 Q. And did the companies propose in their  
2 plan any risk mitigation measure for that?

3 MR. LANG: Objection, asked and answered.

4 EXAMINER CHILES: Mr. Allwein, do you  
5 have a response?

6 MR. ALLWEIN: Well, if -- may I -- may I  
7 restate the question but before I do that, have her  
8 last answer read back?

9 EXAMINER CHILES: Sure. Could you read  
10 back the last answer, please.

11 (Record read.)

12 Q. So to be clear, your risk mitigation  
13 measures are basically to not bid in forecast  
14 additional resources; is that correct?

15 A. Yes.

16 Q. Okay. Thank you. Were any other risk  
17 mitigation strategies considered?

18 A. For specifically dealing with the  
19 forecasted energy efficiency resources?

20 Q. Yes, ma'am.

21 A. At the time of this plan or prior to the  
22 plan?

23 EXAMINER PRICE: I'm not sure if I  
24 understand your request for clarification. At the  
25 time -- I don't understand the distinction at the

1 time of the plan and prior to the plan?

2 THE WITNESS: Well, perhaps I can provide  
3 a little clarification around that. At the time that  
4 the company was meeting with the staff, as it was  
5 directed to do in 12-814, we met with the staff, and  
6 at that time the companies were very -- expressed the  
7 position that to the extent that the Commission would  
8 insulate the companies and/or its customers -- I  
9 guess, the companies from the risk associated with  
10 participating in the '15-'16 base residual auction,  
11 that the companies may consider a different position  
12 with respect to participation in that auction.

13 That did not occur, and so coming out of  
14 that process as we developed our plan, I think the  
15 focus was on, as we've stated here, participating in  
16 these auctions to the extent that we were able with  
17 existing installed resources as we've discussed.

18 EXAMINER PRICE: Thank you.

19 THE WITNESS: You're welcome.

20 EXAMINER PRICE: Pardon my interruption,  
21 Mr. Allwein. She asked you for a clarification on  
22 your question, so the ball's in your court.

23 Q. (By Mr. Allwein) My question involved  
24 during the development of the plan or other risk  
25 mitigation measures considered.

1                   MR. LANG: So I believe that question was  
2 answered.

3                   EXAMINER PRICE: No.

4                   A. During the development of the plan, I  
5 think the risk mitigation measure that was considered  
6 was to bid, as we have discussed, those resources  
7 that are already installed that meet the PJM  
8 requirements that we have ownership for. I don't  
9 recall at the time of the plan development other risk  
10 mitigation measures.

11                   But I guess, if I could add, again, the  
12 point of these capacity auctions is really to provide  
13 system reliability, so to the extent that a resource  
14 provider, in my mind, is offering a resource into  
15 that capacity auction, there should be a high degree  
16 of certainty that those resources will be available  
17 for use during the delivery year in order to support  
18 the overall reliability of the electrical system.

19                   And so to the extent that we talk about  
20 bidding future resources where there is a high degree  
21 of risk, in my mind, at least, associated with those  
22 resources, be implemented in accordance with the plan  
23 or won't they. Will they be eligible for delivery  
24 into the PJM year, or won't they? I think that  
25 that's an entirely different discussion.

1 EXAMINER PRICE: But we have already  
2 covered that ground, haven't we? Because PJM has  
3 rules for bidding planned but uninstalled -- that  
4 satisfies resources -- that satisfies PJM's interests  
5 in system reliability?

6 THE WITNESS: They do. And one of those  
7 requirements is that the installation -- or that the  
8 project or technology is scheduled to be installed  
9 prior to the delivery year. And when I think about  
10 our energy efficiency plans, we have a forecast for  
11 participation rates and a number of other assumptions  
12 that underlie what might occur with respect to those  
13 plans; and to me, that's very different than having  
14 great certainty that you have that installation  
15 scheduled for implementation prior to the delivery  
16 year.

17 Q. (By Mr. Allwein) But following up on that  
18 question and answer, you would agree that your energy  
19 efficiency and peak demand reduction plans as  
20 proposed for 2013 to 2015 do forecast the  
21 installation of several different energy efficiency  
22 measures; is that correct?

23 A. The plans include assumptions of all  
24 participation in our various programs. But I think  
25 experience would suggest that what our expectations

1 are going into the plan are not necessarily how that  
2 plan will be implemented or how customers will choose  
3 to participate at those exact same levels throughout  
4 the plan period, and there are a number of resources  
5 built in our plan that simply aren't eligible for  
6 participation in the PJM process. And so to the  
7 extent that participation in those programs exceeds  
8 the level that was included in the forecast, you  
9 could find yourself in harm's way.

10 Q. Aren't several of the energy efficiency  
11 measures that you proposed to install or oversee the  
12 installation of as a part of your plan, aren't  
13 several of those potentially eligible as a PJM base  
14 residual auction resource?

15 A. Yes.

16 Q. And is it your testimony today that  
17 you're uncertain about whether you will install or  
18 oversee the installation of enough of these resources  
19 to meet your energy efficiency statutory benchmarks  
20 between 2013 and 2015?

21 A. No, sir. I think I already testified to  
22 the fact that I'm confident that the company will  
23 meet its statutory obligations with respect to its  
24 energy efficiency and peak demand reduction benefits  
25 for the 2013 to 2015 period. What I'm less certain

1 about is specifically which programs or measures will  
2 ultimately be implemented in what mix in order to  
3 allow us to achieve those mandates.

4 So, for example, if I have contracted for  
5 demand response resources in order to satisfy my peak  
6 demand production mandates and I end up through the  
7 '13 through '15 period using more of the contracted  
8 demand resources, I could still and would still meet  
9 my statutory requirements, but I would not be able to  
10 bid those demand resources into a PJM auction because  
11 I would assume that I don't have ownership of those  
12 for PJM bidding purposes. The curtailment service  
13 providers would or the individual customer would.

14 EXAMINER PRICE: Okay. I am going to  
15 take one shot at this. Hopefully then we can move  
16 on.

17 What your testimony is, because the  
18 company has a substantial amount of flexibility in  
19 the implementation plan on meeting annual targets  
20 versus bidding into a PJM capacity auction three  
21 years in advance, you are not certain that the  
22 individual capacity resources will be eligible for  
23 the PJM auction, although you are certain you will  
24 hit your statutory benchmarks.

25 THE WITNESS: Yes, sir.

1                   EXAMINER PRICE: I am going to ask a  
2 follow-up though. Given the four-year eligibility of  
3 demand -- of energy efficiency resources to be bid  
4 into a capacity auction, are you confident that all  
5 installed measures over the lifetime of this plan  
6 that otherwise meet the PJM requirements for bidding  
7 in the capacity auctions will eventually be bid into  
8 a PJM capacity auction?

9                   THE WITNESS: I am.

10                  EXAMINER PRICE: Thank you.

11                  Q. (By Mr. Allwein) Okay. I want to go to  
12 page 5, lines 13 and 14, you talk about specific  
13 examples of unknowns and uncertainties that you refer  
14 to a little bit above the question there, lines 7  
15 through 12. Do you see that?

16                  A. I do.

17                  Q. I think we've already kind of discussed  
18 the first one. In your second example you state that  
19 planned resources "may or may not qualify for  
20 participation into the PJM BRAs depending on the  
21 technology and the PJM rules in place at the time of  
22 delivery." Do you see that?

23                  A. I do.

24                  Q. Is it your opinion this PJM can disallow  
25 savings that were certified in an approved M&V plan



1 by changing the rules in the delivery year?

2 A. I believe once PJM approves a post  
3 installation M&V plan, those nominated values will  
4 not be changed. I would say that post installation  
5 are subject potentially to audit by PJM as part of  
6 that approval of the M&V process. But once the final  
7 post-implementation M&V report is approved, then, no,  
8 I don't believe those numbers are subject to change.

9 Q. So a delivery year rule change is not  
10 really an uncertainty as you presented here then, is  
11 it?

12 A. I think that there is always an  
13 uncertainty with regard to rule changes. What I  
14 testified to a moment ago was once PJM certifies the  
15 installation and approves the nominated savings based  
16 on their analysis of the post installation M&V plan,  
17 that I believe those values are solid.

18 EXAMINER PRICE: But you're certain  
19 technologies in your plan today do not qualify for  
20 PJM under the PJM rules for base residual auction.

21 THE WITNESS: Correct.

22 EXAMINER PRICE: And one of those  
23 examples is behavioral.

24 THE WITNESS: Correct.

25 EXAMINER PRICE: That's not a rule change

1 issue; the rules today do not apply --

2 THE WITNESS: That is correct.

3 Q. (By Mr. Allwein) And you list the example  
4 of behavioral energy efficiency savings as something  
5 that does not qualify for the BRAs on page 6, lines 6  
6 and 7. Do you see that?

7 A. I do.

8 Q. And it's clear already that those kind of  
9 resources don't qualify as a PJM resource; isn't that  
10 true?

11 A. Under the rules today for PJM, behavioral  
12 programs do not qualify, that's correct.

13 Q. All right. And I want to go to your  
14 third example where you discuss mercantile  
15 self-direct resources, and that begins on page 6,  
16 line 8, and extends through line 15. Do you see  
17 that?

18 A. I do.

19 Q. Now, PJM has specific rules regarding a  
20 historic project. Are you familiar with those?

21 A. I'm sorry, sir. I don't understand the  
22 question.

23 Q. One of the criteria -- one of the  
24 criteria, one criterion -- one of the criteria in the  
25 PJM Manual 18B, which I think you referred to in your

1 testimony and is an exhibit in this case, states that  
2 the time period of an energy efficiency installation  
3 determines whether an installation is eligible to be  
4 a capacity resource for a delivery year. Do you --  
5 are you familiar with that?

6 A. I am.

7 Q. All right. So anything that was  
8 installed more than a year prior to the auction is  
9 ineligible to be bid into that auction; isn't that  
10 correct?

11 A. If by "that auction" you are referring to  
12 the base residual auction, then I would agree with  
13 you, sir. If you are referring more broadly to base  
14 residual auctions and incremental auctions, then I  
15 would not agree with you.

16 Q. I was referring to the base residual  
17 auction, thank you. And so historic mercantile  
18 self-direct customers, as you present there in lines  
19 9 to 10 on page 6, if that historic self-direct  
20 project was installed more than a year before the  
21 auction, that's not going to qualify or be an  
22 eligible PJM resource; isn't that correct?

23 A. Mercantile self-direct projects that  
24 yielded energy efficiency resources that were  
25 installed more than a year before the base residual

1 auction would not be eligible for offer into the base  
2 residual auction.

3 Q. Okay.

4 A. I guess I want to be clear what I'm  
5 testifying to here is really attempting to identify  
6 uncertainties, right, so I wasn't suggesting  
7 otherwise with the inclusion of that statement.  
8 Rather, what I was saying is that from the time we  
9 implemented the program through September of this  
10 year, the company did not have the ownership rights  
11 to those for PJM bidding purposes for the mercantile  
12 self-direct programs effective in September of 2012.

13 We modified that program such that on a  
14 prospective basis we would have those ownership  
15 rights for participating in future PJM auctions. And  
16 then just continuing the thought in discussions here,  
17 in the course of this proceeding, the subject has  
18 been raised again that perhaps for mercantile  
19 self-direct projects on a prospective basis, the  
20 company should not assume ownership, but, rather, the  
21 customers participating might have the opportunity to  
22 provide those ownership rights to the company for PJM  
23 purposes, but they would have the obligation. So the  
24 purpose of this paragraph really went to sort of  
25 pointing out some of the unknown, the uncertainties.

1           Q.    Right.  I guess I was confused because  
2           you chose to include the word "historically."  So I  
3           assume we are referring to historic self-direct  
4           projects.

5           A.    I was, sir.  I was referring to the fact  
6           that historic mercantile self-direct customers  
7           through the end of August, 2012, the company does not  
8           have the ownership rights for those projects.

9           Q.    Okay.  But the ownership issue has been  
10          resolved; is that correct?

11          A.    As of September the company is requiring  
12          ownership.  Whether that's resolved, I guess, remains  
13          to be seen.

14          Q.    But as you stated previously, if it was a  
15          Commission order, in your opinion, the companies will  
16          comply with Commission orders; is that correct?

17          A.    That is correct.

18          Q.    Okay.

19                EXAMINER PRICE:  Good answer.

20                THE WITNESS:  I have two kids getting  
21          ready for college.  It's the only answer.

22          Q.    I want to ask you, that you mentioned  
23          earlier that your mitigation strategy is to wait  
24          until -- or to bid in resources that are already  
25          installed and that you have ownership, correct?

1 MR. LANG: Objection, asked and answered.

2 EXAMINER CHILES: I'm sorry, could you  
3 read back the question.

4 (Record read.)

5 EXAMINER CHILES: Sustained.

6 Q. Okay. By waiting until resources are  
7 installed, would you agree that you are delaying  
8 potential benefits to your customers?

9 A. By waiting until resources are installed,  
10 I think we are participating in a proper fashion in  
11 the capacity markets because we have some sense of  
12 certainty that those resources will be available for  
13 delivery when in the delivery year. I think that by  
14 participating in those PJM auctions prior to that  
15 really creates risk for the company and/or its  
16 customers.

17 Q. All right. And just to be clear, by  
18 risk, you are talking about the financial harm that  
19 you mentioned in your testimony, right?

20 A. The risks that we've discussed today,  
21 yes, sir.

22 Q. Okay.

23 MR. ALLWEIN: One moment, your Honor.

24 I have no further questions, your Honor.  
25 Thank you.

1 EXAMINER CHILES: Let's take a brief  
2 five-minute recess before we resume with cross.

3 (Recess taken.)

4 EXAMINER CHILES: Let's go back on the  
5 record. I believe we are at Mr. Williams.

6 MR. WILLIAMS: No questions.

7 EXAMINER CHILES: Mr. Dougherty.

8 MR. DOUGHERTY: Yes, I just have a couple  
9 of questions.

10 - - -

11 CROSS-EXAMINATION

12 By Mr. Dougherty:

13 Q. Good morning -- or afternoon now.

14 A. Good afternoon.

15 Q. Good afternoon. It's been a long day.

16 My name is Trent Dougherty, and I will be asking you  
17 a couple of questions on behalf of the Ohio  
18 Environmental Council.

19 Now, you mentioned, both in your  
20 testimony a number of times -- I'm sorry, during  
21 your -- during the answers to the questions from  
22 Mr. Allwein earlier, you mentioned the discussions  
23 with your management. Who are you referring to when  
24 you referred to your management in those answers to  
25 Mr. Allwein?

1           A.    My direct management is Mr. Bill Ridmann,  
2           Vice President of Rates and Regulatory Affairs for  
3           the FirstEnergy companies, so some of that reference  
4           was discussions directly with him.

5                    The more broader discussions with  
6           management I think, as I mentioned in my testimony,  
7           really refer to the Energy Efficiency Steering  
8           Committee for FirstEnergy.

9           Q.    In those discussions, who else is in that  
10          room other than those senior management? Or only  
11          those senior management?

12          A.    No. There would have been Mr. Dargie  
13          would have been present in the room, Mr. Terosky,  
14          perhaps others.

15          Q.    And -- and you mentioned that they all  
16          work for the FirstEnergy utilities -- the companies,  
17          excuse me, as they are referred to. The companies,  
18          we'll call them.

19          A.    The people that participate in the Energy  
20          Efficiency Steering Committee either work for the  
21          FirstEnergy utility companies or FirstEnergy Service  
22          Company.

23          Q.    Anyone from FirstEnergy Solutions, FES?

24          A.    No, sir.

25          Q.    Let me go back again to another series of



1 questions that I believe Mr. Allwein had asked you.  
2 Let me find it. If you go to your testimony on page  
3 6, starting on line 4 through line 7, that would be  
4 your second bullet point under the question that  
5 begins on page 5 concerning the uncertainties and  
6 unknowns. Do you see that?

7 A. I do.

8 Q. Follow up on the questions that  
9 Mr. Allwein asked you, just trying to get an idea of  
10 a baseline on this, are you aware of any proposed  
11 changes in the qualifications in the base residual  
12 auction for PJM in the May, 2013, or May, 2014, or  
13 May, 2015, auctions?

14 A. As it relates to energy resources or  
15 resources more generally?

16 Q. I apologize, clarify it. As it relates  
17 to energy efficiency qualifications.

18 A. No, sir, I am not. In fact, I think the  
19 most recent revision of the PJM capacity market  
20 manual came out in September of 2012.

21 Q. And did you happen to do any analysis  
22 of -- strike that.

23 MR. DOUGHERTY: No further questions.

24 EXAMINER CHILES: Thank you.

25 THE WITNESS: Thank you.

1 EXAMINER CHILES: Ms. Kern.

2 MS. KERN: Just a few, your Honor.

3 - - -

4 CROSS-EXAMINATION

5 By Ms. Kern:

6 Q. Good after, Ms. Mikkelsen.

7 A. Good afternoon.

8 Q. I'm Kyle Kern, an attorney with OCC. I  
9 just have a few follow-up questions for you today.  
10 What benefits do the companies attain by  
11 having their energy efficiency and peak demand  
12 reduction clear the PJM base residual auctions?

13 THE WITNESS: May I have that question  
14 reread, please.

15 EXAMINER CHILES: You may.

16 (Record read.)

17 A. It reduces the cost of compliance with  
18 the statutory mandates for energy efficiency and peak  
19 demand reduction.

20 Q. Okay. Thank you. And I believe  
21 Mr. Allwein went over this topic with you, I'm  
22 referring to page 4, lines 18 through 19, of your  
23 testimony where you state that "There is not a  
24 statewide directive providing consistent requirements  
25 for electric utilities?" Do you see that?

1           A.     I do.

2           Q.     And I believe you clarified that you  
3 meant there was not a statutory directive; is that  
4 correct?

5           A.     I think my clarification was broader than  
6 statutory. I think the discussion we had was around  
7 the fact that there was no PUCO rulemaking or  
8 requirement with respect to bidding in PJM. There  
9 was no statutory requirement to bid into PJM, and  
10 that the PJM rules consider participation for energy  
11 efficiency and demand response resources as  
12 voluntary.

13          Q.     Okay. Thank you. And you responded, I  
14 believe, earlier to Mr. Allwein that you are familiar  
15 with the Commission's February 29, 2012, entry in  
16 Case No. 12-814; is that correct?

17          A.     Yes.

18          Q.     And do you recall that the Commission  
19 said in that entry that FirstEnergy has an obligation  
20 to take all reasonable and cost-effective steps to  
21 avoid unnecessary RPM price increases for its  
22 customers?

23          A.     I don't recall that language  
24 specifically, but it very well may be in there.

25          Q.     I have a copy of it, if I can refresh

1 your recollection if you don't recall that language.  
2 Or do you recall something similar to that?

3 A. It may be helpful to see what you are  
4 looking at.

5 Q. Sure, sure.

6 MS. KERN: Your Honor, may I approach the  
7 witness?

8 EXAMINER CHILES: You may.

9 MS. KERN: Thank you.

10 THE WITNESS: May I just take a moment?  
11 It's been awhile since February.

12 EXAMINER CHILES: Take your time.

13 CK That's my copy, I'm sorry, if I can  
14 take that back. Thank you.

15 Q. All right. So you had a chance to read  
16 the language that I had just expressed to you  
17 earlier, correct?

18 A. Yes.

19 Q. And do -- does FirstEnergy view that  
20 language as a directive? I know it doesn't fit into  
21 the statutory or the P-U-C -- PUCO rule directive, as  
22 you were speaking about earlier, but do you -- does  
23 the company view that as a directive?

24 A. I think it might be useful -- and I  
25 apologize. I no longer have the document. But I

1 know prior to that clause that you are referring to,  
2 there was language about "consistent with state  
3 policy."

4 Q. Uh-huh.

5 A. So I think, you know, it may behoove us  
6 to take that in the broad context of that entire  
7 paragraph rather than the excerpt.

8 Q. Would you agree that the entire paragraph  
9 is a directive?

10 MR. LANG: Just which particular  
11 paragraph number are you referring to?

12 MS. KERN: I'm referring to paragraph 4.

13 A. I don't have the document in front of me,  
14 but the layman's read of that document, I think it  
15 would be more of a reciting of circumstances. I  
16 don't think reading it I would take it as a  
17 directive. I think it would be more -- I read it  
18 more as this is sort of what you are expected to do.  
19 It was reciting what you were expected to do rather  
20 than specifically in 812 directing us to do something  
21 that perhaps hadn't been.

22 Q. So it's an expectation of the Commission,  
23 you would agree with that then, for the company? And  
24 I'm not asking for a legal conclusion.

25 A. Yes.

1           Q.    Okay.  Thank you.  Switching gears, on  
2   page 4, lines 19 to 20, of your testimony, you state  
3   that "There also is no risk protection mechanism in  
4   place to insulate the companies (or their customers)  
5   from financial harm."  Do you see that?

6           A.    I do.

7           Q.    Are you aware that parties to this  
8   proceeding have suggested ways to mitigate risk?

9           A.    Yes.  The next sentence in my testimony,  
10  in fact, talks about that a number of parties have  
11  suggested that the companies manage this risk  
12  exposure by participating to the extent necessary in  
13  future incremental auctions to the extent that they  
14  have an open forward position based on a speculative  
15  position they took in a base residual auction.

16          Q.    And I believe Staff Witness Scheck  
17  proposed that FirstEnergy mitigate both the price and  
18  performance risks by bidding in zero dollars and  
19  75 percent of its projected capacity reductions; is  
20  that correct?

21          A.    I think that the subject of bidding in at  
22  zero is a separate matter, not related to the risks  
23  that I'm addressing here.  And I think that  
24  Mr. Scheck modified his testimony with respect to the  
25  75 percent when he took the stand.

1           Q.    Okay.  Looking at page 9 of your  
2   testimony, lines 2 through 7, you state, "Second" --  
3   excuse me.  Yeah, that's correct.  Okay.  "Second,  
4   existing Rider ELR customers may have already entered  
5   into contractual arrangements with the curtailment  
6   service providers for the period beyond the existing  
7   ESP, let alone the period beyond ESP3."  Do you see  
8   that?

9           A.    I do.

10          Q.    Okay.  In your opinion, in order to  
11   maximize the amount of PDR bid into the PJM base  
12   residual auction, should the companies let ELR rates  
13   expire and let the curtailable service providers  
14   serve this market?

15          A.    I don't have an opinion on that at this  
16   time.  The current rider ELR extends through May 31  
17   of 2016, so I think that's probably a question better  
18   addressed as we approach the end of that tariff  
19   rather than as I sit here today because the facts and  
20   circumstances, I'm certain, will be different in the  
21   future than they are today.

22               EXAMINER PRICE:  Doesn't that present a  
23   paradox for the Commission?  You have got an ESP that  
24   runs for maybe two or three years and a PJM capacity  
25   auction that's bid out three years in advance.  How

1 can we ever reach a situation where you could bid in  
2 this peak demand reduction for the whole term of your  
3 three-year portfolio program when the capacity  
4 auction is way out in the future?

5 THE WITNESS: I agree with you, there is  
6 a timing disconnect with respect to that. I'm sure  
7 there is a solution to that problem.

8 EXAMINER PRICE: And that would be?

9 THE WITNESS: Either extend the ESP or  
10 extend the EE/PDR plan periods.

11 EXAMINER PRICE: Thank you.

12 MS. KERN: That's all the questions I  
13 have. Thank you, Ms. Mikkelsen.

14 THE WITNESS: Thank you, ma'am.

15 EXAMINER CHILES: Thank you.

16 Ms. Kyler.

17 MS. KYLER: Yes, thank you, your Honors.

18 - - -

19 CROSS-EXAMINATION

20 By Ms. Kyler:

21 Q. Good afternoon. Turning to page 8, lines  
22 11 through 19, of your testimony -- I'll wait until  
23 you're there.

24 A. Thank you. Sorry, page 8, lines 11  
25 through 19?



1 Q. Yes.

2 A. Thank you. I'm there.

3 Q. How much did the companies receive for  
4 the 10 megawatts of interruptible load that it bid  
5 into the incremental auction for the 2014-'15  
6 delivery year?

7 A. It would be the resource clearing price  
8 from the '15-'16 auction times the 10 megawatts -- I  
9 guess that's megawatt-day. I believe the resource  
10 clearing price from that auction was \$354 a  
11 megawatt-day. So you would take the -- rats, like  
12 most people, I hate to do math on the stand, but I  
13 think you would take the \$354 per megawatt-day, times  
14 the 10 megawatts, times 365 days.

15 MR. LANG: Just so the record is clear,  
16 was the question about the first incremental auction  
17 for 2014-'15?

18 MS. KYLER: Yes.

19 THE WITNESS: Thank you for that  
20 clarification. Then my answer is wrong. I  
21 apologize. Thank you.

22 Q. Do you want to correct your answer?

23 A. I do want to correct my answer. Thank  
24 you very much. I do. Same calculation but the  
25 incremental clearing price was \$5.54.

1 Q. \$5.54 per megawatt-hour?

2 A. Megawatt-day.

3 Q. Megawatt-day, sorry. And that revenue  
4 would be passed back to customers through rider DSE?

5 A. Yes; in the '15-'16 delivery year when  
6 the company receives it.

7 Q. How does --

8 A. Pardon me. I'm turned around, the  
9 '14-'15 delivery year. I apologize.

10 Q. Have the companies bid rider ELR  
11 interruptible load into base residual auctions in the  
12 past?

13 A. Yes. I believe for the '13-'14 delivery  
14 year the company bid ELR resources into the base  
15 residual auction.

16 Q. Do you know if that's the only year?

17 A. Prior to that year, the company was an  
18 FRR entity.

19 Q. Thank you. Do you agree that bidding  
20 interruptible load into the base residual auction can  
21 lower capacity prices for customers by displacing  
22 higher cost capacity resources?

23 A. It may. I don't know for certainty if it  
24 will. It depends where it clears on the supply  
25 curve, but it may.

1           Q.    Okay.  Turning to page 8, lines 20  
2           through 23, of your testimony, is there anything in  
3           the PJM rules that would prevent the companies from  
4           bidding ELR load into a base residual auction, even  
5           if FirstEnergy didn't have that load under contract  
6           for the delivery year?

7                     THE WITNESS:  May I have that question  
8           reread, please.

9                     EXAMINER CHILES:  You may.

10                    (Record read.)

11           A.    PJM requires you to demonstrate ownership  
12           of those demand resources in your, you know,  
13           portfolio.  You may not have to demonstrate that  
14           ownership when you offer that resource into it, but  
15           you need to demonstrate that ownership.

16                    So by way of answering your question, I  
17           don't believe the companies could offer those  
18           ELR-related resources into a future base residual  
19           auction because when the time came to demonstrate  
20           ownership of those demand response resources, the  
21           companies may not be able to do that, for any number  
22           of reasons.

23           Q.    If the companies could demonstrate  
24           ownership at a later time, do PJM rules prevent the  
25           company from bidding those resources into the base

1 residual auction?

2 A. No. But as I sit here today, I sent a  
3 letter out to our ELR customers on August 6th of 2012  
4 asking them to sign contract addendums to continue  
5 participation on our rider ELR for the period of  
6 June 1st of 2014 through May 31st of 2016. And I  
7 asked those customers to respond as quickly as  
8 possible to support the company in their efforts to  
9 participate in incremental auctions but no later than  
10 December 15.

11 And as I sit here today, at the end of  
12 October, I've heard from 14 of those customers, so  
13 that suggests to me some degree of uncertainty about  
14 whether customers are going to choose to participate  
15 in the ELR for the '14 to '16 period, notwithstanding  
16 what uncertainty there may be with respect to their  
17 desire to continue to take service beyond that  
18 period.

19 Q. Do curtailment service providers bid  
20 interruptible load that they don't have under  
21 contract into base residual auctions?

22 A. I don't know with certainty what CSPs do  
23 with respect to their bidding strategy.

24 Q. Do generation companies ever bid  
25 generation that's planned but not yet built into the

1 PJM base residual auctions?

2 A. Yes.

3 Q. Isn't there a risk that the plan  
4 generation won't be built?

5 A. I think if a generating company bids a  
6 plan generation resource into the auction and it  
7 clears, it would be a very unusual event for that  
8 generating company not to complete that asset. I  
9 would expect those assets would be installed prior to  
10 the delivery year.

11 Q. If the generation company bids planned  
12 generation into the BRA but that generation doesn't  
13 get built, aren't there ways for that generation  
14 company to make up the capacity shortfall in the  
15 delivery year, for example, incremental auctions?

16 A. The shortfall, to the extent it exists,  
17 needs to be made up in advance of the delivery year.  
18 There are incremental auctions, but I think that  
19 relying on incremental auctions as a hedge for  
20 forward positions you take in a base residual auction  
21 brings another whole set of risks to auction  
22 participants.

23 Q. Okay. Turning to page 9, lines 2 through  
24 5, do you know whether any existing ELR customers  
25 have entered into contractual arrangements with

1 curtailment service providers for the period beyond  
2 the existing ESP or ESP III?

3 A. I don't know, but as I mentioned earlier,  
4 the fact that on August 6 I sent contract addendums  
5 out to all the ELR customers, and as we sit here on  
6 October 30 I believe have only heard back from 14, I  
7 am beginning to suspect that may be the case. But  
8 no, I don't know that with certainty, ma'am.

9 Q. If rider ELR were extended in this case  
10 through May 2017 and customers signed up for that  
11 extended ELR prior to the 2013 base residual auction,  
12 would FirstEnergy be willing to bid this ELR load  
13 into the 2013 BRA?

14 I'm probably confusing time periods and  
15 delivery years. Do you want me to be more specific?

16 A. Sure.

17 Q. Okay. If rider ELR were extended in this  
18 case through May, 2017, and customers signed up for  
19 that extended ELR prior to the BRA to be held in May,  
20 2013, would FirstEnergy be willing to bid that ELR  
21 load into the May, 2013, base residual auction?

22 A. The company, nor any other party that I'm  
23 aware of, is proposing that the rider ELR be extended  
24 in this proceeding, so I'm having trouble with that  
25 as a promise, ma'am.

1           Q.     Just as a -- as a hypothetical then,  
2     rather than a proposal by a party in this case, would  
3     FirstEnergy be willing to bid the load into the 2013  
4     BRA?

5           A.     I guess consistent with the company's  
6     strategy, to the extent that the company has  
7     ownership of eligible resources that meet PJM M&V  
8     requirements -- I guess in this case we wouldn't need  
9     the M&V requirements -- we would bid those resources  
10    into the base residual auction.

11          Q.     If -- this is kind of a long question so  
12    I'll try to take it slow. If current ELR customers  
13    were willing to commit now to providing interruptible  
14    load under a rate with the same or similar terms and  
15    conditions as current rider ELR through May, 2017,  
16    and the Commission were to agree to hold FirstEnergy  
17    harmless from replacement capacity costs or penalties  
18    or other financial obligations if some of that  
19    interruptible load didn't show up in the delivery  
20    year, isn't it true there would be no financial risk  
21    to FirstEnergy from bidding in that ELR load?

22          A.     To the extent that the Commission commits  
23    to hold the company harmless for actions taking --  
24    taken, you know, in the May base residual auction for  
25    future outcomes, I guess as long as we are held

1 harmless, the companies have no risk. There is a lot  
2 of details surrounding what "held harmless" means and  
3 what have you.

4 Q. Under that scenario is there any reason  
5 why FirstEnergy couldn't bid in the ELR load?

6 A. I guess I'm becoming increasingly  
7 confused, and I apologize for that. But are you  
8 suggesting that the company extend rider ELR, or  
9 simply that it enter into -- I'm not clear what the  
10 hypothetical is here. I apologize.

11 Q. Sorry. I'm sorry to interrupt you. If  
12 the company had a rate -- either extended current  
13 ELR or had a rate with similar terms and conditions  
14 as the current ELR through May, 2017, and the  
15 Commission made a hold harmless commitment, decided  
16 to hold the company harmless, is there any reason why  
17 FirstEnergy couldn't bid in the ELR load or  
18 equivalent rate load?

19 A. Again, and I think I may have testified  
20 to this earlier, as I sit here today, I'm not certain  
21 from a company perspective whether the company in  
22 June of 2016 would want to continue rider ELR, so I  
23 don't think we're in a position to make that  
24 commitment today to accept that hypothetical.

25 MS. KYLER: No further questions.



1 EXAMINER CHILES: Thank you.

2 Mr. Kelter?

3 I'm sorry, Mr. McDaniel.

4 MR. McDANIEL: Thank you, your Honor.

5 - - -

6 CROSS-EXAMINATION

7 By Mr. McDaniel:

8 Q. We have a few questions, most have been  
9 answered, I think. I would like to go back to page  
10 4, line 6 and 7. I think Attorney Examiner Price and  
11 Mr. Allwein had a couple of questions about your  
12 testimony here, but I think mine is a little -- a  
13 little different.

14 So here you state that energy efficiency  
15 resources must be of a size where the companies can  
16 reasonably expect the auction revenues produced by  
17 the technology or project to offset the cost of the  
18 incremental M&V associated with the project. Do you  
19 see that?

20 A. I do.

21 Q. Does the company plan to aggregate  
22 individual measures in order to make this of-scale  
23 calculation?

24 A. Yes.

25 Q. So can you explain that a little bit?

1           A.    Yeah.  I think really what we are trying  
2   to get at here is the company may aggregate into  
3   individual measures to be of scale with similar --  
4   that all qualified under the same M&V plan, but to  
5   the extent that there is a unique measure or project  
6   that may not be able to be aggregated with other  
7   similar projects in that it may not be of sufficient  
8   scale or it may not be cost effective to perform the  
9   M&V on that individual project.

10           Q.   Okay.  Would you agree that a purpose of  
11   the PJM capacity auction is to send price signals  
12   about the need for more capacity?

13           A.    Yes.

14           Q.    So if that was put another way, the  
15   results of the auction and the clearing prices can  
16   send signals about more capacity is needed in a  
17   certain region, correct?

18           A.    Well, it sends a price signal what the  
19   market is willing to pay for the capacity.  I think a  
20   provider has to decide if it's a sufficient price  
21   signal.  But auction -- PJM conducts the auction so  
22   it clears with sufficient capacity and a sufficient  
23   reserve margin.

24           Q.    Now, on page 4, lines 18 and 19, this has  
25   been asked about a little as well, you state that

1 "there is not a statewide directive providing  
2 consistent requirements for electric utilities."

3 Do you know which states have statewide  
4 directives that provide consistent PJM requirements  
5 for electric utilities?

6 A. I do not.

7 Q. Ms. Mikkelsen, you participated in the  
8 collaborative process; is that correct?

9 A. Yes.

10 Q. And you -- that included attending  
11 collaborative meetings?

12 A. Yes.

13 Q. I think you stated earlier that you had  
14 no direct knowledge of other utilities bidding  
15 forecasted PJM-eligible resources into the PJM base  
16 residual auction; is that correct?

17 A. Yes.

18 Q. So are you aware that through the  
19 collaborative it was brought to the companies'  
20 attention that ComEd saved its customers \$22 million  
21 by bidding forecasted PJM-eligible energy efficiency  
22 resources in the most recent PJM base residual  
23 auction?

24 A. I have heard discussions about ComEd in  
25 our collaborative meetings, and I think, you know --

1     thank you for allowing me to clarify when I use the  
2     word "direct." That is exactly what I meant, that I  
3     don't have any personal knowledge. I've heard others  
4     talk about it in an environment such as the  
5     collaborative, but I have no direct, personal  
6     knowledge whether what you have heard is correct or  
7     incorrect, sir.

8             Q.     Actually, I have one more question. And  
9     this is kind of a clarifying question that was  
10    discussed a little bit earlier as well. But it's not  
11    the companies' belief that PJM would allow certain  
12    measures to pass their M&V rules and be bid into the  
13    auction at the time of the auction and then PJM would  
14    suddenly change those M&V rules midstream to disallow  
15    those savings at the time of delivery, is it?

16            A.     I think that there is a requirement when  
17    you offer an energy efficiency resource into PJM that  
18    at the time you offer that resource, it meets the  
19    then known standards for the delivery year. That's a  
20    requirement simply to participate or offer.

21                   I'm not sure, as I sit here today, what  
22    happens if that standard changes between when you  
23    offer it and when you have your post-implementation  
24    or post-M&V program, and that creates a sense of  
25    ambiguity for me as well, sir.

1           Q.    Let me see if I can ask it a little bit  
2           different way. You testified earlier that a measure  
3           in order to qualify, a resource in order to qualify,  
4           must have a PJM-approved post installation M&V  
5           report; is that correct?

6           A.    I apologize. There is a lot of M&V going  
7           on here, so let me -- I apologize. In order to offer  
8           a resource, an energy efficiency resource, into a PJM  
9           auction, the companies need to submit an initial M&V  
10          plan for approval by PJM prior to offering those  
11          resources into the auction, so that's one sort of M&V  
12          plan.

13                   And then prior to the delivery year the  
14          company has to submit a post-implementation or  
15          post-installation M&V plan for review and approval by  
16          PJM to sort of shore up, if you will, the nominated  
17          value of that energy resource. Does that help?

18          Q.    Okay. And at the time of the auction  
19          when a resource is being bid in, the company would  
20          know whether or not there was an approved PJM post  
21          installation measurement and verification report?

22          A.    I think at the time the company bids the  
23          resource into a PJM auction, they would know that  
24          they had an approved initial M&V plan, sir.

25                   EXAMINER PRICE: Are you still on the

1 hook if at the time you do your post installation  
2 M&V -- let's say a measure that you bid in at 12  
3 megawatt-days only turned out to be measured at 11  
4 megawatt-days. Are you still on the hook for that  
5 differential?

6 THE WITNESS: Yes.

7 EXAMINER PRICE: Thank you.

8 MR. McDANIEL: That's all I have. Thank  
9 you.

10 EXAMINER CHILES: Mr. Olier.

11 MR. OLIER: I think I have just a few  
12 questions, your Honor.

13 - - -

14 CROSS-EXAMINATION

15 By Mr. Olier:

16 Q. Good afternoon, Ms. Mikkelsen.

17 A. Good afternoon.

18 Q. First, I get you're not an attorney,  
19 correct?

20 A. No, sir.

21 Q. I didn't think so. I wasn't sure if I  
22 missed that in your testimony.

23 Now, there was some discussion earlier  
24 about the question of whether mercantile customers  
25 seeking an exemption under a rider -- do you remember

1 hearing that. And there was maybe some controversy  
2 over that issue, the question of whether or not those  
3 customers retain ownership to bid those capacity  
4 reduction capabilities in the PJM auctions?

5 A. Yes, I addressed that topic in my  
6 testimony, sir, at page 6, lines 8 through 15, yes.

7 Q. And I just wanted to make sure you are  
8 not offering a legal conclusion whether the  
9 Commission has directed mercantile customers seeking  
10 an exemption to transfer those ownership capabilities  
11 to FirstEnergy to bid those into the PJM auction,  
12 correct?

13 A. No, sir. I am stating, though, that the  
14 company built the plan under the assumption that that  
15 would occur and changed all the participating forms  
16 effective September, 2012.

17 Q. Okay. And you're not suggesting if the  
18 Commission were to determine customers can retain the  
19 ownership right of the ability to bid into the PJM,  
20 that would in any way affect the total amount of  
21 megawatts bid into the PJM auction, correct?

22 Maybe if I can state that differently,  
23 the question of who owns those megawatts, whether  
24 it's FirstEnergy or the customer, that doesn't  
25 necessarily affect whether those megawatts are bid

1 into PJM, correct?

2 A. No. I think, if I'm understanding your  
3 point, that if the company has them and bids them, or  
4 if the company doesn't have them and the customer  
5 bids them, the resources are still bid under either  
6 circumstance?

7 Q. Correct.

8 A. Yes, yes.

9 MR. OLIKER: Okay. Thank you. I have no  
10 more questions, Ms. Mikkelsen.

11 Thank you, your Honor.

12 THE WITNESS: You are welcome.

13 EXAMINER CHILES: Thank you.

14 Mr. Parram.

15 - - -

16 CROSS-EXAMINATION

17 By Mr. Parram:

18 Q. Good afternoon, Ms. Mikkelsen.

19 A. Good afternoon, sir.

20 Q. Ms. Kyler asked you a question regarding  
21 whether a generation company could bid planned  
22 generation into the BRA, and you indicated that it  
23 could; is that correct?

24 A. Yes.

25 Q. Do you know if any FirstEnergy generation



1 affiliate bid planned generation into the most recent  
2 BRA?

3 A. I do.

4 Q. Do you know how many megawatts were bid  
5 into the BRA?

6 A. I don't recall.

7 Q. And what affiliate are you referring to?

8 A. FirstEnergy Solutions.

9 Q. Are you familiar with an Eastlake plant  
10 in Eastlake, Ohio?

11 EXAMINER PRICE: Mr. Parram, relevance?

12 MR. PARRAM: Your Honor, it goes directly  
13 to Ms. Mikkelsen's testimony as it relates to page 4.

14 EXAMINER PRICE: Okay.

15 MR. PARRAM: Lines 13 through 15, she has  
16 a general discussion regarding her opinion as it  
17 relates to bidding in resources or planned resources  
18 to the PJM BRA. She's already had some testimony as  
19 it relates to FirstEnergy's affiliate bidding in  
20 planned generation resources. I would like to ask  
21 her specific questions as relates to FirstEnergy's  
22 affiliate bidding in the most recent BRA, although  
23 that is not installed today, to show that it is  
24 reasonable for the companies here today to consider  
25 bidding in planned demand response resources,

1       although they are not actually installed.

2               EXAMINER PRICE:   So you want to compare  
3       the position of three regulated distribution  
4       utilities with an unregulated generation affiliate  
5       and how much risk that ungenerated -- unregulated  
6       generation affiliate may or may not be willing to  
7       take on in a given project?

8               MR. PARRAM:   Yes, your Honor.

9               EXAMINER PRICE:   That's the parallel you  
10      want to draw?

11              MR. PARRAM:   That is the questions I  
12      would like to ask her, if she would like to point out  
13      distinctions between the unregulated generation  
14      affiliate as opposed to FirstEnergy companies.   If  
15      she is willing to do that, she could do that, but --

16              MR. LANG:   Your Honor, I would note, just  
17      to follow up on this, Ms. Mikkelsen has already  
18      discussed and distinguished the difference between a  
19      generation resource and an energy efficiency demand  
20      resource.

21              EXAMINER CHILES:   I think we need to move  
22      on to a different line of questioning.

23              MR. PARRAM:   Well, that's all I have,  
24      your Honor.

25              EXAMINER CHILES:   All right.

1 Mr. Lang, redirect?

2 MR. LANG: If we could have just a couple  
3 of minutes, please, your Honor.

4 EXAMINER CHILES: Sure.

5 (Discussion off the record.)

6 EXAMINER CHILES: Let's go back on the  
7 record.

8 MR. LANG: Yes, one question.

9 - - -

10 REDIRECT EXAMINATION

11 By Mr. Lang:

12 Q. You were asked earlier by a few of the  
13 attorneys about the potential of the Commission  
14 holding the company harmless for the risk that you  
15 described in your testimony. If that happens, does  
16 that eliminate the risk?

17 A. No, it does not eliminate the risk. It  
18 merely transfers the risk to the customers.

19 MR. LANG: No further questions, your  
20 Honor.

21 EXAMINER CHILES: Is there any recross,  
22 Mr. Allwein?

23 MR. ALLWEIN: I have no questions, your  
24 Honor. Thank you.

25 EXAMINER CHILES: Mr. Williams.

1 MR. WILLIAMS: No questions.

2 EXAMINER CHILES: Mr. Dougherty.

3 MR. DOUGHERTY: No questions.

4 EXAMINER CHILES: Ms. Kern.

5 MS. KERN: No questions

6 EXAMINER CHILES: Ms. Kyler.

7 MS. KYLER: No questions

8 EXAMINER CHILES: ELPC.

9 MR. KELTER: Give us one second.

10 MR. LANG: I heard a no.

11 MR. KELTER: It was an unauthorized no.

12 MR. McDANIEL: We do have a question,  
13 your Honor.

14 EXAMINER CHILES: Go ahead.

15 - - -

16 RECROSS-EXAMINATION

17 By Mr. McDaniel:

18 Q. Mr. Mikkelsen, does it matter to the  
19 companies if groups like OCC say that customers are  
20 willing to accept that risk that we were just talking  
21 about?

22 A. I'm not sure "what matters to the  
23 companies" means, but I will say, too, in my capacity  
24 as a rate-maker and responsible for regulatory  
25 affairs, I am very concerned about the cost passed on

1 to our customers, and I spend really the better part  
2 of my day looking at the costs that are being charged  
3 to the customers and really trying to ensure that the  
4 costs that are passed on to the customers are  
5 reasonable.

6 MR. McDANIEL: That's all. Thank you.

7 EXAMINER CHILES: Mr. Olier.

8 MR. OLIER: No questions, your Honor.

9 EXAMINER CHILES: Mr. Parram.

10 MR. PARRAM: No questions, your Honor.

11 EXAMINER CHILES: Examiner Price.

12 - - -

13 EXAMINATION

14 By Examiner Price:

15 Q. You understand when counsel asks if the  
16 Commission was willing to hold the company harmless,  
17 you still will be at risk of disallowance, that you  
18 may make a decision that upon review, the Commission  
19 decides was imprudent and there is -- there would  
20 still be a downside risk to the company, didn't you?

21 A. I didn't incorporate that into my  
22 thinking, so thank you for that clarification. With  
23 that clarification, my sense is no.

24 Q. I have another question, line of  
25 questions, perhaps. You've been here, and we heard

1 our extensive discussion about energy efficiency  
2 kits; is that correct?

3 A. I have been in and out, but I have heard  
4 discussion about kits, yes, sir.

5 Q. I just wanted to clarify, energy  
6 efficiency kits will produce energy savings that when  
7 aggregated, will be able to be bid into the PJM base  
8 residual auctions, will it not?

9 A. I believe the individual components of  
10 the kits will be aggregated as a measure that would  
11 be eligible, yes.

12 Q. The individual components will be  
13 aggregated?

14 A. Correct.

15 Q. The CFLs will be aggregated and bid in,  
16 and the furnace whistles and the LED nightlights  
17 all --

18 A. To the extent that they are eligible  
19 under PJM rules, yes, sir.

20 Q. Do you know if they are eligible under  
21 PJM rules?

22 A. I certainly know the lights are. I'm  
23 less certain about the other elements.

24 Q. Okay. But all those should pass muster  
25 in terms of EM&V and be biddable into the base

1 residual auction? Not all -- all the CFLs?

2 A. Yes, sir.

3 EXAMINER PRICE: Okay. That's all I  
4 have.

5 THE WITNESS: Thank you.

6 EXAMINER CHILES: I have no questions.  
7 Thank you. You are excused.

8 THE WITNESS: Thank you, ma'am.

9 MR. LANG: Thank you. Your Honor, at  
10 this time the companies would move Exhibit No. 23?

11 EXAMINER CHILES: Are there any  
12 objections to the admission of Company Exhibit 23.

13 Hearing none, Company Exhibit 23 is  
14 admit.

15 (EXHIBIT ADMITTED INTO EVIDENCE.)

16 EXAMINER CHILES: Is there anything else  
17 to come before us?

18 EXAMINER PRICE: While we were off the  
19 record before, we got to that -- while we were off  
20 the record earlier today, we discussed briefing  
21 schedules, and initial post hearing briefs will be  
22 due on November 20, 2012, and reply briefs will be  
23 due on November 30, 2012.

24 With that, is there anything we have not  
25 already thoroughly discussed?

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1 EXAMINER CHILES: Seeing nothing, we are  
2 adjourned. Thank you.

3 (The hearing concluded at 3:38 p.m.)  
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## 1 CERTIFICATE

2 I do hereby certify that the foregoing is a  
3 true and correct transcript of the proceedings taken  
4 by me in this matter on Tuesday, October 30, 2012,  
5 and carefully compared with my original stenographic  
6 notes.

7  
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9  
10 Karen Sue Gibson, Registered  
Merit Reporter.

11 (KSG-5605)

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4 by me in this matter on day ,  
5 month date , 2012, and  
6 carefully compared with my original stenographic  
7 notes.

8  
9 Rosemary Foster Anderson,  
10 Professional Reporter and  
Notary Public in and for  
the State of Ohio.

11 My commission expires April 5, 2014.

12 (RFA- )

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**Case No(s). 12-2190-EL-POR, 12-2191-EL-POR, 12-2192-EL-POR**

Summary: Transcript of Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company hearing held on 10/30/12 - Volume VI Rebuttal electronically filed by Mrs. Jennifer Duffer on behalf of Armstrong & Okey, Inc. and Gibson, Karen Sue Mrs.