

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

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In the Matter of the :
Application of Ohio Power :
Company to Establish : Case No. 12-3255-EL-RDR
Initial Storm Damage :
Recovery Rider Rates. :

PROCEEDINGS

before Ms. Sarah J. Parrot, Hearing Examiner, at the
Public Utilities Commission of Ohio, 180 East Broad
Street, Room 11-A, Columbus, Ohio, called at 9:00
a.m. on Monday, January 27, 2014.

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Monday Morning Session

January 27, 2014.

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

Good morning, everyone. Let's start with brief appearances beginning with the company.

MR. SATTERWHITE: Thank you, your Honor. Present today on behalf of Ohio Power is Matthew Satterwhite and Yazen Alami.

EXAMINER PARROT: Mr. Darr?

MR. DARR: Thank you, ma'am. On behalf of IEU-Ohio, Frank Darr.

MS. BOJKO: Thank you, your Honor. On behalf of the Office of the Ohio Consumers' Counsel, Kimberly W. Bojko, with Carpenter, Lipps & Leland, and Terry Etter with the Assistant Consumers' Counsel.

EXAMINER PARROT: Mr. Kirkpatrick, I'll remind you you're still under oath.

THE WITNESS: Yes.

EXAMINER PARROT: And, Mr. Satterwhite, redirect.

MR. SATTERWHITE: Thank you, your Honor.

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1 THOMAS L. KIRKPATRICK

2 being previously duly sworn, as prescribed by law,
3 was examined and testified as follows.

4 REDIRECT EXAMINATION

5 By Mr. Satterwhite:

6 Q. Good morning, Mr. Kirkpatrick.

7 A. Good morning.

8 Q. I just have a couple questions on some of
9 the areas or topics covered by Ms. Bojko on your
10 cross-examination on Friday. Early in the
11 cross-examination do you remember some questions
12 dealing with your knowledge of mutual assistance in
13 your prior role as VP of Distribution?

14 A. Yes.

15 Q. And you were asked what you reviewed,
16 what your knowledge was of the mutual assistance
17 agreements that were exercised during the
18 June 29th derecho I believe; is that correct?

19 A. That's correct.

20 Q. What was your understanding of the mutual
21 assistance agreements at that time?

22 A. So AEP had a number of agreements in
23 place that support mutual assistance, first is the
24 mutual assistance agreement that exists between
25 utility companies. This is an agreement that all EEI

1 members are signatory to and what it does is
2 basically defines a lot of the liability issues and
3 the fact that the utilities will reimburse each other
4 for costs.

5 As I mentioned, we have contracts in
6 place with existing on-property contractors, each of
7 those contracts, in addition to pricing terms, et
8 cetera, for normal work have pricing terms for storm
9 restoration work.

10 We also have contracts in place with
11 other contractors that are not on our property on a
12 regular basis but because we use them frequently,
13 generally because they're more local and generally
14 because we are familiar with their work and their
15 capabilities, we have specialized storm-only
16 contracts with them.

17 The relationship we have with our
18 on-system contractors, that folks that are on our
19 system on a regular basis, the contract terms for if
20 they bring people from another state or another area
21 onto our system, then we're -- the contract basically
22 binds us to pay the costs or pay the rates that are
23 in place for those workers wherever they're coming
24 from.

25 So if we bring workers from the East

1 Coast, bring workers from the West Coast or the
2 south, whatever is in place for those workers,
3 particularly union workers, is what we agree to pay.

4 We have -- the mutual assistance process
5 is very robust, not just AEP but really the entire
6 industry works collaboratively to make sure the
7 utilities have the ability to provide the right level
8 of resource for the storm restoration effort.

9 We do have a significant amount of
10 experience doing this. It's something the utility
11 does on a regular basis, and as a result of that it's
12 very fine tuned and I would say very, very efficient.

13 Q. Now, you also answered some questions in
14 response to OCC Exhibit 13 which was that packet of
15 pictures from different storms. Do you remember
16 that?

17 A. I do.

18 Q. You were talking about flooding and the
19 different types of devastation in the storms, not
20 during the derecho, outside of Ohio. Can you
21 describe the level of devastation that was
22 experienced here in Ohio during the June 29th
23 storms.

24 A. I'd be happy to. First of all, the
25 devastation that we saw photos of from Katrina and

1 other storms, you know, all over the U.S. and
2 elsewhere clearly exhibited dramatic pictures of
3 devastation such as, in particular, from Katrina.

4 I think we have to think about the impact
5 of the storms not necessarily from the impact to the
6 buildings and to, you know, flooded streets,
7 et cetera, but think about what the impact was to our
8 assets and our facilities.

9 While Ohio certainly didn't have the kind
10 of broad-based devastation you see with, you know,
11 tall buildings here in Downtown Columbus, for
12 instance, losing windows, there was damage of that
13 nature across the system. I do recall a church in
14 Cambridge, the entire wall came down with that
15 church.

16 The fact of the matter is that AEP Ohio
17 sustained dramatic damage to its infrastructure and
18 whether you have accompanying flooding and buildings
19 devastated and that type of thing, the fact still
20 remains is the infrastructure was dramatically
21 impacted by the storm.

22 Trees in particular, you know, Ohio's a
23 heavily-treed state, especially southern Ohio and
24 southeastern Ohio, trees caused dramatic damage to
25 our facilities, damage to our wires, damage to our

1 poles, damage to our service drops going to houses,
2 et cetera. Pretty dramatic.

3 So our response and requirements of the
4 response were very much the same what you would
5 respond to any kind of natural disaster, whether it
6 be a hurricane, a significant ice storm, or a derecho
7 that brings winds of 80, you know, 70, 80 miles an
8 hour across the state and, remember, we don't see
9 that very often in this part of the country. And
10 when you do see that, the impact on us is
11 devastating.

12 Q. Now, there were a number of conversations
13 dealing with the value of Storm Services and use in
14 the derecho. Do you remember that?

15 A. I do.

16 Q. And I believe you responded multiple
17 times about the efficiencies realized, and I believe
18 you called it "wrench time," and the ability to
19 maximize resources. Do you recall those questions
20 and answers?

21 A. I do.

22 Q. And you mentioned you had done a rough
23 quantification of the value of Storm Services. Can
24 you explain what you went through to do that, what
25 that quantification is?

1 A. I will. As a little bit of background,
2 before I came back to AEP I spent about three years
3 with a consulting company who specialized in major
4 storm restoration preparation, evaluation,
5 after-action reviews, and assessment of performance,
6 and a couple things you have to realize is every
7 storm's a little bit different. It may appear on the
8 surface to be the same, customer count, et cetera,
9 but when you dig down into a storm, you see the
10 differences stand out pretty clearly.

11 As some of that assessment I did for
12 other companies was on behalf of my consulting firm,
13 I did have the opportunity to do detailed
14 calculations on the value, if you will, of the Storm
15 Services concept. In other words, the concept where
16 you bring a resource in such as Storm Services to
17 handle your logistics and determine how that impacts
18 the workforce.

19 And I did three such evaluations, two of
20 them were hurricane related, one was ice storm
21 related, and in fact the damage you get from ice
22 storms is very similar to the damage you get from
23 heavy windstorms, it's a lot of structures, a lot of
24 wire down on the ground, but you don't have impact to
25 buildings and that type of thing just because you

1 don't have the wind. And in those analyses I saw
2 anywhere from 2 to 4 hours per day in value that you
3 get from having a full service logistical company
4 available to you.

5 The value comes from a number of
6 different areas. Think about what we have at these
7 centers. Number one, they park their trucks and they
8 fuel them all at night. Can you imagine hundreds of
9 utility vehicles, big utility vehicles, diggers,
10 derricks, and bucket trucks waiting in line at the
11 Marathon stations, et cetera, to get fuel, the amount
12 of time that would be wasted there. This happens at
13 night. Zero time wasted.

14 Picking up materials. Our service
15 centers, as compared to the staging sites, our
16 service centers are relatively small, not a lot of
17 space in them, there's maybe two fuel pumps typically
18 and not a large tank of fuel for that matter, but to
19 wait there to get materials for the day, to get
20 poles, to get crossarms, to get wire, that type of
21 thing, would take significant time before they get to
22 their job site.

23 The ability to be fed and ready to go in
24 less than an hour I think is important. If you put
25 that in perspective of what it takes if you're

1 staying in a hotel is you get up, you try to find
2 enough ice to fill your cooler, which rapidly I would
3 guess in my opinion would run that thing empty as our
4 linemen are trying to fill up.

5 They'd go out, get in their trucks,
6 they'd go to some location, they'd sit down, they'd
7 order food or they'd wait in line for McDonald's if
8 there was one open, especially early on.

9 So the amount of time that we save by
10 feeding them all at the same time, getting them on
11 the road within 45 minutes or so is significant.

12 We also can bring all of our leadership
13 there, our field supervision if you will, and they
14 bring with them the overnight packs that are
15 developed that has their jobs for the day and they
16 can take those jobs, they know what material they
17 need, they can go to the material yard right on site,
18 pass their trucks through to pick up their poles,
19 pick up their wire, pick up their crossarms, their
20 splices, and various and sundry items that they use
21 and go right to the job site. That's dramatic.

22 Likewise, the same thing on the back end
23 coming back at night being able to compress the time
24 that these crews need to eat and get ready to rest,
25 and we want them to get a full 8 hours' rest. In

1 fact, they have to get a full 8 hours' rest in by
2 OSHA requirements. So those are critical.

3 Then you take during the daytime, so
4 they're out in Coolville, Ohio, I don't know if
5 you've ever been there, it's pretty remote, it's down
6 near the river, to be set up and working on a project
7 and have to break down, maybe take two trucks, maybe
8 not all four but maybe two trucks in to someplace to
9 find a place to eat, assuming it's open, again,
10 tremendous amount of time.

11 So two to four hours is reasonable. And
12 so I did a calculation or made an estimate based upon
13 two-and-a-half hours, I think that's pretty
14 conservative, and if we had lost two-and-a-half hours
15 during our workday by not having a Storm Services
16 contract, that would have extended the restoration
17 one-and-a-half to two days. A day and a half to two
18 days in this restoration is worth 11, 12 to
19 14 million dollars just by extending it, so you can
20 see there's significant benefit.

21 Let me take you to the flip side of that
22 is or the additional element is, and I mentioned this
23 yesterday -- or, Friday in cross, knowing that you
24 have Storm Services onboard and knowing that you're
25 going to be able to house anyone and everyone that

1 you bring in, we're not just talking linemen and tree
2 trimmers here, we're also talking damage assessors
3 and the like, and having that I guess confidence
4 behind you from a decision-making standpoint really
5 allows a strategic opportunity for you to request
6 really a large number of resources. And we knew that
7 this would take a large number of resources.

8 So on Saturday morning after we had
9 committed to Storm Services our next order of
10 business was resources and we essentially doubled our
11 resources just because of that one decision. So we
12 went from roughly a thousand resources, thereabouts,
13 to I asked for, I think we settled on somewhere
14 around 2500 outside resources on that first day
15 knowing that we could get them places to stay, places
16 to eat, and all their services taken care of.

17 If I had to spend time calculating and
18 analyzing how many hotels were available on Sunday
19 night, how many restaurants would be available on
20 Sunday night, how many laundromats would be available
21 on Sunday night, how much ice would be available for
22 vending machines at gas stations, et cetera, on a
23 Sunday night, if I had to do that, take a good day
24 and a half to get that analysis done.

25 If I'm making a request for crews during

1 this derecho on Sunday, I may still have asked for
2 2500, I wouldn't have gotten anywhere near what I
3 got.

4 So I made the, to the quick, again, made
5 an estimate on what I believe the impact would have
6 been to the resource pool I had available to me, and
7 it's based on my experience and knowledge of what was
8 going on with the rest of the industry during this
9 derecho, I estimated maybe 30 percent fewer resources
10 just because everyone else is going to grab them up.

11 The resources pool is not endless, you
12 just can't keep digging and keep getting. At some
13 point in time you're saying do I want to drive
14 resources from Arizona to Ohio and you're trying to
15 make that decision. At some point in time you're
16 just not going to get them.

17 So by being very strategic in how we
18 approach this it gave us, then, the ability to ask
19 for the resources that we had. If we had received
20 30 percent fewer resources, that would have been
21 three to four days longer, you can do the math on the
22 cost. The cost just continues to go up.

23 But beyond that it's really the cost to
24 our customers. This is about the customer. In
25 hundred-degree heat, multiple days without air

1 conditioning, without the services that they come to
2 depend upon from us, extending that time is just
3 inappropriate and just not right, and I still stand
4 by the fact that it was cost-effective, it was
5 prudent, it was appropriate given the strategic
6 balance, the strategic advantages it gave us in this
7 area.

8 Q. I believe you touched on this in that
9 answer, but there were some discussions in the
10 questions about the Storm Services staging areas
11 versus the ability to use service centers and other
12 areas. Will you give us an idea of the differences
13 in a Storm Services site and the ability to use a
14 staging area to do the same type of function.

15 A. There's a tremendous difference in our
16 existing service centers, our 40 service centers
17 across the AEP Ohio system and the Storm Services
18 sites, and the big -- the big difference is scale.
19 The ability to manage scale and scope.

20 The Storm Services sites, and I mentioned
21 all the different services that they provided, you
22 know, the ability to fuel trucks at night, the
23 ability to feed in a very rapid manner, the ability
24 to have a meal in the evening, the ability to send
25 everyone out with a meal for the midday and food

1 throughout the day that they could be effective and,
2 you know, honestly be safe. This was -- if you were
3 out in this weather for an hour with the kind of
4 equipment that they're wearing, you just can't
5 imagine how hot and uncomfortable and difficult that
6 work is.

7 So you're able to do that, you're able to
8 clean their laundry on an on-demand basis, you're
9 able to provide minor medical services to them, all
10 these things are immediately available. The
11 efficiencies of moving in and moving out, getting
12 trucks rolling, getting material onboard, et cetera,
13 is just a tremendous level of efficiency.

14 You compare that to a service center,
15 I'll take one that's in Portsmouth, Ohio. If you've
16 ever been down Route 23, you'll see it as you're
17 rounding the curve coming into Portsmouth and going
18 down the hill, we have a service center there. You
19 couldn't put ten trucks in there without creating a
20 huge traffic jam on Route 23, there's just not enough
21 space.

22 You talk about shower facilities, you'll
23 be lucky to see one or two showers in something like
24 that, and they're really not set up for large-scale
25 showering, if you will, they're just there for our

1 people who work late hours and have to go somewhere,
2 they can get a quick shower, et cetera, and take care
3 of those needs.

4 There's just no way you can service that,
5 and backing people up at the fuel pumps, we just
6 don't carry enough fuel, for one thing; secondly, it
7 would just take forever. So there's just a huge
8 difference between the two, and that's not to say we
9 didn't still use the service centers. The service
10 centers were used by our local crews for the most
11 part and some of our local contractors, because they
12 were sleeping at home in many cases and were able to
13 show up at their normal places of work, pick up the
14 materials they need, know the processes and move on.

15 So we clearly used all those service
16 centers. There's just no way you could use those
17 service centers for these staging site services
18 without losing just a tremendous amount of
19 efficiency in the process.

20 Q. Do you recall some discussions about
21 whether cots were used in any of the service centers?

22 A. I do.

23 Q. And I believe you responded there were no
24 cots used at the service centers, correct?

25 A. I don't know of any cots that were used

1 in service centers.

2 Q. Do you know if cots were used anywhere
3 else?

4 A. I know of one instance where we did use
5 cots, we -- Sunday night we had a situation where, if
6 you think back to that storm, and I guess I remember
7 it better than most, but Sunday night there was a
8 second storm that came through, a pretty good
9 thunderstorm that popped up mid to late afternoon and
10 brought some pretty high winds with it here in
11 central Ohio, and as a result of that Storm Services
12 was not able to complete the setup of some of their
13 equipment to allow for lodging.

14 We had a contingent of 75 to 80 people
15 that were arriving that evening, line workers, with
16 no place to stay. So our Workplace Services folks
17 got in touch with the Red Cross, they got cots from
18 the Red Cross and blankets and we actually ended up
19 putting them in one of our office buildings in
20 Gahanna.

21 This isn't a gymnasium, it's just an
22 office building with cubicles like any other office
23 building. They were sleeping in the aisles, just for
24 one night, but we had nowhere else to put them.
25 There were no hotels available. At the time we had

1 no other choice, so we did use cots for that purpose.

2 Q. Do you remember some questions about
3 potentially being charged for food that may have been
4 left over on a buffet or not eaten?

5 A. I do.

6 Q. Under the contract or the arrangement
7 with Storm Services for the June 29th storm who
8 would you expect to pay for the food that was
9 provided?

10 A. I'd expect AEP to pay for that food. You
11 know, we would contract them for a certain number of
12 meals given what we believed to be the number of
13 people there, and based upon that we would be liable
14 for enough food to serve those many people.

15 Q. And can you discuss the importance to the
16 restoration effort of ensuring there was adequate
17 food available?

18 A. Well, there's no question. You know, I
19 don't think anyone can predict what hungry linemen
20 will eat when they get back from working 16 hours in
21 the field, and I think it was obvious to us and I
22 think generally obvious in general that, you know, in
23 a buffet kind of environment there's food available
24 for the resources that are coming in from a long day
25 of work to eat.

1 This food -- these resources are not all
2 coming in at the same time. They're finishing up
3 their jobs and if they can't start a new job, they'll
4 come in from that job to eat. So there's going to be
5 resources showing up over a period of an hour and a
6 half or two hours or so to eat and it's really
7 incumbent and part of the service we require is that
8 they provide meals for those people when they come
9 in.

10 And to run out at any given time for any
11 given reason, you have a group of 20 linemen show up
12 9 o'clock at night without anything to eat, 9 or 10
13 o'clock without anything to eat would just be
14 completely unacceptable, and Storm Services does
15 this, you know, that's their business, they know how
16 to do it, and they make sure that there's food there.
17 And if at the end of the day there's a little food
18 left over, then we pay for that, absolutely.

19 But we haven't let anyone go hungry. We
20 haven't forced anyone to go outside the Storm
21 Services site to purchase or obtain meals, and I
22 think that's an appropriate and prudent method of
23 serving such a large contingent of resources.

24 Q. You also discussed, and I see it in front
25 of you on the stand so I know you have it, OCC 21

1 which is a selection of pages from the Storm Services
2 website. Do you remember that discussion?

3 A. I do.

4 Q. Specifically you discussed on page 4 the
5 type of storm restoration services that Storm
6 Services currently provides, and line crews and tree
7 trimming crews. Do you remember that discussion?

8 A. I do.

9 Q. Counsel for OCC also pointed out up in
10 the right-hand corner the self -- the note that talks
11 about self-contained and if Storm Services provides
12 these individuals, it's a self-contained package. Do
13 you remember that?

14 A. I do.

15 Q. Do you know if this service, this bundled
16 service, was offered in 2012?

17 A. I don't.

18 Q. Do you know if they even offered the
19 services on page 4 in 2012?

20 A. I don't know whether they did or not.

21 Q. Do you have an opinion on whether it's
22 more prudent to take the path that the company did in
23 securing contractors and tree crews versus Storm
24 Services like as indicated on page 4?

25 MS. BOJKO: Objection. Leading the

1 witness. Narrative, additional direct testimony.

2 MR. SATTERWHITE: Your Honor, she asked
3 questions of this witness about utilization of these
4 services and I think he can give an opinion.

5 EXAMINER PARROT: Overruled.

6 A. The services that you see listed here,
7 there's one, two, three, four, five, six different
8 services. In fact, at the time of the derecho in
9 2012 we had contracts in place with providers of
10 these services, providers that had been doing this
11 type of work in the industry for a long period of
12 time.

13 For example, we had contracts in place
14 for damage assessment from two or three different
15 providers. Line crews, we have one of the most
16 robust mutual assistance processes of any industry.
17 I mean, how many industries come to the aid of each
18 other like the utility industry does? And we're able
19 to secure line resources through that process in a
20 way that I don't think anyone can match.

21 Furthermore, one of the things the mutual
22 assistance process does for us is that it provides to
23 us resources that we know about, and one of the
24 concerns in the utility industry is storm chasing
25 resources.

1 There are companies that exist that don't
2 even have necessarily a lot of assets in place but
3 they just pick up linemen from union halls all over
4 the northeast and in heavy unionized areas, pool them
5 together, put them under one umbrella, whatever their
6 company name is, and offer them up to utilities. We
7 call them storm chasers but they're not established
8 companies, if you will, doing routine, ongoing work.

9 So we know what we are getting when we go
10 through our mutual assistance process. So going
11 somewhere else to have someone else do that for us is
12 just, not only inefficient but we have no idea what
13 we'd get.

14 Tree trimming is the same way. We have a
15 large contract with Asplundh Tree Expert and they
16 have resources all over the U.S., they're the largest
17 tree trimming company in the world.

18 We didn't use any storm or supply chain
19 assistance, we didn't need it, although we can get
20 that through mutual assistance processes as well. We
21 ask on our calls for that kind of resource and we get
22 it. So if we need it, we would have got it.

23 We have debris recovery, in fact, used
24 them during the derecho. What that does, and just to
25 explain what that is, you hire a company to come in

1 and basically they come in behind the workers so the
2 workers don't have to clean up the site. They go in,
3 make the repairs, put a new pole up, they strip
4 the -- take the old pole down or at least remove the
5 butt of the pole that might still be in the ground,
6 they put all bad wire, broken crossarms close to the
7 pole, and then they go on and do the next so they can
8 do more restoration work.

9 We don't want them taking the time to
10 pile all this stuff into a trailer or onto their
11 truck which is loaded with other equipment for the
12 day so we had a firm in place. We used them during
13 the storm to come in behind them, pick it up all,
14 take care of the disposal as necessary. Some of the
15 poles need special disposal practices, et cetera, so
16 we had that in place, we didn't need it from them.

17 And likewise the environmental hazardous
18 conditions we have them on site already so these are
19 for oil spills and pole transformers fail and they
20 drop oil on the ground, so we would call them to the
21 site to do the remediation and cleanup as necessary.

22 So these are services we didn't really
23 need. I think we in the industry have put together a
24 really robust set of contractors and contracts that
25 will do this for us and they're professionals and we

1 feel very, very comfortable with them.

2 Q. You also recall some questions about
3 laundry service and whether you were able to send
4 laundry out to be cleaned by cleaners.

5 A. I do.

6 Q. Did you know at the time the management
7 team secured Storm Services if you would have
8 cleaners open in the areas you needed to stage Storm
9 Services sites?

10 A. No. Again, I think it's similar to the
11 other questions around the other service, whether it
12 be lodging, meal availability, ice availability,
13 cleaners, et cetera. Again, the whole purpose of
14 having a contained service like this is we know and
15 we have the confidence that we can get all of those
16 services by hiring a single entity and it will take
17 our requirements of providing them ourselves off of
18 our plate.

19 Our people are utility folks that are
20 best suited to do the restoration effort and to,
21 again, have a company like Storm Services, a
22 logistics supply company provide those services
23 without having to do any kind of analysis at the
24 front end whether or not we'd have that service
25 available and then have that impact our decision on

1 resources, all those are the same. They're all
2 identical kind of arguments.

3 To sit and think you can do an analysis
4 in the midst of a storm where you've got 700,000
5 customers out, you've got, you know, what you know is
6 a week or more restoration effort in front of you
7 just from experience, and to delay the other truly
8 critical processes of acquiring resources and getting
9 them to work on restoring service, to put that piece
10 behind you is not only prudent, it's very, very
11 strategic, but it's also very, very prudent because,
12 as I mentioned, if we saved -- I feel very
13 comfortable saying we saved five days on this storm,
14 and if we saved five days on this storm, that's, you
15 know, at the spend rate you're looking at in the
16 neighborhood of maybe \$10 million a day.

17 There's value there. There's value, more
18 importantly, not only, you know, from a cost
19 standpoint but to our customers to recognize that
20 you're getting this service back sooner, every single
21 day more and more people are getting the service back
22 because you have more resources spending more time in
23 the field.

24 Q. You also discussed, I believe today and
25 with Ms. Bojko on Friday, the difficulty in finding

1 ice locally. Do you remember that?

2 A. I shared with OCC counsel some personal
3 experiences of not being able to find ice in some of
4 my travels as I was out and about during the
5 restoration effort. I didn't mean to convey that
6 every place was completely out of ice, but
7 essentially, you know, we used -- these crews used
8 pallets and pallets full of ice. We're not talking
9 about a jumbo bag from the corner store, pallets and
10 pallets of ice.

11 This is not, you know, a level of
12 availability that you can get at the corner store.
13 You'll clean out those bins pretty quickly. So I
14 recall that, there was a lot of ice, and it was
15 absolutely necessary for the safety of our employees
16 and the contractors that were helping us.

17 Q. Do you have OCC Exhibit 22 in front of
18 you, it's the line-less Storm Services packet?

19 MR. SATTERWHITE: Your Honor, could we go
20 off the record and try to find it real quick?

21 EXAMINER PARROT: Yes.

22 (Off the record.)

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

25 Q. Could you turn to page 47 and 48 of 155

1 in OCC Exhibit 22.

2 A. 47 and 48?

3 Q. Yeah, did I say -- yeah, sorry.

4 A. Okay. I'm there.

5 Q. Is this the level of ice you would expect
6 to be needed in a restoration effort?

7 A. Loads of ice is what it refers to on 47,
8 three loads for Lima, I'm assuming that's truckloads,
9 three loads for Lucasville, which is down near
10 Portsmouth, Lancaster, one load for Wellston, and one
11 load for Parkersburg.

12 Next page shows the delivery of ice from
13 Queen City Ice to Storm Services, 8 skids of ice on
14 7/1, 12 skids of ice on 7/4, 8 skids of ice on 7/5.
15 I think it's been totaled here 40,000 pounds of ice
16 for Lima, Ohio, site.

17 So, yeah, there's nothing surprising
18 about that, again, hundreds of crews, hundreds of
19 resources, water, electrolyte fluids, be it Gatorade
20 or other brands, keeping their lunches cold,
21 absolutely it's -- I saw the trucks with the ice in
22 them, I saw the linemen taking the ice necessary to
23 keep them through the day, so this doesn't surprise
24 me.

25 Q. And this seems to show that this ice was

1 secured, and I don't know how to pronounce the town
2 in Kentucky, Erlanger, Kentucky; is that correct?

3 A. Page 47 of 155 it looks like bulk ice
4 sale from UDF, United Dairy Farmers, Erlanger,
5 Kentucky, yes.

6 Q. And at the time the management team made
7 the decision to secure Storm Services for restoration
8 were you aware of whether ice was available or not in
9 Ohio for restoration efforts?

10 A. Again, similar to the discussion about
11 each of the services really that Storm Services
12 provided, you just, you don't have time strategically
13 to make that kind of evaluation. There was no way to
14 now how much ice was available in the market. With
15 nearly half your customers out of service you assume
16 half your facilities are out of service and half your
17 UDFs and half of everything is out of service.

18 So we had no way of determining that
19 without doing a thorough study and even so I don't
20 know if you could determine ice. I could determine
21 hotels but not ice. So it's just, you just don't
22 have enough time to do that and make good,
23 intelligent decisions about the restoration effort.

24 Q. Also on exhibit, OCC Exhibit 22, first of
25 all, you were presented with this by OCC counsel and

1 went through the Storm Services detail on the front
2 and some of the underlying receipts from Storm
3 Services costs behind that, correct?

4 A. That's correct.

5 Q. And you hadn't reviewed these in detail
6 before; is that correct?

7 A. I had not, no.

8 Q. And there were some questions about the
9 use of a forklift and the charges for a forklift. Do
10 you remember those questions?

11 A. I do.

12 Q. I believe on page 7 of 9 of the front
13 bill, which is page 8 of 155, is where we find the
14 Storm Services forklift rental 5,000 number
15 warehouse. Do you see that?

16 A. I do.

17 Q. I'd like to ask you to flip to page 44
18 and 45 of 155 of this document.

19 A. I'm there.

20 Q. And is the indication for forklift 5,000
21 number on page 44?

22 A. That is the item description, forklift
23 5,000 with a hash tag, 5,000 pounds I assume that is.

24 Q. Is it your understanding this is the
25 forklift on these two pages that Storm Services

1 utilized for the Lima facility?

2 A. So the Storm Services document for Lima
3 states forklift rental 5,000-pound for warehouse,
4 something warehouse. This says the same thing. It
5 was delivered to Lima Mall, which is where that
6 staging site was. So I'd infer that this is the
7 forklift that was used and billed on line -- on
8 page 8 of 155 or page 7 of 9 of the bill.

9 Q. What's your understanding based on these
10 documents of where that forklift was secured?

11 A. Hopkins Food Service was used to secure
12 it. They're located in Cairo, Georgia. On page 45
13 of 155 would suggest that Hopkins then reached out to
14 Hertz Equipment Rental in Fort Wayne, Indiana, to
15 have it delivered from there and then billing to
16 Hertz in Dallas. The forklift, if you look down at
17 the bottom, forklift rental 5,000 pounds --

18 Q. Okay. I want to make sure you're not
19 going to get into numbers here.

20 A. No numbers. But that just ties the
21 5,000 pounds to the 5,000 pounds to the 5,000 pounds.

22 Q. Now I'd like to draw your attention to
23 page 62 of 155, and I believe you also had some
24 questions about this forklift rental that was from a
25 Lima, Ohio, site. Do you remember that?

1 A. I do, yes.

2 Q. And who was the forklift rented to on the
3 top of the receipt here on 62 of 155?

4 A. The forklift was rented, rented to Hansel
5 Wooded Butler, or Hansel Woodard Butler.

6 Q. Now I'd ask you to turn to page 140 of
7 155.

8 A. I'm there.

9 Q. Is there any indication of what the
10 charges were for the forklift associated with
11 Mr. Hansel?

12 A. If I look at the fifth, I'm sorry, the
13 fourth handwritten line on that page, 140 of 155,
14 forklift Hansel rented for one day not charged.

15 Q. Just on an earlier point, right below
16 that is an indication of what we talked about before,
17 the ice and coming from Kentucky, correct?

18 A. Yes, there's a line there that, again,
19 the last set of lines on that page, ice, underscore,
20 Erlanger, Kentucky, to Lima, 134 miles one way, four
21 trips, 1,072 miles.

22 Q. As we've discussed, there's a number
23 of -- there's the front page which is the Storm
24 Services rate charged to AEP Ohio and then individual
25 cost component receipts throughout this packet. Why

1 might the cost components that are included in here
2 be different than the price charged to AEP Ohio for
3 the services provided?

4 A. As I mentioned in testimony on Friday,
5 you know, AEP Ohio hired Storm Services to provide a
6 broad array of services to our restoration effort.
7 Those services were to be billed at unit prices or
8 costs that were in the process of being codified into
9 a contract, had yet to be contracted for legally,
10 formally I guess, but they did honor these unit
11 prices that were in flight, if you will, towards
12 arriving at a contract arrangement with Storm
13 Services.

14 So AEP Ohio would expect to pay these
15 unit price costs regardless of what the underlying --
16 what the underlying acquisition costs, if you will,
17 were for Storm Services. So depending on where they
18 had to go for acquisition, again, the whole service
19 concept here is we didn't have to reach out all over
20 the Midwest to get forklifts and ice and the various
21 and sundry things, laundry service that Storm
22 Services brought to the table.

23 We didn't have to expend valuable
24 resources, utility resources, doing these logistical
25 jobs that take away from, you know, what they're

1 really best at, which is working the utility and
2 restoring service.

3 So, you know, our ability to leverage
4 that was incredible and I would expect to pay a price
5 for the services that we were nearly under contract
6 for, at least had agreed on pricing for, where they
7 got the services from, whether they had to go to
8 Alaska for ice, for example, we're going to pay the
9 same rate.

10 The fact that they were able to get
11 different rates, different things, different places,
12 that's what they do. They spend the time and effort
13 to have all that in place and even be able to react
14 to changes as necessary to make it happen on an
15 emergency basis.

16 Q. Now, do you remember some questions
17 dealing with an AEP article from its website and
18 comparisons between Hurricane Ike storm and the
19 derecho storm, the June 29th storm we're talking
20 about here?

21 A. I do.

22 Q. What's your understanding of the
23 differences between the storms?

24 A. There's a number of differences during
25 the storm, and a couple differences pointed out in

1 that article, in the article that, you know, right
2 after the final restoration of this massive storm,
3 the purpose of which is to kind of inform our
4 customers about the storm and provided some context
5 for them on the cost, clearly there's a difference in
6 customer count and, like I said, the preliminary
7 customer count at the time the article was published,
8 just one day after the restoration was completed, had
9 been updated to a higher number based upon analysis
10 of the actual outage cases.

11 But nonetheless, comparing it to storms
12 from an outage standpoint, they were reasonably close
13 in comparison and then there was a comparison of
14 costs or at least a statement of costs on what the
15 Ike event was for.

16 What's not in there which is really
17 important is that cost drivers in a storm, the things
18 that drive the cost of the storm aren't necessarily
19 the numbers of customers out. In fact, I would
20 suggest to you that sometimes that's misleading,
21 based upon my experience.

22 The real drivers are the infrastructure
23 damage and the key pieces of infrastructure that we
24 look at as an industry that kind of gives you a sense
25 of whether it's a bad storm or not-so-bad storm is

1 the number of poles broken in particular and the
2 amount of wire that you need to replace, because
3 stringing activities, stringing a new wire is --
4 requires a lot of labor.

5 The pole replacement as well. So if
6 you're replacing more poles in an event than a
7 similar event with the same number of customers out,
8 you're just splicing wires together and all you're
9 using is a splice and hanging the wire back up and
10 putting it on existing poles and crossarms, you can
11 get a lot of customers back up faster in those kind
12 of events.

13 The real different between Ike and the
14 derecho was in the infrastructure damage, more poles,
15 tremendously more wire. Anecdotally, we would show
16 up, our damage assessors would show up at a job site
17 and say there's 15 spans of wire down on the ground,
18 two broken poles, and they get out there a day later
19 maybe or two days later to do the repairs after our
20 assessors left and there's no wire left. Copper
21 theft, even aluminum theft during the storm,
22 particularly in Southern Ohio, was pretty dramatic.

23 So when you look at the amount of wire we
24 had to replace, which means stringing processes,
25 et cetera, and more equipment and more time and more

1 people for that kind of work, it was pretty
2 dramatically different. So you've got to be really
3 careful just comparing a storm based upon comparing
4 customers out and cost and duration because there's
5 more to the story than that.

6 Q. Are you aware of the weather conditions
7 faced in the restoration of the Ike storm?

8 A. Yes. There was an exhibit placed in
9 front of me last week which I think was OCC
10 Exhibit 39 which was an emergency operations center
11 report from the State of Ohio Emergency Operations
12 Center. The situation report.

13 And the general forecast, I think it's
14 interesting to draw a pretty strong comparison
15 between the two restoration efforts relative to the
16 weather event.

17 General forecast. More sunshine in the
18 forecast for today, temperatures continuing to warm
19 up. Highs will be in the mid 60s to low 70s. That's
20 warming up. Of course, it would be here today in
21 Ohio.

22 Over the next few days, highs will be
23 comfortable in the low 70s with plenty of sunshine
24 and blue skies. Fundamentally you can't ask for
25 better restoration whether, cool at night, cool

1 during the day, clear skies, no threat of
2 thunderstorms to work under.

3 Contrast that to the derecho where every
4 day was above 90, multiple days above a hundred
5 degrees, humidity, you know, high humidity in the 50,
6 60 percents during the day, 40 to 60 percent during
7 the day, 80, 90 percent during the night, and not
8 only that, but the constant threat of thunderstorms.
9 We had three subsequent thunderstorms during the
10 restoration effort.

11 Sunday night, I think the -- one was
12 Tuesday, one was Thursday, which each of those
13 contributed in the neighborhood of 20- to 25,000
14 additional customers out of service during this
15 event.

16 So clearly the weather conditions are
17 very different. The efficiency of a worker in
18 70 degrees, cool day, low humidity, compared to a
19 worker in hundred-degree heat with the humidity that
20 we had is pretty dramatic on how much more work they
21 can get done.

22 So a big difference in the restoration
23 practices, which when we look at the restoration
24 effort for this derecho event compared to Ike, a few
25 more customers, only one additional day under the

1 kind of conditions and the kind of damage we had was
2 dramatic.

3 Q. Do you have in front of you OCC
4 Exhibit 37, it's a data request, DR20-59? It's a
5 two-page document.

6 A. I do.

7 Q. If you'd take a second and review that
8 document for me. Let me know when you've read it.

9 MS. BOJKO: I'm sorry, which one are you
10 referring to?

11 MR. SATTERWHITE: 37. OCC 37. It's
12 DR20-59. It's two pages, 20-60 is the second page.

13 A. I've read it.

14 Q. Was this response specific to the
15 June 29th storm or any of the storms in this case?

16 A. No, I think the data request here is
17 asking general questions about the process. It talks
18 about responding to a storm event, not this
19 particular storm event or any of the three storm
20 events we have at issue here in this proceeding.

21 It talks about what we would generally do
22 and how we execute getting motel rooms or hotel rooms
23 for responding resources.

24 Q. And how would you compare what's written
25 here to the actions taken in response to the

1 June 29th storm?

2 A. Well, the actions taken were necessarily,
3 as you would expect, greatly accelerated and
4 essentially what we're doing here now with the
5 derecho storm is we're working on multiple fronts and
6 kind of, if you will, parallel processing.

7 We're, obviously, acquiring resources in
8 large numbers through our confidence that we have
9 resource facilities for them, but in the meantime,
10 you know, early on, especially not knowing precisely
11 where the Storm Services facilities would be located
12 because in the first day or so, half a day, our team
13 is doing some assessment where they want to put
14 those.

15 So in addition to that, like I said, kind
16 of parallel processing, we're also acquiring as many
17 hotel rooms as we can, trying to set the hotel rooms
18 aside, again not knowing exactly where we will be
19 able to put the Storm Services logistics centers, the
20 staging sites together at. And those become more in
21 focus in the latter part of Saturday.

22 So it's kind of a heightened response to
23 this more generic discussion around what we do, kind
24 of a couple key points here is that you never -- you
25 never know, you don't necessarily know what resources

1 you're getting and when.

2 The mutual assistance process is going on
3 so you don't have defined people by name or even by
4 company at that time but you're still going out there
5 and getting hotel rooms. Again, knowing that a lot
6 of our customers may be going to hotels, the hotels
7 may not be in service, et cetera. So it's a parallel
8 process that we're going through along with
9 energizing and getting Storm Services spun up for the
10 broader restoration needs.

11 Q. You also discussed lodging and having
12 rooms booked in some of the same areas that you had
13 Storm Services sites. Do you remember that?

14 A. I do.

15 Q. Why would the company have hotel rooms
16 booked in the same area that they had Storm Services
17 sites available?

18 A. The restoration effort's pretty dynamic.
19 As we clean up and complete restoration in one area,
20 we're taking those resources and redeploying them, so
21 every single day there's a constant redeployment of
22 resources from the effected areas. As a result of
23 that you're moving, essentially you begin moving
24 resources, what we call collapsing the resource into
25 the final area.

1 In this particular case Athens and the
2 Athens district, which is largely southeastern Ohio,
3 and the Newark district which is Newark, Zanesville,
4 Cambridge, that's where the remaining outages were,
5 so we had a dramatic number of resources coming from
6 Western Ohio, from Columbus, from the Portsmouth area
7 and pushing into Athens and pushing into Newark.

8 So at one time, just to put some
9 perspective to that, our Athens district, which I
10 mentioned is Southeast Ohio, it's a district that
11 normally has 85 total employees and that includes
12 linemen, engineering, et cetera, and maybe a dozen or
13 so contract people there on a regular basis. During
14 the last two or three days of that storm we had
15 nearly 2,000 resources in the Athens district.

16 So it doesn't surprise me one bit that we
17 had a bunch of folks in OU Inn, the bunch of folks
18 when they got kicked out of there in the dorms at OU,
19 ultimately I believe we moved some trailers from the
20 Portsmouth area over to Athens to help support that.

21 But the same thing in Newark and
22 Zanesville and Cambridge to a lesser extent. We just
23 collapsed a lot of resources into those areas to help
24 finish up the restoration effort.

25 Q. You also had a discussion, I believe you

1 mentioned the impact on customers that you witnessed
2 firsthand driving around, customers having to throw
3 away food and the personal impact on customers. Do
4 you remember that?

5 A. I do.

6 Q. And you had in that answer responded the
7 company has certain terms and conditions that govern
8 the company's liability for customers. Do you
9 remember that?

10 A. I remember that.

11 MR. SATTERWHITE: Your Honor, at this
12 time I'd like to mark Company Exhibit, I believe I'm
13 on 8, which is a copy of Ohio Power Company tariff
14 sheets 10316 and 17. May I approach?

15 EXAMINER PARROT: You may, and it's so
16 marked.

17 (EXHIBIT MARKED FOR IDENTIFICATION.)

18 MS. BOJKO: Your Honor, objection. After
19 the witness made that comment I asked a couple
20 follow-up questions and he said he was not making --
21 having an opinion or was not offering opinion with
22 regard to what was or wasn't included in the terms or
23 conditions or what was the liability of the company.

24 Now we're producing a document to try to
25 prove exactly what he told me he didn't have any

1 knowledge of.

2 MR. SATTERWHITE: First of all, your
3 Honor, I haven't asked him any questions.

4 Second, I'm going to ask him if this is
5 what he was referring to in his testimony. And I
6 believe, if we could review the transcript, he would
7 say he's not an attorney and I don't know if there's
8 other things in the tariffs as well, but I want to
9 get to the knowledge of what he mentioned in his
10 answer to counsel and see what he was relying upon,
11 and these are tariffs of the company.

12 EXAMINER PARROT: The objection is
13 overruled.

14 Can I get a copy of that, please?

15 MR. SATTERWHITE: Sorry.

16 Q. (By Mr. Satterwhite) Mr. Kirkpatrick, can
17 you please identify the document I have placed in
18 front of you that's been marked as Company Exhibit 8.

19 A. The document, with front and back side
20 information on it, it's Ohio Power Company PUCO
21 No. 20 terms and conditions of service, item No. 19
22 is on the front, and continues onto the back with
23 item 20. Item No. 19 is the company's liability and
24 item No. 20 speaks to residential services.

25 Q. Can you take a second and read the first

1 paragraph to yourself.

2 MR. MARGARD: Which one?

3 MR. SATTERWHITE: Of No. 19. Thank you.

4 A. I've read it.

5 Q. And is this what you were referring to
6 yesterday -- or, Friday, sorry, when you were
7 discussing the terms and conditions and the company's
8 reaction after what's been termed an "act of God"?

9 A. Yes. I was specifically referring to my
10 understanding at the time that the company's not
11 liable for damages incurred by our customers should
12 interruption be caused by an act of God, and there's
13 several other things here as well, it looks to be
14 anything that is without our control, more broadly
15 speaking. But clearly the act of God would cause the
16 company not to be liable for any damage that would be
17 incurred as a result of that. I think the derecho
18 was an act of God.

19 Q. And these tariffs are on file and
20 approved by the Commission, correct?

21 A. Yes.

22 MR. SATTERWHITE: Give me one second,
23 your Honor, I think I'm about to wrap up.

24 Q. Do you have OCC Exhibit 38 on the Bench
25 with you? It's another of the large packet of

1 invoices, on top is Staff DR7-001, Attachment 571.

2 A. Yes, I have that.

3 Q. You answered some questions dealing with
4 contractors and whether they were required to eat
5 their meals at the Storm Services site. Do you
6 remember those questions?

7 A. I do.

8 Q. I believe you talked about contractors
9 en route to the site also eat and the company picks
10 up those costs as well, correct?

11 A. Yes. Once a contractor leaves their home
12 base and they're traveling to our restoration effort,
13 meals, lodging, travel expense, all that is
14 reimbursed by the company.

15 Q. And is that reflected in the invoices
16 from the different contractors?

17 A. There are invoices from the contractors
18 that represent meals eaten.

19 Q. Let me draw your attention to
20 Attachment 477, page 3 of 3, which is about four
21 pages in. It's an Asplundh original invoice.

22 A. Attachment 477, okay.

23 Q. And is this an invoice from Asplundh?

24 A. This is an invoice from Asplundh for
25 workers that came from off AEP property, their home

1 utility at the bottom is noted to be Paducah, which I
2 think is a public power entity in Kentucky, Paducah,
3 Kentucky.

4 Q. And the meals referenced above, could
5 that be the meals they charged for while they were in
6 transit to and from AEP Ohio to restore service?

7 A. Could certainly be the meals that they
8 incurred while traveling. If they were not assigned
9 to a Storm Services staging site and were not
10 proximate to one of those sites, it could be meals
11 associated with eating -- meal allowances associated
12 with eating when they didn't have access to Storm
13 Services logistics sites. So it could be either --
14 either or both.

15 Q. And that would be the same for all of the
16 contractor invoices that are included and receipts
17 for the storm, correct?

18 A. Well, that's right. I mean, it's
19 consistent. As I mentioned I think in testimony,
20 that if a contractor wasn't assigned to a Storm
21 Services staging site and provided a meal, they would
22 get their meals and charge us for that. If they were
23 traveling, of course, they would get their meals and
24 charge us for that.

25 So whether it be a line contractor, a

1 tree contractor, a damage assessor, the people who
2 were doing remediation on oil spills, folks doing the
3 cleanup of the debris, you know, whatever it is, kind
4 of that -- you know, that concept universally
5 applies.

6 MR. SATTERWHITE: Thank you, your Honor.
7 That's all I have.

8 EXAMINER PARROT: Thank you.

9 MR. SATTERWHITE: Thank you,
10 Mr. Kirkpatrick.

11 EXAMINER PARROT: Mr. Darr, anything?

12 MR. DARR: No, ma'am.

13 MS. BOJKO: Your Honor, may we have five
14 minutes to get a couple exhibits together based on
15 the direct testimony we just heard?

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

18 (Recess taken.)

19 EXAMINER PARROT: Let's go back on the
20 record.

21 Ms. Bojko.

22 MS. BOJKO: Thank you, your Honor.

23 - - -

24 RECROSS-EXAMINATION

1 By Ms. Bojko:

2 Q. Good morning, Mr. Kirkpatrick.

3 A. Good morning.

4 Q. When you were discussing the mutual
5 assistance agreements and then you made a
6 distinction, you talked about contractors on the
7 property and you stated if the contractors on the
8 property enlisted the assistance of I guess their
9 same company just outside the property, that you
10 would be obligated to pay those contractors pursuant
11 to the contract. Do you recall saying that?

12 A. Just to clarify my own, what I believe I
13 said was that take, for example, Asplundh
14 Construction Corporation, ACC, we have a contract for
15 them to work on our property on a normal basis and in
16 that same contract there are terms related to them
17 supporting us for storms, and then if Asplundh, ACC,
18 were to bring in at our request contractors/workers
19 from other areas, that we would be bound by the, it's
20 predominantly the union agreements that those folks
21 have with their locals and their pay rates when they
22 work storms. So we are bound by those absent
23 accident any other specified agreement.

24 Q. So it would have been the contract
25 between Asplundh and Asplundh, not a contract between

1 AEP and those other contractors. You're talking --
2 the contract you keep referencing is an Asplundh
3 internal or labor union contract, it's not an AEP
4 contract with Asplundh.

5 A. Actually, it then is reflected into the
6 contract terms that we sign in order for them to be
7 billed. So in the case of Asplundh, for example, we
8 have separate storm agreements in place for nonnative
9 crews and those storm agreements do specify that we
10 pay the prevailing wage rate for those workers for
11 the type of work they're doing. So I think that
12 answers your question.

13 Q. Would that also include if the contract,
14 their labor contract that you then are assuming
15 pursuant to the contract with AEP, would that include
16 per diem charges?

17 A. Not necessarily. It would not
18 necessarily include per diem charges. In fact, most
19 of them don't. Most of them are actual
20 reimbursement. That's pretty standard in the
21 industry.

22 Q. What's standard? I think we looked at
23 many receipts on Friday, to not get that many
24 receipts out, they did have per diem meal charges.
25 So are you saying those receipts are the exception

1 and not the norm? We went through several of them,
2 so.

3 A. Let me be clear and expand for the
4 interest that we all understand, for instance, if we
5 have a storm contract with a contractor, that storm
6 contract is specifically arranged ahead of the event,
7 if you will, so we're preparing -- some of those
8 contracts, many of those contracts, have meal
9 allowances, they charge a fixed amount and they get
10 their meals unless we feed them.

11 Many of the relationships, then, the
12 contractors that come in where we don't have a
13 specified storm contract with them, fundamentally
14 what we end up agreeing to in a rate sheet during the
15 event itself is typically material and labor costs
16 and then we provide actual reimbursement for the
17 meals.

18 MS. BOJKO: Your Honor, at this time I
19 have marked as OCC Exhibit 40 a data response, Staff
20 DR-17-001 Attachment 6.

21 EXAMINER PARROT: So marked.

22 (EXHIBIT MARKED FOR IDENTIFICATION.)

23 MS. BOJKO: May I approach, your Honor?

24 EXAMINER PARROT: You may.

25 MS. BOJKO: Let the record reflect I've

1 handed the witness what's been marked as OCC
2 Exhibit 40 for identification purposes and it's
3 DR17-001, Attachment 6.

4 Q. (By Ms. Bojko) Do you recognize this as
5 being an invoice from one of your contractors; MTV?

6 A. I do.

7 Q. And this appears to be the work location
8 is St. Clairsville. Do you see that?

9 A. That's correct.

10 Q. And St. Clairsville is located close to
11 the -- in the Ohio Valley, is it?

12 A. It's located in Eastern Ohio, I believe
13 pretty close to Belmont, close to the Ohio River.

14 Q. Belmont is where -- there was a Storm
15 Services, LLC in Belmont?

16 A. There was.

17 Q. Okay. And, sir, if you could look at the
18 bottom of -- this is a document, an invoice that's a
19 complete invoice 1 of 4, at the very bottom it says
20 "meals and lodging." Do you see that?

21 A. I do.

22 Q. And it has meals for nine personnel, one
23 meal each, \$25 per meal. Then it has 24 personnel at
24 \$25 per meal for, one is dated July 1st and one is
25 dated July 7th. Do you see that?

1 A. I see that.

2 Q. And then it also has lodging for 24
3 personnel; is that correct?

4 A. I do see that.

5 Q. And then if you turn to page 3 of 4,
6 actually just turn to the second page, sorry, in the
7 middle of the second page there's additional meals
8 and mileage for 24 individuals. Do you see that?

9 A. Could you be a little more specific?

10 Q. Yes. Sorry. There's no -- they're line
11 itemed but they're not separately identified with
12 dates. It has in the very middle, it has meals, says
13 "96" beside the meals.

14 A. 96 mobilization meals, is that where
15 you're referring to?

16 Q. Yes.

17 A. Okay, 96 mobilization meals.

18 Q. And then 24 mobilization lodging. Is
19 that what you believe is mobilization to get to the
20 site?

21 A. That would appear to be the case. I'm
22 not -- without digging in more deeply, yeah, that
23 would appear to be the case.

24 Q. And then below that there's another,
25 under Quantity, it has 12, there are additional

1 lodging and meals, demobilization meals and
2 demobilization lodging for a certain number of
3 personnel. Do you see that?

4 A. I see that.

5 Q. Okay. And then on the next page,
6 similarly, there are additional meals and lodging,
7 one's for 24 personnel, \$25 each, and one's at 39,
8 for 39 personnel, \$25 each meal. Do you see those?

9 A. I do.

10 Q. And then again on the final page it has
11 mobilization meals and mobilization lodging and
12 demobilization meals and demobilization lodging for
13 what appears to be 39 personnel on the upper line and
14 5 personnel on the bottom line. Do you see that?

15 A. I see that.

16 Q. And then here's where you indicated it
17 says on the bottom there's a notation that says
18 "Deduct mileage and deduct 3 percent on labor," and
19 that might be a reference to something you were
20 talking about earlier of it might be in the contract
21 that you -- that they were only allowed to charge X
22 for labor. Is that a fair assumption?

23 A. Well, looking at the notations, the
24 handwritten notations if you will, on the final page
25 that would represent the after-action review or

1 post-service review by the team of folks who look at,
2 you know, all these invoices to determine whether or
3 not they met with the agreement that was in place.

4 Q. And, similarly, if meals were not allowed
5 to be charged, this is where you would see that
6 notation too that meals would be deducted.

7 A. I would have expected that.

8 Q. Okay. And this is MTV; is that correct?

9 A. Correct.

10 Q. MTV Solutions?

11 A. That's correct.

12 Q. And do you recall our discussion with
13 regard to the Wheeling versus Ohio Power split that
14 Storm Services made?

15 A. I do.

16 Q. In the --

17 MR. SATTERWHITE: Objection. That's
18 beyond the scope of my redirect.

19 MS. BOJKO: Actually, your Honor, he
20 talked about contractors and meals and whether the
21 contractors had to eat at Storm Services. This is
22 the exact line of questioning where I'm going.

23 EXAMINER PARROT: All right. Overruled.

24 Q. And on, it's OCC Exhibit 17, do you have
25 that?

1 A. One moment.

2 I apologize, I have a lot of exhibits up
3 here and not all of them appear to be present. So I
4 apologize, I don't have that up here.

5 MS. BOJKO: Does your counsel have an
6 extra copy?

7 MR. SATTERWHITE: I have my copy. I can
8 stand with him.

9 MR. MARGARD: Which one?

10 MS. BOJKO: 17.

11 Thank you.

12 A. I have it.

13 Q. (By Ms. Bojko) And on this Storm Services
14 response, page 2, it has MTV, the contractor, listed
15 as being set up in the Wheeling Power and on the
16 other side of the river or other side of the state in
17 Ohio as MTV was working on both sides, both in Ohio
18 and West Virginia; is that correct?

19 A. That's correct.

20 Q. In a series of, I'm not sure if it was
21 the question or I think it was your answers you
22 talked about various AEP reactions and how they
23 handle storms, and my question for you is they would
24 handle Hurricane Ike in that same way. You mentioned
25 a couple other storms, but Hurricane Ike you would

1 presume would have been mentioned in that -- or would
2 have been handled in the same way that you described
3 for the other storms; is that correct?

4 A. If I recall, I was, based upon the
5 exhibit that was referenced I was -- that exhibit
6 talked about the general process of restoring service
7 after storms and what you did and there would
8 certainly be similarities to how Hurricane Ike was
9 handled, yes.

10 Q. And you went beyond the document. You
11 were talking about how the company would have
12 initially reached out to mutual assistance and
13 contractors and things of that nature, and that too
14 would be similar for Hurricane Ike restoration; is
15 that correct?

16 A. Yeah, I think I described the fact that
17 we were running down parallel paths on many of these
18 things so that process would be consistent with, and
19 again, I was not present for Hurricane Ike, but I
20 believe it would be consistent with that.

21 Q. And I believe in your rough calculation
22 you stated that that calculation was determined
23 before you were an AEP Ohio employee in your capacity
24 as a consultant; is that correct?

25 A. I had done a significant amount of work

1 in that area as a consultant, yes.

2 Q. And you don't have any study or analysis
3 that was done specifically related to your work as an
4 AEP Ohio employee during the June 29th storm, do
5 you?

6 A. From a time frame before June 29th or
7 after June 29th, or more recently? If you can be
8 more specific.

9 Q. I think you were responding to my
10 questions in cross that I asked you both. I asked
11 you before June 29th was any kind of study done,
12 and I thought you told me no. So now I was asking
13 afterwards.

14 A. So, no. Before June 29th I had not or
15 AEP had not, AEP Ohio had not done any analysis of
16 that. Again, I think I mentioned relative to that
17 perspective that the reason that AEP chose to pursue
18 contracts with like providers, logistics providers
19 like Storm Services, was the growing understanding in
20 the industry that this is a best practice and that we
21 at AEP should continue and do what we do best, which
22 is learn from the industry, learn from others, and
23 implement, you know, for us.

24 So as far as afterwards, I think I
25 mentioned in Friday's cross that to me and to the

1 rest of the AEP leadership team the value and the
2 benefit to our customers of using Storm Services was
3 pretty evident and intuitive but I recognize, you
4 know, later on it was not.

5 Q. And so the answer is no, you haven't done
6 a specific study to arrive at the dollar figure that
7 you provided here today.

8 A. I did an estimate based upon the
9 resources that were there, the average cost of those
10 resources and that type of thing. So I did an
11 estimate on that. Is it a rigorous study? No, but I
12 think it's indicative and it's, give or take a couple
13 percent or a few percent, I think it would be on
14 target.

15 Q. And when you say you did a rough
16 estimate, did you actually look into the services
17 that were offered and the availability of certain
18 services in a particular area during storm service
19 restoration?

20 A. No, what we did was fundamentally look at
21 what the benefit to our customers was and what the
22 potential resulting costs would be should we extend
23 the restoration effort multiple days, you know, as
24 many as five days. And if you can attribute that
25 value to Storm Services, which I did in two arenas,

1 one is the efficiency of the workforce and getting
2 more hours out of them, the other is the strategic
3 decision-making to bring a large resource pool in, if
4 you look at the combination of those two elements and
5 look at the benefit it provided, an estimate of the
6 benefit provided, translate that to cost, it's really
7 not necessary to look at the individual components of
8 how much we paid for -- I'm sorry, really you've got
9 to take a holistic view of what did we -- how did we
10 deploy Storm Services and then how did it help us
11 with the restoration effort.

12 Q. I'm sorry, I thought you said you did do
13 a per -- an average cost of per item review. So now
14 you're saying you did not look at separate items and
15 do an average and then do some kind of comparison to
16 those to the costs?

17 A. I don't believe that I said that I looked
18 at the individual cost pieces and compared that to
19 not having it. What I said or perhaps I implied is
20 if you look at the overall cost of Storm Services
21 against the overall benefit they provided, it comes
22 out net benefit to the customer on both the cost and
23 clearly on getting service back sooner.

24 Q. And did you look at the benefit that is
25 provided to AEP Service Corp. for restoring service

1 faster as well?

2 A. I'm not sure what you mean.

3 Q. Getting electricity turned on and the
4 generation of that electricity flowing to both
5 AEP Ohio from the distribution perspective and AEP
6 Service Corp. from a generation perspective; did you
7 look at those?

8 A. No. I looked at the benefit to putting
9 our customers back in service in hundred-degree heat
10 after multiple days in that environment. I did not
11 look at any generation revenue that we obtained as a
12 result of that.

13 Q. Or distribution revenue obtained.

14 A. Or distribution revenue.

15 Q. And did you do -- you said you did a
16 cost-benefit analysis of the Storm Services but did
17 you do a cost analysis, cost-benefit analysis, with
18 Storm Services compared to not using Storm Services?

19 A. The premise for the evaluation was,
20 broadly speaking, what if I didn't have them at a
21 high level. Again, holistic view. If I didn't have
22 Storm Services, I would have got two-and-a-half hours
23 less work per person.

24 You can take that and determine, given
25 the amount of people you had, how many extra hours

1 and how much work you're not getting done on a daily
2 basis, this is simple math. With X number of
3 employees working and you get two-and-a-half hours
4 less on them, that's the number of hours you lost.
5 You lost two-and-a-half times the number of people.
6 That's the number of work hours you lose every single
7 day.

8 If you accumulate that for the 11-day
9 storm that we had and compare that to what we needed
10 to restore service in the first place, you can
11 calculate what the extended days are, it's pushing 2
12 just for that, 1.7, 1.9 days.

13 The second piece of that is, is more
14 strategic, you know, to wrap your arms around, but if
15 I had to do analysis on what hotels were available,
16 what food was available, what ice was available, what
17 laundry services were available and all the things
18 that Storm Services brought to us, if I were to do
19 that analysis before requesting resources, I've lost.
20 The environment would have eaten us up and we would
21 have got, in my estimation, 30 percent fewer
22 resources.

23 Q. Okay. Maybe I'm missing a calculation
24 here. I get 11 days times 2, being 22 hours, which
25 is less than one day, going up to 4 hours which is

1 the 2 days that you're talking about, right?

2 A. The calculation is two-and-a-half hours
3 per person. Two-and-a-half hours per person.

4 Q. Per person. I thought you said per day.

5 A. Two-and-a-half hours per person. If your
6 entire workforce is two-and-a-half hours less
7 productive on any given day, I'll take a simple
8 example, if I've got 2,000 people and in any given
9 day they're two-and-a-half hours less productive as a
10 result of that, that's 5,000 man-hours of work that
11 didn't get done that day that has to get done.

12 So you do the math every single day and
13 then you push out the analysis --

14 Q. I'm sorry, I misheard you, I thought you
15 said per day.

16 A. No.

17 MR. SATTERWHITE: Your Honor, can the
18 witness be allowed to finish his answers before he
19 gets cut off.

20 MS. BOJKO: I thought he did, I'm sorry.

21 MR. SATTERWHITE: Let him --

22 MS. BOJKO: I thought he was finished.

23 Q. And did you --

24 MR. SATTERWHITE: Were you done? I'm
25 sorry.

1 THE WITNESS: I was done.

2 MR. SATTERWHITE: Thank you.

3 Q. What was the name of the second Storm
4 Services type company that you said AEP now has a
5 contract with?

6 A. I believe it's Base Logistics.

7 Q. Did you do the same kind of analysis
8 comparing Storm Services with Base Logistics?

9 A. No. And largely because that analysis
10 was done in the preliminary work to evaluate Storm
11 Services and Base and a few others for the most
12 effective and lowest overall cost services being
13 offered. When we chose Storm Services, that analysis
14 was done prior to that, so there's -- there was, in
15 my mind, no need to go back and determine what it
16 would have been had we used Base Logistics at the
17 time.

18 Q. And you -- I keep hearing different
19 numbers as well. It's my understanding one of the
20 data responses, and correct me if I'm wrong, was that
21 you -- you initially requested 1500 workers from
22 Storm Services; is that correct?

23 A. Yeah, the timing was -- we kept
24 increasing the number of requests kind of throughout
25 Friday and certainly into Saturday. Saturday morning

1 is when essentially we pushed the request up to I
2 think it was 2500, again, there's so much going on,
3 that's my recollection is Saturday morning we made a
4 standing request for 2500 and repeated that every day
5 for the next three days till we got -- actually we
6 never ended up getting everything we asked for when
7 we wanted it, so that's the background on that.

8 Q. And you did -- I may have misheard
9 something you said. You did bring in utilities from
10 Texas, right?

11 A. We brought our AEP company employees from
12 Texas, yes.

13 Q. Okay. And there were other -- you made a
14 reference to Arizona and I'm not sure what that was.
15 You did bring utility companies from the west, right?
16 Or contractors.

17 A. My comment on Arizona was to put it in
18 context of whatever I was describing at that time.

19 When you look at resource availability,
20 you look at are they available, how much time it
21 takes to get there, how much work you have from when
22 they get there and how much time it takes them to get
23 back.

24 So you necessarily, because of the scope
25 of the storm you're working, you kind of have a limit

1 there on that. So does it make sense to drive
2 resources from Oregon, for example, to Ohio and then
3 have them work two days and turn around and drive
4 them back three or four. So it's a balancing point
5 there on how you request resources.

6 But we were able to fly resources in from
7 our sister company in Texas. Our sister companies in
8 Arkansas, Louisiana, Oklahoma drove in, that's why
9 they arrived a little bit later.

10 Q. And you stated earlier today that you
11 expected -- you expect, you said, those were your
12 words, AEP to pay for leftover food; is that
13 accurate?

14 A. I expect Storm Services to make sure that
15 they have enough food for every last person we need
16 to feed, and if that means there's an extra meatball
17 left, yeah, I'll pay for it.

18 Q. AEP will pay for it.

19 A. Yes.

20 Q. And then you also expect AEP to pay for
21 trailers that were not used; is that correct?

22 A. In the case of Belmont where we ordered
23 trailers up, again, Saturday morning very, very early
24 to make the final commitment, and then having
25 on-the-ground intelligence tell us we're not needed,

1 yes, I expect to pay for that.

2 Q. And you also expect to pay for stolen
3 sleep units? AEP to pay for stolen sleep units.

4 A. Can you define "sleep units"? I don't
5 recall.

6 Q. That's what Storm Services called sleep
7 units, sleeping bags, linens that were stolen and
8 never returned. The one we looked at on Friday was a
9 hundred and some.

10 A. To the extent we could not trace it back
11 and acquire them from whoever pilfered those, I would
12 expect to pay for them, yes.

13 Q. And, I mean, you're in fact requesting
14 recovery of these costs from customers through the
15 application; is that correct?

16 A. Yeah. I think I see that as a cost of
17 doing business. It's a cost of, you know, that could
18 happen in hotel rooms as well, people could steal
19 sheets, linens, towels, whatever out of hotel rooms
20 and if that's the case and the hotel charges us for
21 them, we would pay.

22 I think you can't track down necessarily
23 every last person who may have been staying in any
24 specific bunk in one of these bunk trailers. So is
25 it possible for us to go back to the contractor, and

1 I see that as a broader cost of doing business. In
2 comparison to the overall price, I think it's
3 obviously pretty small, but nonetheless, yeah, I
4 think we would expect to pay for that.

5 Q. And that commitment of AEP's to your
6 expectation that that would be paid by AEP Ohio has
7 not been changed by the joint stipulation filed in
8 this case; is that right?

9 A. My knowledge of the joint stipulation is
10 it's a black-box settlement and there's no line items
11 associated with what we did or did not agree to
12 reduce. So I can't say that.

13 Q. And let's -- you stated, you made a
14 comment that you assumed half of the businesses were
15 out of service and I'd like to go to OCC Exhibit 22,
16 if you still have that in front of you, as an
17 example. It's just one Storm Services location, it's
18 Lima.

19 A. I have that back in front of me.

20 Q. Okay. We went through a couple of these
21 on Friday, but on page 58 of 155 --

22 A. I'm sorry?

23 Q. Page 58 of 155.

24 A. Five-eight?

25 Q. Yes.

1 A. All right.

2 Q. You can see that this is a Wal-Mart open
3 and operating in Lima, Ohio.

4 A. This appears to be, 58 and 59, a two-page
5 copy of an invoice from Wal-Mart, yes.

6 Q. And then after those two pages there are
7 a couple receipts from Lowe's operating in Lima,
8 Ohio; is that correct?

9 A. I see that. That's correct.

10 Q. And they're dated July 2nd and
11 July 3rd at the bottom.

12 A. I see that.

13 Q. And without going through every single
14 one of these, I mean, there were several businesses
15 open and operating and, in fact, you took advantage
16 of that and purchased supplies from Lima-area
17 businesses and I think you -- well, I'll ask you that
18 first.

19 MR. SATTERWHITE: Objection. Your Honor,
20 my question was at the time Storm Services, the
21 decision to make Storm Services was secured, were you
22 aware if things were open. These questions are
23 beyond the scope of my redirect.

24 MS. BOJKO: No, your Honor, his response,
25 I wrote it down, assumed half of the businesses were

1 out of service.

2 EXAMINER PARROT: Overruled.

3 A. So, yes, this is two or three days later
4 and I would correct counsel, this is what Storm
5 Services did, not AEP, to acquire services. You
6 know, my comment about half, you know, with half our
7 customers being out at the height of the storm on
8 really I think around 1 a.m. I think is what we
9 established from the chart on the 30th of June, at
10 that point in time, or at 6 a.m. that same morning
11 when we are needing to make a strategic decision, we
12 would not know what is open or not open.

13 Q. Okay. But you're also not sitting here
14 telling me that nothing was open.

15 A. Of course not.

16 Q. And if you look at page 66, there's a GFS
17 Marketplace and it is open on July 1st; is that
18 correct?

19 A. I see that.

20 Q. I know you made the clarification this is
21 Storm Services but I believe we went through a
22 separate packet or you were in the room when we went
23 through several of these with Mr. Dias that were AEP
24 employees submitting receipts for things from various
25 fast-food restaurants, Wal-Marts for the snacks and

1 drinks, Sam's Club. Do you recall all those?

2 A. I do.

3 Q. So AEP employees did, in fact, also
4 provide services from or obtain supplies from local
5 businesses.

6 A. Yes. We did not have Storm Services
7 everywhere so our people would have done some of that
8 on their own, of course.

9 Q. Well, didn't we actually look at some
10 that were in locations in Lima in different areas
11 where there was Storm Services? I mean, it wasn't
12 outside of Storm Services that AEP either contractors
13 or employees submitted receipts in areas right around
14 Storm Services; is that correct?

15 A. That's correct. And I think I stated
16 that even where we had Storm Services set up and
17 working, that our service centers in those same areas
18 were still operating and still running and still
19 serving maybe a smaller portion of the resources, our
20 company resources and our native contractors, and the
21 need for that to be acquired by our people was still
22 there.

23 Q. Okay. I'm going to go back to the
24 forklift discussion that you had with counsel. You
25 mentioned 5,000 and the pound sign, and you believe

1 that's a 5,000-pound forklift?

2 A. I'm -- I don't understand equipment very
3 well. I am making the judgment, good, right, or
4 wrong, that would refer to maybe a lifting capacity
5 of a forklift, that's all.

6 Q. Okay. You're not making the judgment,
7 good, right or wrong, about that that was the serial
8 number attached, that was the exact forklift used,
9 things of that nature; is that correct?

10 A. All I did was make -- all I did was agree
11 that the nomenclature that was used showed up in
12 those different places that was pointed out to me by
13 counsel.

14 Q. Okay. And would you also agree that the
15 dollar amount charged for that 5-pound [verbatim]
16 forklift was not consistent with that on the summary
17 page of the Storm Services summary invoice?

18 A. I'd have to look at it again. Can you
19 direct me there? I'm sorry, but I just can't
20 remember that.

21 Q. Let's look at that because you focused on
22 the 5,000 and I couldn't match up the prices so
23 that's why I'm asking you if they match up.

24 Well, here, it might be -- are you
25 looking for the invoice or are you waiting for me to

1 provide you a number?

2 A. I'm waiting for you but I'll start trying
3 to help the Court here move faster, so I am looking
4 as well.

5 MR. SATTERWHITE: 44 and 45.

6 MS. BOJKO: Thank you.

7 Q. Page 44 and 45.

8 A. I was way off.

9 Okay, I'm there.

10 (CONFIDENTIAL PORTION EXCERPTED.)

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20 (OPEN RECORD.)

21 A. I don't.

22 Q. Okay. Then if I turn to page 45, which
23 is a different forklift rental from Hertz Equipment
24 Rental --

25 MR. SATTERWHITE: Before we say another

1 number, your Honor, can I just try to get those last
2 numbers at least marked and then, I know that was
3 inadvertent, I just wanted to --

4 MS. BOJKO: I'm sorry.

5 MR. SATTERWHITE: Thank you.

6 Q. If you look at the second Hertz Rental
7 Equipment, there are additional charges for a
8 forklift unit there, it has a rental charge and then
9 it has other charges, if you look in the box, but
10 then if you look down below has a specific charge for
11 a forklift. And it is also a 5,000-pound forklift or
12 has that nomenclature by that.

13 A. I see that on that page, yes.

14 Q. And that amount also is not consistent or
15 identical to what's on page 8 of the summary with
16 regard to forklift charges.

17 A. No. And I guess, again, I would stress
18 that the contract with Storm Services was for
19 unit-priced services of a variety of different things
20 including forklifts, and how Storm Services chose to
21 source those and what they paid to source those and
22 et cetera, again, we focused on what the contract
23 term, what we agreed to do at least in the
24 negotiations leading up to this and ultimately in the
25 end-point contract that we currently have.

1 Whether they source it from someplace
2 down the street or they have to go seven states away,
3 that's the strategic value, in small part, to what
4 Storm Services does for us.

5 They figure out how to get this all done.
6 They charge us a price for it. Their sourcing --
7 strategies how they do that, et cetera, takes all
8 that burden and responsibility off us so our people
9 can be putting wires and poles back up. So that's
10 the strategic value here, and I would not expect any
11 of those numbers to be the same.

12 Q. Can we go to the page you referenced with
13 your counsel, page 140.

14 A. 140 out of 155?

15 Q. Uh-huh.

16 A. I'm there.

17 Q. Okay. The reference to the forklift that
18 you -- do you know who -- this is on handwritten
19 notes, is it not?

20 A. These are handwritten notes, yes.

21 Q. Do you know who wrote these handwritten
22 notes?

23 A. Unless it's signed by somebody, I do not
24 know.

25 Q. Okay. And there are three pages of

1 handwritten notes that do not appear to be signed by
2 anybody, right?

3 A. At least.

4 Q. Okay. And these handwritten notes, the
5 receipt was incorporated into the packet that is
6 supporting documentation for charges; is that
7 correct?

8 A. It's probably somewhere in here but I
9 don't know where it's at.

10 Q. Well, we looked at the page that actually
11 had a receipt on Friday, right?

12 A. Yes, we did.

13 Q. Okay. And usually you don't return in
14 receipts that you're not seeking recovery of, do you?

15 A. We returned what we asked for, so -- or,
16 what was asked of us, so I'm not sure -- I don't
17 understand the question, I'm sorry.

18 Q. I mean, if Storm Services is attaching
19 them for supporting documentation of the invoice, it
20 would assume that all of the receipts were being
21 sought recovery or at least supporting documentation
22 to the charges being assessed. Is that a good
23 assumption?

24 A. Where -- we are requesting the cost
25 recovery of what Storm Services charged us. We're

1 not requesting cost recovery on all these subsequent
2 receipts that represent Storm Services' sourcing of
3 the equipment.

4 Q. I guess that's my point. Storm Services
5 has attached it to an invoice to AEP with charges
6 that it is supporting that it was assessed in order
7 to obtain recovery from AEP. I'm not talking about
8 this case. AEP.

9 A. Oh.

10 Q. Is that . . .

11 A. I honestly don't know why they would put
12 all that with their invoice but they did and -- but
13 we, again, the agreement was that we would pay the
14 prices that were in place and being actively
15 negotiated during the negotiation process with Storm
16 Services.

17 Q. Right. And they attached it as
18 supporting documentation to their invoice; is that
19 correct?

20 A. That's correct.

21 Q. And if we can look at page 11 of 155, do
22 you see this appears to be a vendor paid bill sheet
23 and it has invoice numbers and then it also has -- it
24 has not numbers but a description of invoice in one
25 column and then it has an amount in the second column

1 and then a check number and a check date. Do you see
2 that?

3 A. I see that.

4 Q. Okay. And if you look down at HFS
5 Forklift down, it's about halfway down . . .

6 A. I see that.

7 Q. Okay, and right beside it is a number
8 that I think you will find in the forklift invoice
9 that doesn't match what's in the summary invoice but
10 matches the invoice that you were talking about with
11 counsel. Do you see that?

12 A. I see that number, it looks familiar and,
13 as I return to page 44, those two numbers are
14 identical.

15 Q. Okay. And then if you look up about
16 seven lines do you see the reference to Hansel
17 Butler?

18 A. I see that.

19 Q. And Hansel Butler has a charge that is a
20 lot larger than just that forklift rental that we're
21 talking about, is that correct, without saying
22 numbers in the record?

23 A. That is correct, yes, I can agree to
24 that.

25 Q. Okay. Then if we look back at the

1 forklift from Hansel Butler that we were talking
2 about on Friday, which is page 62 of 155 --

3 A. I'm at that page.

4 Q. -- do you see that this is a Hansel
5 Butler forklift charge?

6 A. I see that.

7 Q. And so isn't it also, I mean, it's less
8 than what's listed on the line item vendor pay bill
9 sheet; is that correct? Significantly less for
10 Hansel and Butler.

11 A. The number at the bottom of that is
12 definitely different than the number you referred me
13 to on page 11 for Hansel and Butler.

14 Q. So it's possible that Hansel or Butler
15 gave a series of invoices and added them up to this
16 larger number of the bill pay sheet and paid it on a
17 lump sum for multiple services or supplies.

18 A. I don't know how they got there. That
19 would be one explanation.

20 Q. I mean, you don't know what's inclusive
21 or exclusive of the large payment paid to Hansel and
22 Butler, do you?

23 A. I don't know if even the one on page
24 40 -- I'm sorry, page 62 of 155, I have no way of
25 knowing if that's even included in the line that

1 you're referring to on page 11. I just don't know.

2 Q. Right. You don't know what's included or
3 excluded in that and it could very well be included,
4 we just don't know.

5 A. Included or excluded, we don't know.

6 Q. But it is attached as supporting
7 documentation from invoices received by AEP from
8 Storm Services; is that accurate?

9 A. All this was attached together, yes.

10 Q. And isn't it true, sir, that some of the
11 trailers and Storm Services resources were only moved
12 three days?

13 MR. SATTERWHITE: Objection. Beyond the
14 scope of my redirect.

15 MS. BOJKO: It's not beyond the scope,
16 your Honor. He stated every day they moved resources
17 and we actually have facts that don't concur with
18 that conclusion so I'm questioning his statement.

19 EXAMINER PARROT: Overruled.

20 A. So the statement that I made that every
21 day I moved resources, I was referring to physical
22 resources, people. I didn't necessarily mean I moved
23 Storm Services' resources such as sleeping trailers.
24 I'm not sure I make the connection.

25 Q. Well, if you're moving people to new

1 sites and they were sleeping in those trailers,
2 wouldn't you have to move the trailers to house the
3 people that you were using them to house?

4 A. Unless that site had some capacity or
5 they were moving somewhere that did not have a Storm
6 Services setup and they go into hotels. It could be
7 a combination of those.

8 Q. Okay. And you only did move trailers,
9 sleeping trailers, three times; is that accurate?
10 Three days.

11 A. Yeah, I think that's what testimony
12 shows. We didn't have to move a whole lot of
13 trailers because we had pretty good intelligence in
14 the field about where to put them in the first place.

15 Q. Thank you.

16 Sir, you referenced a tariff sheet. Are
17 you -- have you ever been involved in putting
18 together the terms and conditions of service for an
19 AEP tariff schedule?

20 A. I don't recall that, no.

21 Q. And you are not the regulatory affairs or
22 VP of Finance and Regulatory -- what is the name? VP
23 of Regulatory and Finance, have you ever been in that
24 position with AEP Ohio?

25 A. I have not.

1 Q. And you're not an attorney I think you
2 stated on Friday; does that still hold true?

3 A. That's correct.

4 Q. And, sir, you're not aware of any other
5 statutory provision or Commission rule that would
6 actually allow recovery of outages in certain
7 circumstances, are you?

8 A. I think I mentioned in my testimony last
9 Friday that I was aware in cases of negligence that,
10 again, not being an attorney, but I think that was
11 the one case where we maybe have liability.

12 Q. And you're not aware with any other
13 specific situations where there may be an opportunity
14 for a customer to seek relief with regard to outages.

15 A. I'm not aware of that, no.

16 Q. Okay. And are you aware of whether this
17 provision in AEP's tariff has ever been challenged at
18 the Commission?

19 A. I'm aware certainly of at least one case
20 because I was a party to the case and my judgment
21 would be it's probably challenged multiple times.

22 Q. Sir, isn't it true that after customers
23 would come back on line, you would either release
24 workers, for instance the OCC Exhibit 40 that we just
25 looked at this morning where we assumed they

1 demobilized a crew, do you know the dates that they
2 started demobilizing crews for . . .

3 A. I don't. I'd have to look at more data
4 somewhere that would determine whether we released
5 crews. I don't know specifically when we began doing
6 that. You make a decision on, you know, if a crew
7 finishes up in Lima, for example, and there are still
8 outages in Athens, do you move them there or do you
9 send them home? How much value do you get by moving
10 them. And these are all kind of in the spur of the
11 moment kind of decisions. I don't know when we began
12 releasing crews to go home, however.

13 Q. Do you know the earliest date that one
14 was released? Were they released July 2nd?
15 July 3rd?

16 A. I honestly don't know.

17 MS. BOJKO: I have no further questions,
18 your Honor, thank you.

19 Thank you, Mr. Kirkpatrick, for your
20 time.

21 THE WITNESS: Thank you very much.

22 EXAMINER PARROT: Staff?

23 MR. MARGARD: No questions, thank you
24 very much.

25 MR. SATTERWHITE: Your Honor, there's

1 only one area where I want to ask one question
2 because I think they were talking past each other on
3 an issue. I didn't want to interrupt the question
4 but I think to avoid a lot of misunderstanding and
5 arguing back and forth it might be good to add I want
6 to ask a question.

7 MS. BOJKO: No, your Honor, I'll object.

8 EXAMINER PARROT: I think we're going to
9 leave the record how it stands.

10 Thank you, Mr. Kirkpatrick.

11 MR. SATTERWHITE: At this point the
12 company would move for admission of Company Exhibit
13 7, again, Company Exhibit 8, and Company Exhibits 1
14 and 1A which are the application and modified
15 application.

16 EXAMINER PARROT: Are there any
17 objections?

18 MS. BOJKO: Did you want to do Exhibit 40
19 that you just introduced today?

20 MR. SATTERWHITE: Thank you very much,
21 that's good too.

22 MS. BOJKO: No objection to 40.

23 MR. SATTERWHITE: Wait a second. All we
24 had was --

25 MS. BOJKO: I'm sorry, it was No. 8. Did

1 you say 8?

2 MR. SATTERWHITE: Yes.

3 MS. BOJKO: Oh, okay. We have no
4 objection to No. 8.

5 EXAMINER PARROT: It is admitted.

6 (EXHIBIT ADMITTED INTO EVIDENCE.)

7 EXAMINER PARROT: The others were --

8 MS. BOJKO: I'm working backwards, your
9 Honor.

10 EXAMINER PARROT: Okay, 7?

11 MS. BOJKO: No objection to
12 Mr. Kirkpatrick's testimony.

13 EXAMINER PARROT: All right. That shall
14 be admitted.

15 (EXHIBIT ADMITTED INTO EVIDENCE.)

16 EXAMINER PARROT: The application and the
17 supplement, 1 and 1A.

18 MS. BOJKO: And the supplement? Okay, no
19 objection, your Honor.

20 EXAMINER PARROT: Those are also
21 admitted.

22 (EXHIBITS ADMITTED INTO EVIDENCE.)

23 MS. BOJKO: And then, your Honor, at this
24 time we would like to move admission of OCC Exhibits
25 17 through 40.

1 EXAMINER PARROT: Can we go off the
2 record just for a moment.

3 (Discussion off the record.)

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

6 All right. Any objections to the
7 admission of OCC Exhibits 17 through 40?

8 MR. SATTERWHITE: Other than the
9 clarifications made in the record about making sure
10 there's completeness and there's full records, no
11 objection.

12 EXAMINER PARROT: All right. OCC
13 Exhibits 17 through 40 are admitted.

14 (EXHIBITS ADMITTED INTO EVIDENCE.)

15 EXAMINER PARROT: Anything else from the
16 company?

17 MR. SATTERWHITE: Thank you, your Honor,
18 nothing.

19 EXAMINER PARROT: Very good.

20 MS. BOJKO: Your Honor, may I take a
21 five-minute restroom break?

22 EXAMINER PARROT: Yes. Let's go off the
23 record, we'll take a short break.

24 (Recess taken.)

25 EXAMINER PARROT: Let's go back on the

1 record.

2 OCC.

3 MS. BOJKO: Thank you, your Honor. The
4 Office of Ohio Consumers' Counsel would like to call
5 James D. Williams to the stand.

6 EXAMINER PARROT: Please raise your right
7 hand.

8 (Witness sworn.)

9 EXAMINER PARROT: You're already seated.
10 He's ready to go.

11 - - -

12 JAMES D. WILLIAMS

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

15 DIRECT EXAMINATION

16 By Ms. Bojko:

17 Q. Mr. Williams, could you please state your
18 name and business address for the record.

19 A. Yes, my name is James D. Williams, my
20 business address is 10 West Broad Street, Suite 180,
21 Columbus, Ohio 43215.

22 Q. By whom are you employed, sir?

23 A. I'm employed by the Office of the Ohio
24 Consumers' Counsel.

25 Q. In what capacity?

1 A. I'm a Senior Consumer Protection Research
2 Analyst.

3 Q. Sir, did you file or have cause to be
4 filed testimony in this proceeding?

5 A. Yes, I did.

6 MR. SATTERWHITE: Your Honor, could you
7 have the witness turn the mic on? Thanks.

8 EXAMINER PARROT: Thank you.

9 MS. BOJKO: Your Honor, at this time I'd
10 like to have marked for identification purposes OCC
11 Exhibit No. 1, the direct testimony of James D.
12 Williams.

13 EXAMINER PARROT: So marked.

14 (EXHIBIT MARKED FOR IDENTIFICATION.)

15 Q. Sir, do you have a copy of that document
16 that's been marked as OCC Exhibit 1 in front of you?

17 A. Yes, I do.

18 Q. Is that your testimony, sir, that --

19 A. Yes, it is.

20 Q. And was that prepared by you or under
21 your direction?

22 A. Yes, it was.

23 Q. Sir, at this time do you have any changes
24 or corrections to the testimony?

25 A. Yes, I do.

1 Q. Please proceed.

2 A. On page 8, line 19, I want to delete the
3 words "based on the advice of counsel." And start
4 this sentence off with "The stipulation."

5 And then move the phrase "based on the
6 advice of counsel" to the beginning of the second
7 sentence, so that the second sentence would read
8 "Based on the advice of counsel, under the third
9 prong...."

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

12 A. No, I do not.

13 Q. With that, if I asked you the same
14 questions with the correction that you made today, if
15 I would ask you the same questions, would your
16 answers be the same here today?

17 A. Yes.

18 MS. BOJKO: Your Honor, at this time I
19 would move the admission of OCC Exhibit 1 subject to
20 cross-examination.

21 EXAMINER PARROT: Thank you.

22 MS. BOJKO: And I tender the witness for
23 cross-examination.

24 EXAMINER PARROT: Let's start with the
25 company.

1 MR. ALAMI: Thank you, your Honor. Did
2 anybody else have any cross for this witness?

3 EXAMINER PARROT: Let's start with you.

4 MR. ALAMI: Company first.

5 - - -

6 CROSS-EXAMINATION

7 By Mr. Alami:

8 Q. Good morning, Mr. Williams. How are you?

9 A. Good morning.

10 Q. Good to see you again.

11 A. Thank you.

12 Q. I wanted to start today on page 5 of your
13 testimony, and at page 5 there starting on line 10
14 you discuss the definition of a major event as found
15 in Ohio Admin. Code 4901:1-10-01(Q); is that correct?

16 A. That is correct.

17 Q. Now, at a high level, without trying to
18 get into the natural logs or the average logs of
19 anything, although I could do that calculation in my
20 head, I won't do it here just so we're staying at a
21 high level.

22 Now that definition of a major event as
23 found in the Ohio Administrative Code rule that I
24 just cited basically calls for the determination of
25 two numbers, the first being the actual daily SAIDI

1 value expressed in CMI on a particular day, and then
2 the other value is the utility's major event day
3 threshold as determined by the IEEE methodology. Do
4 I have that right?

5 A. That generally is what this --

6 Q. At a basic high level.

7 A. Yes.

8 Q. Okay. And having those two numbers, if
9 the daily CMI value for a particular day exceeds the
10 major event day threshold for the utility, that
11 particular day is considered a major event pursuant
12 to the definition.

13 A. That's correct. That date is considered
14 a major event and the customer minutes interrupted
15 for those days are then excluded from the
16 calculations later for whether or not the company met
17 its performance standards.

18 Q. Okay. We're not talking about
19 performance. Do you mean reliability standards? Is
20 that what you just meant in your answer?

21 A. Yes.

22 Q. Okay. I wasn't talking about those,
23 we're just staying at a high level with the
24 definition. Do I have the basics of the definition
25 correct at this point?

1 A. Yes.

2 Q. Thank you.

3 So for the purposes of this case
4 AEP Ohio's major event day threshold for 2012 is
5 8,755,323 CMI; is that correct?

6 A. Yes.

7 MS. BOJKO: Object, your Honor. At this
8 time may I ask for a clarification what the word
9 "AEP" means.

10 MR. ALAMI: Thank you, I guess it would
11 be more appropriate at this time --

12 EXAMINER PARROT: Be more specific.

13 Q. Mr. Williams, in our discussions today
14 I'm going to refer to AEP Ohio as Ohio Power Company
15 as it exists today and as it has existed since the
16 merger of Ohio Power Company and Columbus Southern
17 Power Company effective December 31, 2011. So for
18 the purposes of my discussions here today "AEP Ohio"
19 I'm referring to the single entity. Do you
20 understand that?

21 A. Yes.

22 Q. And if I at all refer to the individual
23 companies, I will refer to them as Ohio Power Company
24 and Columbus Southern Power Company. Do you
25 understand that distinction?

1 A. Okay, yes.

2 Q. For the purposes of this case AEP Ohio's
3 major event day threshold for 2012 is 8,755,323
4 customer minutes interrupted; is that correct?

5 A. Yes, that's the number that I've also
6 cited in my testimony.

7 Q. Okay. And you cite that number at
8 page 6, line 6 -- or line 7 specifically.

9 A. Yes.

10 Q. And, in fact, you used that major event
11 day threshold number in your calculations on page 7
12 of your testimony; is that correct?

13 A. Yes, I did.

14 Q. Okay. So we have established now the one
15 side of the major event day equation, the major event
16 day threshold for AEP Ohio for 2012; is that correct?

17 A. Yes.

18 Q. So now we need to look at the other side
19 of the equation which is the daily CMI value for
20 AEP Ohio for a particular day to determine whether or
21 not that particular day exceeds the threshold and is,
22 therefore, considered a major event pursuant to the
23 Commission's rules.

24 A. That's correct.

25 Q. Okay. I think we're all on the same page

1 here.

2 So to the extent there were any CMI on a
3 particular day for AEP Ohio, they should be included
4 in the daily CMI value that we're trying to arrive at
5 to compare to the threshold; is that correct?

6 A. Yes.

7 Q. Okay. So for July 18th, 2012, we would
8 need to know, to determine whether or not that day
9 was a major event pursuant to the rule provision that
10 we've been discussing we would need to know the
11 threshold and then we would need to know the total
12 daily CMI value for AEP Ohio; is that accurate?

13 A. That is correct.

14 Q. Okay. Now looking at --

15 A. And I would note as well that in the
16 reports that the company filed, that there were no
17 customer minutes interrupted filed for Columbus
18 Southern Power Company, but there were customer
19 minutes interrupted that were filed as a part of
20 company reports for Ohio Power Company for
21 July 18th, 2012.

22 Q. You're about seven steps ahead of me.
23 We'll get there, I promise.

24 I'm at page 7 first, on your testimony,
25 and there in calculating the total company CMI for

1 July 18th, 2012, you look to the separate company
2 Rule 10 reports; is that correct?

3 MS. BOJKO: I'm sorry, your Honor, can
4 counsel tell us what line of the testimony you are
5 talking about?

6 MR. ALAMI: I'm looking at page 7.

7 Q. And in page 7, Mr. Williams, is it
8 accurate that on lines 6 through 13 you're performing
9 a calculation with respect to July 26th, 2012? Is
10 that correct?

11 A. Yes.

12 Q. And also on page 7 beginning at line 15
13 and actually going over to line 4 of page 8 you're
14 performing a similar calculation with respect to
15 July 18, 2012; is that correct?

16 A. That is correct.

17 Q. And, again, for the purposes of my
18 discussion with you here today I'm only focused on
19 the July 18th storm. Do you understand that? So
20 when I refer to page 7 or your calculations on
21 page 7, I will make every attempt to clarify that I'm
22 talking about your calculations with respect to
23 July 18, 2012, but if I don't, please understand that
24 I'm only worried about July 18, 2012.

25 A. Okay.

1 Q. Thank you.

2 A. Thank you.

3 MR. ALAMI: Good?

4 MS. BOJKO: We'll see.

5 Q. So back to page 7 in your calculations
6 there with respect to July 18, 2012, and that's the
7 second paragraph that begins on that page. In
8 calculating the total company CMI for July 18, 2012,
9 you look to the company's separate Rule 10 reports,
10 correct?

11 MS. BOJKO: Objection. Your Honor, now
12 this is where I'm talking about the form of the
13 question. He used the word "total company" again and
14 I think you distinguished it was going to be AEP Ohio
15 or CSP and OP.

16 MR. ALAMI: I'll rephrase, your Honor.

17 MS. BOJKO: Thank you.

18 Q. Mr. Williams, in calculating the total
19 CMI for AEP Ohio on July 18, 2012, you looked to the
20 individual company Rule 10 reports; is that correct?

21 A. Not necessarily. I looked to those
22 reports after I looked at other responses to
23 discovery and other matters. For example, in JDW-2,
24 which was a data request in response to a PUCO ninth
25 set of discovery, the company showed that on 7/18

1 that there was 10,451,291 customer minutes
2 interrupted. But the company also said in this
3 response that the 2012 outage data used in these
4 calculations would be included in the Ohio ESSS
5 Rule 10 filing in March 2013 and is not expected to
6 change.

7 So there's an inconsistency in the
8 response to discovery and then the reporting that was
9 done pursuant to the ESSS rules for Columbus Southern
10 Power Company and Ohio Power Company.

11 Q. Okay. That wasn't my question. And
12 we'll get to the Rule 10 reports in a minute here,
13 but my question was, going back to it, on page 7 in
14 the paragraph that begins on line 15 you have two
15 values there, on line 16 you have the 8,136,533 CMI,
16 and then you also have on line 17 in the parentheses
17 that begins at the end of line 17 you have zero. And
18 my question was you pulled that 8,136,533 figure from
19 the individual company Rule 10 report; is that
20 correct?

21 A. By "company," which company are you
22 talking about?

23 Q. Ohio Power Company.

24 A. For the Ohio Power Company, yes.

25 Q. Okay. And you're -- just to step back a

1 minute, based on what we said earlier, you're
2 attempting here to arrive at a total CMI for AEP Ohio
3 for July 18, 2012; is that correct?

4 A. Yes.

5 Q. Okay. So looking to the Columbus
6 Southern Power side of the arithmetic here, you
7 selected zero as the CMI for Columbus Southern Power
8 on July 18, 2012; is that correct?

9 MS. BOJKO: Your Honor, I'm going to
10 object to the phrase of the question; "selected" has
11 implications that I'm not sure is accurate.

12 MR. ALAMI: Your Honor, if the witness
13 understands my question, he can answer it based on
14 his understanding. If there's a clarification, the
15 witness could ask for one and I'll be happy to give
16 it.

17 EXAMINER PARROT: Overruled.

18 A. I'm not selecting any particular data.
19 I'm just noting for the Commission that there were no
20 customer minutes interrupted on July 18 in the
21 reports that were filed with the Commission involving
22 major event days.

23 Q. We're at the report. Let's go there.
24 All right, so we're looking at CSP, Columbus Southern
25 Power, right? And this would be JDW-3; is that

1 correct?

2 A. Yes, it is.

3 Q. Okay. Now, before we go there, back on
4 page 7, line 15, you say based on "...AEP Ohio's ESSS
5 Rule 10 annual report shows no major event outage for
6 CSP rate zone and the 8,136,533 CMI for the Ohio
7 Power Company...." Is that accurate?

8 A. Yes, that's what it says.

9 Q. Okay. Thus, the total CMI for the
10 July 18 storm was 8,136,533, and then in parentheses
11 there on lines 17 through 18 you show how you arrived
12 at that figure, and you just took the Ohio Power CMI
13 plus zero for the CSP CMI; is that correct?

14 A. There was no major event reporting for
15 July 18 in Columbus Southern Power.

16 Q. That wasn't my question, sir. If I could
17 have an answer to my question.

18 MS. BOJKO: Your Honor, may the witness
19 finish his response?

20 EXAMINER PARROT: Yes, he may.

21 MR. ALAMI: I apologize.

22 A. Yes, I just wanted to point out that it's
23 not my determining, you know, how many outage minutes
24 there were on any particular day. The report that
25 the company filed with the Commission provided no

1 data to support there being any kind of a Columbus
2 Southern Power major event day on July 18th.

3 Yet for July 26th there was data for
4 both Columbus Southern Power and Ohio Power Company
5 that were provided within these reports that I've
6 attached to my testimony that shows the sum of the
7 combined company. That's not the case for
8 July 18th.

9 Q. Back to my question. You used zero CMI
10 for Columbus Southern Power Company in calculating
11 the total AEP Ohio CMI for the July 18 event because
12 the separate company that Columbus Southern Power
13 Company Rule 10 report doesn't indicate a CMI --
14 doesn't have a CMI value for the July 18, 2012; is
15 that correct?

16 MS. BOJKO: Objection, your Honor. Asked
17 and answered. He already answered yes and then he
18 explained why because it did not exist on the report.

19 MR. ALAMI: Your Honor, I don't believe I
20 have an answer to my specific question.

21 EXAMINER PARROT: Overruled.

22 THE WITNESS: Could you read the question
23 back, please?

24 (Record read.)

25 A. There were no CMI reported for

1 July 18th in this report.

2 Q. And that's why you used zero CMI for
3 Columbus Southern Power Company?

4 A. Yes, because in the case of the
5 July 26th report, the company did provide customer
6 minutes interrupted for both Columbus Southern Power
7 and Ohio Power, one of them, I believe it would be
8 the Columbus Southern Power in itself would not have
9 qualified for a major event day, there was 8,357,000,
10 so it itself would not have qualified for an event
11 day.

12 Q. If you're using the AEP Ohio major event
13 day threshold, correct?

14 A. That is correct.

15 Q. So let's look at JDW-3, and that's the
16 Columbus Southern Power excerpted Rule 10 report that
17 you have in your testimony; is that correct?

18 A. Yes, it is.

19 Q. So I'm looking at page 4 of 46, the
20 second page of JDW-3. Now, under this section of the
21 Rule 10 reports CMI values are only listed there in
22 column -- under column d. if they occur during a
23 major event; is that correct?

24 A. That's what the column is designated.

25 Q. That it's --

1 A. It's CMI during a major event.

2 Q. Now, a utility could have experienced CMI
3 on a particular day but those CMI numbers may not
4 show up in this section of the report, correct?

5 A. It seems to me if a company is claiming a
6 major event for a particular day, then it would have
7 had to have showed up on here and the numbers would
8 have had to have summed to exceed the major event
9 day. Which is exactly what happened on July 26th.

10 Q. Okay, maybe I can try it this way through
11 an example, and this is an example. If a utility's
12 threshold, major event day threshold, was 6 million
13 CMI, are you following me? Can you assume that?

14 And the CMI experienced for this utility
15 on a given day was 2 million CMI, those 2 million
16 wouldn't show up here under column d. of a Rule 10
17 report because -- is that correct?

18 A. I don't know if that's correct or not
19 because, again, for the July 26th outage, which is
20 also -- which is shown on -- also within JDW-3 on
21 page 4 is -- here it shows 8,357,000, which would not
22 meet the combined-company threshold but yet the
23 number's provided. So I don't know why a number
24 wouldn't have been provided for Columbus Southern
25 Power for the July 18th.

1 Q. You went -- I asked you to assume with me
2 an example and then you went back to the report. So
3 we'll get back to my example later, maybe I should
4 just back up and start at a high level.

5 For this chart here in this excerpted
6 Rule 10 report that you have is it your understanding
7 that there is a calculation that is performed on an
8 individual company basis whether or not a particular
9 day is a major event? I.E., whether or not column a.
10 here on this report should include a particular date.

11 A. That seems reasonable.

12 Q. Okay. So just like when we talked at the
13 beginning of our discussion, there would have to have
14 been, in order to indicate a major event day in
15 column a., there would have to have been a
16 calculation where we're looking at an individual
17 company major event day threshold versus an
18 individual company CMI number for the day, and if the
19 individual company CMI number for the day exceeds
20 that individual company threshold, we would expect
21 that there would be a major event day listed here
22 under column a. for that event, correct?

23 MS. BOJKO: Objection, your Honor. I
24 think we're assuming facts not in evidence. It has
25 not been established, the witness has tried to

1 explain many times that he doesn't believe it is
2 established, and no matter how many times we ask the
3 question, we can't assume facts not in evidence.

4 There's been no testimony, no indication
5 that there is individual company thresholds that may
6 or may not be different and that's what he keeps
7 using in his question and the witness keeps
8 responding that he doesn't know and then we keep
9 getting an additional question because he hasn't
10 answered the question.

11 MR. ALAMI: That's exactly right, your
12 Honor, he hasn't answered the question nor has he
13 indicated to me he needs some help in understanding
14 the question.

15 Moreover, the witness has indicated that
16 the total company and individual company threshold
17 issue has been raised as Mr. Williams has indicated,
18 because, as he pointed out, for July 2006, 2012
19 [verbatim] on the Columbus Southern Power Company
20 report those CMIs listed in column d. do not exceed
21 the CMI major event day threshold we talked in the
22 beginning

23 MS. BOJKO: Your Honor, we're talking
24 past each other and this is an example where I'm
25 going to say, as counsel used on the other side, that

1 this is misrepresenting the record and we'll just
2 have to do it in redirect if we don't fix it now, but
3 there's not been established -- maybe he needs to go
4 back and lay some foundation -- has not been
5 established that there are individual company
6 thresholds that are different than the threshold
7 Mr. Williams is setting forth.

8 MR. ALAMI: And, your Honor, that's
9 exactly what I'm trying to find out through my cross,
10 and --

11 EXAMINER PARROT: Thank you.

12 MR. ALAMI: -- if I was allowed to get
13 answers to my questions, maybe we can move this
14 along.

15 EXAMINER PARROT: Overruled. One more
16 try.

17 MR. ALAMI: Can I have the last question
18 reread, please? And answer. To the extent there was
19 one.

20 (Record read.)

21 A. I don't know what the -- that major event
22 day threshold would be for each of the companies.
23 All I can provide is what the company provided within
24 the application and also the testimony of other
25 witnesses, that the combined threshold was the

1 8,775,323.

2 Q. (By Mr. Alami) Okay. I'm not so worried
3 about, in my questioning, what the individual company
4 major event day threshold is, just theoretically,
5 looking at the bigger picture of the equation.
6 That's where I'm trying to go with my question, so
7 let me try it again.

8 You understand that JDW-3 and JDW-4 are
9 Rule 10 reports on an individual Columbus Southern
10 Power Company and Ohio Power Company basis; is that
11 correct?

12 A. They're filed as separate reports for
13 Columbus Southern Power and Ohio Power Company. But,
14 again, I don't know what the threshold would be for
15 each of those or whether or not this data considered
16 that threshold; I don't know. I only know what the
17 combined threshold would be.

18 Q. For the purposes of populating column a.
19 here in these reports a determination of whether a
20 particular date is a major event would have to be
21 made; is that correct?

22 A. Yes.

23 Q. Okay. And that determination is based on
24 looking at the major event day threshold and
25 comparing that to actual CMI for the particular day

1 to determine whether or not that day's a major event,
2 correct?

3 A. Yes.

4 Q. So back to my hypothetical. A utility
5 could have experienced CMI, customer minutes
6 interrupted, on a particular day but those CMI that
7 the utility experienced would not be reflected on
8 this Rule 10 report if those CMI were below the
9 threshold; is that correct?

10 A. It may be. I don't know.

11 Q. Okay. Well, let's try this --

12 A. I don't know how the reports are
13 particularly prepared. I just know that the data
14 that's within them shows a certain number of CMI and
15 that the sum of what was provided for July 18th
16 does not seem to match the total that was provided
17 for a combined company.

18 Q. So I want to go back to my hypothetical
19 and I'll caveat if it's outside the realm of these
20 reports.

21 Assume with me, if you will,
22 Mr. Williams, that a utility's major event day
23 threshold is 6 million. Now, also assume with me
24 that the utility experienced a CMI of 2 million on
25 date X.

1 If the utility that we're talking about
2 here, Utility ABC, if Utility ABC was going to
3 compile a Rule 10 report, it would not include date X
4 as a major event in that report because the CMI
5 experienced 2 million is less than the major event
6 day threshold of 6 million; is that correct?

7 A. It may or it may not have. Again, I
8 don't know. All depends on what the company is
9 reporting.

10 Q. So, similarly, it may or may not have, to
11 use your words, those 2 million CMI experienced by
12 the utility may or may not have shown up on that
13 Utility ABC's Rule 10 report; is that correct?

14 A. That's correct. But, again I would
15 expect it to show up on the report if the company is
16 claiming that there's a major event day and has
17 provided other discovery that shows that there's not
18 a change expected between the information that was
19 employed in responses to discovery and what would be
20 filed in the reports.

21 Q. Let me just go back to your answer. You
22 said you would expect. You would expect that a CMI
23 figure that's below the major event day threshold to
24 show up on a Rule 10 report?

25 A. What I'm saying is, is that if the

1 company is claiming that there's a major event day, I
2 would think that the numbers would add up to be a
3 major -- to be the total major event day.

4 Q. Back to my example, though, that
5 \$2 million wouldn't show -- that 2 million CMI
6 wouldn't show up on the Rule 10 report because it
7 doesn't exceed the threshold, correct?

8 A. With your example that's correct.

9 Q. Thank you. So back to your calculations
10 on page 7, and again we're talking about the
11 paragraph that begins on line 15, you used zero CMI
12 for CSP and 8,136,533 as the CMI for OP, Ohio Power;
13 is that correct?

14 A. That is correct.

15 Q. But if there were -- so to the extent
16 there are any -- there were any CMI for Columbus
17 Southern Power Company on July 18, your calculation
18 would need to be corrected; is that correct?

19 A. If there were other CMI, yes, then that
20 number would have to be considered as well. But
21 that's not my testimony. My testimony is it was not
22 listed in the Rule 10 report.

23 Q. Understood.

24 Different subject. Are you available to
25 answer questions on OCC's discovery responses in this

1 proceeding?

2 MS. BOJKO: Your Honor, it might
3 depend -- that's pretty broad, it might depend on the
4 subject matter.

5 MR. ALAMI: Well, if I can have my
6 question to a broader question I might get a little
7 more specific.

8 MS. BOJKO: Your Honor.

9 EXAMINER PARROT: You're objecting?

10 MS. BOJKO: I am objecting.

11 EXAMINER PARROT: Overruled.

12 MS. BOJKO: He can't -- I mean, it's a
13 pretty broad question.

14 EXAMINER PARROT: He can say that if
15 that's what he thinks.

16 A. I generally wouldn't be the witness to be
17 able to discuss those discovery responses. At least
18 in the context that we talked about it in the
19 deposition.

20 Q. (By Mr. Alami) You are an employee of the
21 Office of the Ohio Consumers' Counsel; is that
22 correct?

23 A. Yes, I am.

24 Q. And you are the only OCC employee who
25 filed direct testimony in this proceeding; is that

1 correct?

2 A. That's correct.

3 MR. ALAMI: Thank you, Mr. Williams.

4 That's all the questions I have, your
5 Honor.

6 EXAMINER PARROT: IEU, anything?

7 MR. DARR: No, your Honor.

8 EXAMINER PARROT: Staff?

9 MR. MARGARD: No, your Honor.

10 EXAMINER PARROT: Very good. Ms. Bojko?

11 MS. BOJKO: Yes, your Honor. May we have
12 five minutes?

13 EXAMINER PARROT: Let's go off the
14 record.

15 (Recess taken.)

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

18 MS. BOJKO: Thank you, your Honor. I do
19 have some redirect for this witness.

20 - - -

21 REDIRECT EXAMINATION

22 By Ms. Bojko:

23 Q. Mr. Williams, you were asked a series of
24 questions of why you did a calculation that you did.
25 Can you explain to us why you did that calculation?

1 A. Certainly. In responses to discovery the
2 company had provided an example or the total number
3 of customer minutes interrupted for both July 18th
4 and for July 26th, and they showed the total number
5 of customer minutes interrupted, they also -- the
6 company specifically highlighted in a footnote to
7 that discovery that that data was not expected to
8 change when the company made the filings as part of
9 the ESSS rules.

10 And so I routinely look at these ESSS
11 Rule reports. When I was reviewing the ESSS rules
12 that's where I kind of noticed that the company said
13 the data would match with the ESSS rules but yet it
14 didn't.

15 Q. And, sir, you're talking about JDW-2, is
16 that the discovery response you're talking about?

17 A. Yes, I'm talking about JDW-2.

18 Q. Could you turn to that, JDW-2, please.

19 A. I'm there.

20 Q. And just for the record you're saying
21 "ESSS rules" and that is the ESSS rules which is
22 electric service -- safety and service standards of
23 the company; is that correct?

24 A. That is correct.

25 Q. Okay. On this JDW-2 the question, it

1 asked for "Please provide the proof (mathematical or
2 otherwise) used to determine each of the two storms,"
3 that they were a major event; is that correct"?

4 A. That's correct. This is where we were
5 asking for calculations of how the company came up
6 with these.

7 Q. And in response to that question did AEP
8 provide the daily threshold of 8.7 million CMI to
9 you?

10 A. Yes, they provided it here in the
11 discovery response.

12 Q. And then did the company go on in the
13 discovery response and separate the events by
14 July 18th and July 26th?

15 A. Yes, they did.

16 Q. Okay. Let's take July 26th first. Do
17 you know where the number 31.9 came from in the event
18 CMI?

19 A. Yes, I do.

20 Q. Could you explain that to us?

21 A. Yes. I used the ESSS Rule -- I was able
22 to match this number by using the Columbus Southern
23 Power number of customer minutes interrupted on the
24 26th and adding it with the Ohio Power Company
25 number that was provided for October 26th.

1 Q. I'm sorry, number provided on -- where
2 did you find those two numbers?

3 A. That was on Rule 10 in the ESSS reports
4 that are provided and attached to my testimony, JDW-3
5 and 4.

6 Q. You mean from July 26th?

7 A. Yes, July 26th. I'm sorry.

8 Q. Just so I'm clear, you took the Ohio
9 Power Rule 10 report and then you took the CSP
10 Rule 10 report, you looked at them for July 26th,
11 and you added the CMI numbers up from both of those
12 reports and it did equal the 31.9 million reflected
13 on this discovery response.

14 A. Yes, it did.

15 Q. Okay. And then for July 18th did you
16 go through a similar process?

17 A. I went through the same process.

18 Q. Okay. And did the Ohio Power CMI number
19 reported on the Rule 10 report match, or did you add
20 it to then the CSP number on the CSP Rule 10 report?

21 A. Yes, I did.

22 Q. And did those two numbers, the sum of
23 those two numbers, equal the 10.4 million that's on
24 this discovery response?

25 A. No, it did not.

1 Q. On this discovery response, sir, did
2 they -- did AEP provide individual company -- and
3 when I say "individual," I mean did they provide a
4 threshold CMI number for Ohio Power and CSP
5 separately?

6 A. No, they did not.

7 Q. Did they provide in testimony a separate
8 company threshold for Ohio Power and CSP?

9 A. It was just the combined. There was not
10 a separate.

11 Q. And in the AEP witness responsible for
12 this what was that number that was provided in his
13 testimony?

14 A. That number was 8,775,323.

15 Q. Did AEP Ohio supplement this discovery
16 response?

17 A. No, they did not.

18 Q. And in the application was the threshold
19 listed by individual companies?

20 A. It was not. The threshold was provided
21 as the 8,775,323.

22 Q. And after performing these two
23 calculations for the two dates -- well, let me back
24 up. I'm sorry.

25 So you received this data response and

1 then because of the note directing you to the Rule 10
2 reports, is that why you went and looked at the
3 Rule 10 reports?

4 A. Yes.

5 Q. Okay. And after you performed this
6 analysis why did you believe that you were correct in
7 your analysis and your calculation of the CMI
8 mathematical calculations to arrive at your -- in
9 your testimony?

10 A. Well, because I was, you know, relying
11 upon the specific reports that the company filed and
12 these Rule 10 reports, and the number of customer
13 minutes interrupted that they provided did not meet
14 the threshold.

15 Q. And through the proceeding in the case
16 was your analysis ever confirmed by anybody else in
17 the case?

18 MR. ALAMI: Objection, that's beyond the
19 scope of my cross-examination. I didn't ask about
20 whether or not he confirmed his analysis.

21 MS. BOJKO: Your Honor, we're talking
22 about his calculation and I'm asking if he had reason
23 to believe through the case that his analysis was
24 correct.

25 EXAMINER PARROT: I'll allow it.

1 Q. Sir, did you have reason to believe
2 through the proceeding that occurred through comments
3 or issues lists that your analysis was correct?

4 A. I believe that there was also an issues
5 list that was filed, in fact even by the PUCO, and
6 the PUCO had also identified this as a potential
7 issue.

8 Q. And, sir, when you say "PUCO," do you
9 mean PUCO staff?

10 A. PUCO staff.

11 Q. Okay. And what did staff put in its
12 comments as the threshold for the company?

13 A. It was the combined, the 8,775,323.

14 Q. And did staff make any distinction
15 between individual company or tell you an individual
16 company threshold?

17 A. They did not.

18 Q. Okay. And did staff conclude the same as
19 you concluded?

20 A. Yes. And the staff issues list reached
21 the same conclusion.

22 Q. And that was?

23 A. And that was the July 18th event did
24 not meet the threshold for -- as a major event day.

25 Q. And just so we're clear, did staff

1 perform the same calculation you did of taking the
2 numbers from the Rule 10 reports and combining them,
3 if you know?

4 MR. ALAMI: Objection.

5 EXAMINER PARROT: Overruled.

6 A. I'm assuming the staff would use the same
7 methodology.

8 MS. BOJKO: No further questions, your
9 Honor. Thank you.

10 EXAMINER PARROT: Any recross?

11 MR. ALAMI: No, thank you.

12 EXAMINER PARROT: Thank you,
13 Mr. Williams.

14 THE WITNESS: Thank you.

15 EXAMINER PARROT: I believe you already
16 moved for the admission of OCC Exhibit 1.

17 Are there any objections?

18 MR. ALAMI: No objections.

19 EXAMINER PARROT: All right. OCC
20 Exhibit 1 is admitted.

21 MS. BOJKO: Thank you, your Honor.

22 (EXHIBIT ADMITTED INTO EVIDENCE.)

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

25 (Discussion off the record.)

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

3 At this point we're going to take a lunch
4 recess and we will reconvene at 1 p.m.

5 (Lunch recess taken.)

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1 Monday Afternoon Session,
2 January 27, 2014.

3 - - -

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

6 OCC, if you want to call your next
7 witness.

8 MS. BOJKO: Yes, your Honor. The Office
9 of the Ohio Consumers' Counsel calls to the stand
10 Anthony J. Yankel.

11 EXAMINER PARROT: Mr. Yankel, please
12 raise your right hand.

13 (Witness sworn.)

14 EXAMINER PARROT: Please be seated.

15 - - -

16 ANTHONY J. YANKEL
17 being first duly sworn, as prescribed by law, was
18 examined and testified as follows:

19 DIRECT EXAMINATION

20 By Ms. Bojko:

21 Q. Mr. Yankel, could you please state your
22 name and business address for the record.

23 A. Anthony J. Yankel, Y-a-n-k-e-l, 29814
24 Lake Road, Bay Village, Ohio, 44140.

25 Q. And by whom are you employed, sir?

1 A. Yankel & Associates, Incorporated.

2 Q. What is your capacity with Yankel &
3 Associates?

4 A. President.

5 Q. And who are you testifying on behalf of
6 today?

7 A. The Ohio Office of Consumers' Counsel.

8 Q. Sir, did you file testimony in this
9 proceeding?

10 A. Yes.

11 Q. And that was on December 30th, 2013?

12 A. Yes.

13 MS. BOJKO: Your Honor, at this time I
14 would like to have marked as OCC Exhibit 2 the
15 confidential version of Anthony Yankel's direct
16 testimony filed on December 30th, 2013, and then
17 I'm going to have some additional marked as well,
18 your Honor.

19 EXAMINER PARROT: All right.

20 MS. BOJKO: May I approach?

21 EXAMINER PARROT: You may.

22 MS. BOJKO: Your Honor, as OCC Exhibit
23 No. 2A we would like to have marked the corrected
24 redlined direct testimony of Anthony Yankel,
25 confidential version.

1 EXAMINER PARROT: That was filed on?

2 MS. BOJKO: Sorry, January 23rd, 2014.

3 EXAMINER PARROT: All right, I'm not sure
4 what's docketed and what will be docketed but the
5 date on it is January 23rd, just for clarity of the
6 record.

7 MS. BOJKO: Yes.

8 EXAMINER PARROT: Okay.

9 (EXHIBITS ADMITTED INTO EVIDENCE.)

10 MS. BOJKO: And then also, your Honor,
11 we'd like to have marked as OCC No. 2B which is the
12 public version of the direct testimony filed on
13 December 30th, 2013.

14 EXAMINER PARROT: All right.

15 (EXHIBIT MARKED FOR IDENTIFICATION.)

16 MS. BOJKO: And then we'd like to have
17 marked as OCC Exhibit 2C the corrected red line
18 public version of the direct testimony of Anthony
19 Yankel, and that's dated January 23rd, 2014.

20 EXAMINER PARROT: All right. So marked.

21 (EXHIBIT MARKED FOR IDENTIFICATION.)

22 MS. BOJKO: May we go off the record for
23 a second?

24 EXAMINER PARROT: Yes.

25 (Discussion off the record.)

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

3 Q. (By Ms. Bojko) Mr. Yankel, do you have
4 before you what has now been marked as OCC's
5 Exhibit 2, 2A, 2B, and 2C?

6 A. I have 2 and 2A. I need the others.

7 Q. You should have 2A and -- 2 and 2A, the
8 corrected version you have in front of you?

9 A. Yes, I have 2 and 2A. I don't need the
10 public version.

11 Q. 2 and 2A, okay, thank you.

12 And was this testimony before you
13 prepared by you or under your direction?

14 A. Yes, it was.

15 Q. And do you have any additional changes or
16 corrections in addition to what's been provided in 2A
17 as the corrected redline version?

18 A. None that I'm aware of.

19 Q. And with those corrections if I asked you
20 the same questions today, would your answers be the
21 same --

22 A. Yes.

23 Q. -- today as they were then?

24 A. Yes.

25 MS. BOJKO: Your Honor, at this time I

1 move to admit, subject to cross, 2A, 2B, 2 -- 2, 2A,
2 2B, and 2C, and I tender the witness for
3 cross-examination.

4 EXAMINER PARROT: Thank you, Ms. Bojko.
5 Mr. Darr?

6 MR. DARR: Thank you, your Honor.

7 MR. SATTERWHITE: One procedural issue,
8 your Honor. Would you like to entertain a motion to
9 strike first before Mr. Darr starts or wait until I
10 start my cross-examination?

11 EXAMINER PARROT: Let's wait.

12 MR. SATTERWHITE: Okay.

13 EXAMINER PARROT: Unless you have one
14 too?

15 MR. DARR: No, I don't.

16 EXAMINER PARROT: Go ahead and proceed,
17 Mr. Darr.

18 MR. DARR: Thank you, your Honor.

19 - - -

20 CROSS-EXAMINATION

21 By Mr. Darr:

22 Q. Turning to page 3 of your testimony,
23 Mr. Yankel, you indicate that there are four purposes
24 to your testimony, correct?

25 A. Yes.

1 EXAMINER PARROT: Mr. Darr, just so we're
2 clear, are you working from --

3 MR. DARR: That's fair, your Honor.

4 EXAMINER PARROT: -- the corrected
5 version 2A?

6 MR. DARR: Yes, for purposes of my
7 question I will be working from Exhibit 2A.

8 A. Good. So will I.

9 Q. And one purpose of your testimony as you
10 outline on page 3, lines 17 and 18, is to oppose the
11 adoption of the stipulation, correct?

12 A. Correct.

13 Q. And is it correct also that you
14 understand that the Commission requires a stipulation
15 to satisfy a three-prong test?

16 A. That is my understanding.

17 Q. And that first prong, as you identify it,
18 is that the stipulation be the product of serious
19 bargaining among capable and knowledgeable parties,
20 correct?

21 A. Correct.

22 Q. Now, with regard to the stipulation
23 that's been presented to the Commission in this case
24 you're aware that there are currently eight parties
25 that participated in that negotiation, correct?

1 A. I'll accept that.

2 Q. And one of those parties was the Ohio
3 Consumers' Counsel.

4 A. Ohio Consumers' Counsel did participate.

5 Q. And, in fact, you were available to Ohio
6 Consumers' Counsel during those negotiations as well,
7 were you not?

8 A. A large portion of them for sure, yes.

9 Q. Now, in addition to the residential
10 representative Ohio Consumers' Counsel being part of
11 those activities there were also representatives of
12 Industrial Energy Users-Ohio, the firm which my firm
13 represents, correct?

14 A. Yes.

15 Q. And the staff was involved in those
16 discussions as well, correct?

17 A. Yes.

18 Q. The Ohio Manufacturers Association?

19 A. Yes.

20 Q. The Ohio Hospital Association?

21 A. Yes.

22 Q. The Ohio Energy Group?

23 A. Yes.

24 Q. The Kroger Company?

25 A. Yes.

1 Q. And Ohio Power itself, correct?

2 A. Yes.

3 Q. And with the exception of the Ohio
4 Consumers' Counsel all of the remaining parties that
5 we just discussed signed the stipulation, correct?

6 A. Correct, all the various interests other
7 than the residential Ohio Consumers' Counsel signed
8 the stipulation, yes.

9 Q. Now, with regard to the first prong of
10 the three-prong test you indicate in your testimony,
11 I believe, that the stipulation does not satisfy that
12 prong, correct?

13 A. Yes.

14 Q. And you further state this criticism on
15 page 4 and at page 7 of your prefiled testimony
16 contained in Exhibit 2A.

17 A. Yes.

18 Q. And the basis for this criticism as I
19 understand it is that OCC did not sign the
20 stipulation, correct?

21 A. Yes. Therefore, diversified interests
22 weren't represented, yes.

23 Q. And by "represented" you mean they didn't
24 sign the stipulation, correct?

25 A. Correct.

1 Q. Is there any question in your mind that
2 the parties made a legitimate effort to resolve the
3 issues that they identified in this proceeding
4 through the negotiations? Do you have an opinion as
5 to that?

6 A. Not really. I think everyone did what
7 they thought was best for themselves.

8 Q. And you agree there were multiple
9 meetings to which all parties, including Ohio
10 Consumers' Counsel, was invited, correct?

11 A. I believe I was at two, so there may have
12 been more.

13 Q. And you're not challenging, with regard
14 to your testimony, that the parties were less than
15 capable or less than knowledgeable, correct?

16 A. No. I think they probably all
17 represented their own interests very well.

18 Q. Now I'd like to turn to another of the
19 purposes that you identify in your testimony, which
20 is with regard to the proposed allocation contained
21 in the stipulation which you criticize beginning at
22 page 52 of Exhibit 2A. Are you with me?

23 A. I'll get there. Yes.

24 Q. And one of the criticisms that you raise
25 with regard to this allocation is that, quote, the

1 allocation basis does nothing to reflect the cost
2 causation on the system; and this is at line 7 and 8
3 of your testimony, correct?

4 A. That is correct.

5 Q. And is it fair to say that you believe
6 that in the context of costs that cost causation
7 addresses the question of which customer or groups of
8 customers causes the utility to incur particular
9 costs?

10 A. Yes.

11 Q. And would you also agree that to answer
12 that question it's necessary to establish a linkage
13 between a utility's customers and the particular
14 costs incurred by the utility in serving those
15 customers?

16 A. Yes, and I believe that's what I did, but
17 yes.

18 Q. It's fair to say that you believe that
19 that is a guiding principle, correct?

20 A. Could you give it to me again?

21 Q. Sure. To answer the question of cost
22 causation it is necessary to establish a linkage
23 between a utility's customers and the particular
24 costs incurred by the utility in serving those
25 customers.

1 A. Correct.

2 Q. And in the context of the cost-of-service
3 study, this concept of assigning costs to cost
4 causers is the foundation upon which any realistic
5 cost-of-service study must be based.

6 A. Yes, and that's a complete breakdown of
7 the costs, yes, that I would view.

8 Q. Is it also fair to say that distribution
9 plant is designed to serve a limited group of
10 customers?

11 A. Depends on what we're calling
12 distribution plant but, yes, distribution plant would
13 not serve large industrial customers served off the
14 transmission system.

15 Q. And is it also fair to say that
16 distribution plant should not be allocated in the
17 same fashion as, for example, production plant?

18 A. Distribution plant's very difficult to
19 allocate but, yes, it should not be the same.

20 Q. And that's because production plant is
21 designed to serve any load at any time, correct?

22 A. Yes.

23 Q. Now, with regard to the specific cost
24 allocations that you're proposing, you are proposing
25 what amounts to an allocation based on kWh usage; is

1 that correct?

2 A. Yes. What I've essentially done is I've
3 tried to take out the billing components in the
4 revenue that we have, we're looking at the -- the
5 proposal was distribution revenue, and I was trying
6 to take out or remove the portions dealing with
7 billing, mailing, collections, that type of thing, so
8 we got more just distribution cost or based on energy
9 basically is how I was trying to do it.

10 Q. I want to make sure we understand each
11 other. The allocation method that you use is driven
12 primarily, if not exclusively, by kWh usage, correct?

13 A. That is what I chose to use in place of
14 what was proposed in here which was the distribution
15 revenue allocator, yes.

16 Q. And in terms of the difference between
17 the allocator used in the stipulation and the
18 allocator that you propose, one is based on what are
19 identified as distribution costs in the last
20 cost-of-service study, the other would be identified
21 as generation costs; would they not? Or generation
22 indicator?

23 A. I don't think I agree with you. Go
24 ahead, do it again.

25 Q. With regard to the way that you -- the

1 difference between the two allocators, on the one --

2 A. You mean -- which two allocators?

3 Q. The allocator contained in the
4 stipulation versus the one that you propose.

5 A. Okay.

6 Q. One is based on distribution revenue and
7 the other one would be based on kWh usage or kWh
8 revenues, correct?

9 A. Correct.

10 MR. DARR: Nothing further, thank you.

11 EXAMINER PARROT: All right,
12 Mr. Satterwhite.

13 MR. SATTERWHITE: Thank you, your Honor.

14 - - -

15 CROSS-EXAMINATION

16 By Mr. Satterwhite:

17 Q. Good afternoon, Mr. Yankel.

18 A. Good afternoon.

19 Q. Now, you are the chief expert witness for
20 OCC on all matters other than the CMI issue that
21 Mr. Williams covered this morning, correct?

22 A. I wouldn't give myself that much credit
23 but I am the only other witness, yes.

24 Q. Well, to your point, there's nobody else
25 sponsoring any testimony or factual evidence for the

1 OCC in this case besides you, correct?

2 A. That is correct.

3 Q. And you agree that you testify a lot; is
4 that correct?

5 A. Yes.

6 Q. And you have to keep your testimony
7 pretty consistent in the different cases; is that
8 correct?

9 A. Yes.

10 Q. And you agree that a panel of judges on
11 the District of Columbia Circuit U.S. Court of
12 Appeals suggested that the EPA consider referring
13 your actions to the Department of Justice for an
14 investigation under the False Statements and
15 Accountability Act for what the EPA described as
16 "actions raising questions about the credibility of
17 Mr. Yankel's statements," correct?

18 MS. BOJKO: Objection, your Honor. First
19 of all, the relevance is the first thing that comes
20 to mind. And it sounds like he's just reading things
21 into the record without establishing foundation. But
22 I don't think that's relevant to this case.

23 MR. SATTERWHITE: Your Honor.

24 EXAMINER PARROT: Yes.

25 MR. SATTERWHITE: Mr. Yankel's testified

1 that he's the chief witness on all the issues for
2 OCC, this goes directly to credibility. And I read
3 the statement very carefully because it's a serious
4 issue and I didn't want to misspeak and use words
5 that weren't in the opinion, and I'm asking the
6 witness if that's the case. If that did come from a
7 case. So I think it's appropriate for the witness to
8 answer.

9 MS. BOJKO: Your Honor, first of all,
10 let's not mischaracterize his testimony. He did not
11 agree with your statement that he's the witness for
12 all OCC issues. I think he said he was the only
13 other witness, so I want to clarify that he is not
14 responsible for all issues.

15 And, I mean with that clarification, it
16 still does not make it relevant of another
17 investigation in another proceeding and, yeah, and
18 I'm not even sure what document Mr. Satterwhite's
19 looking at but it sounds like it could be hearsay as
20 well.

21 MR. SATTERWHITE: I'm asking him a
22 question, your Honor, if that's true or not. And to
23 the extent of what issues he covers, you know, I
24 think he's established with that so I'm questioning
25 the credibility of the witness by asking a statement,

1 if it's true or not. And I believe the witness can
2 answer for himself.

3 EXAMINER PARROT: I'm going to allow this
4 particular question but we'll see where this heads.

5 MR. SATTERWHITE: Thank you.

6 MS. BOJKO: Can you reread the question,
7 please?

8 (Record read.)

9 A. I have absolutely no idea what you're
10 talking about.

11 MR. SATTERWHITE: One second, your Honor.

12 Q. (By Mr. Satterwhite) I believe you were
13 part of a study when you worked in Idaho dealing with
14 the lead industry, correct?

15 A. Yes.

16 Q. After that study the EPA established
17 certain standards and in part relied upon that study
18 for those standards, correct?

19 MS. BOJKO: Objection. Your Honor,
20 relevance. Now we're talking about Idaho and
21 wetlands and EPA, not even within this jurisdiction.
22 The subject matter was in the jurisdiction of this
23 Commission.

24 MR. SATTERWHITE: Your Honor, I'm trying
25 to -- from the answer he gave me I'm trying to get

1 the basis to get to the point.

2 EXAMINER PARROT: All right. Overruled.

3 A. The question again?

4 MR. SATTERWHITE: Can you reread the
5 question, please?

6 (Record read.)

7 MS. BOJKO: Your Honor, he's not talking
8 about his participation. He's talking about the EPA
9 standards and I'm not sure this witness has
10 established the foundation that he would even know
11 what the EPA does or doesn't do.

12 MR. SATTERWHITE: Your Honor, I believe
13 you already overruled the objection; I'm asking the
14 witness the basis of the case that's a case published
15 by the U.S. Circuit Court of Appeals. So I'm just
16 trying to get the basis here.

17 EXAMINER PARROT: All right.

18 MR. SATTERWHITE: In case the witness has
19 forgotten.

20 EXAMINER PARROT: It's overruled.

21 A. First of all, I haven't forgotten because
22 I have no idea what you're talking about.

23 I was highly involved in the development
24 of the ambient air quantity lead standard. I was
25 actually at EPA for a couple weeks and actually

1 helped them write the criteria document.

2 Q. (By Mr. Satterwhite) And you were one of
3 the authors of the study that the EPA used to
4 establish their standards, correct?

5 A. There were a number of studies, and yes,
6 they use them.

7 Q. Later you then provided an affidavit to
8 the lead industry to challenge the study that the EPA
9 standards are based upon, correct?

10 MS. BOJKO: Your Honor, now we're in an
11 affidavit to a lead industry. I'm failing to see how
12 this is relevant to the proceeding here.

13 MR. SATTERWHITE: Your Honor, I can see
14 why --

15 MS. BOJKO: And it's very prejudicial.

16 EXAMINER PARROT: Response.

17 MR. SATTERWHITE: This goes straight to
18 credibility and I could see why OCC would not want me
19 to ask these questions but it's leading up to the
20 study in a case.

21 MS. BOJKO: Your Honor, I move to strike
22 counsel's statement. We have, in no way -- we don't
23 even know what you're talking about. As the witness
24 said, he doesn't know what you're talking about, so
25 the implication that we're trying to not allow you to

1 ask the questions is improper, inappropriate, and I
2 move to strike it. I'm basing my objections on
3 relevance to the case before us.

4 MR. SATTERWHITE: Your Honor, I'm
5 trying -- if I can get through without objections,
6 I'm trying get to the purpose, and again, this is
7 about credibility and I think, hopefully in a few
8 questions we can see exactly where this is going.

9 EXAMINER PARROT: All right. Overruled.

10 MR. SATTERWHITE: Can you reread the
11 question, please?

12 (Record read.)

13 A. Correct. And if you'd like me to short
14 circuit, I can at least fill you in on the rest of it
15 now.

16 Q. I'll ask the questions --

17 A. Okay.

18 Q. -- and then you can answer the questions.

19 A. Okay.

20 MS. BOJKO: Your Honor, can the witness
21 be allowed to respond fully to the answer? I think
22 that was a given for the other side for numerous
23 questions and answers.

24 MR. SATTERWHITE: Your Honor, there is no
25 question pending. He answered the question and then

1 he said if you'd like me to, I can say more, and I
2 said I can ask the questions.

3 EXAMINER PARROT: All right. Ask another
4 question, please.

5 MR. SATTERWHITE: Okay.

6 Q. And it was based upon the Court's review
7 of that affidavit that the footnote was added to the
8 U.S. Court of Appeals District of Columbia, U.S.
9 Court of Appeals, that discussed referring the truth
10 of the matter from your affidavit to the Justice
11 Department, correct?

12 A. Again, I have no idea about the Justice
13 Department, District Court of appeals. All I know is
14 that I put together a study, I had two other
15 co-authors on the study, two years after the study
16 was put together, maybe three years, someone
17 approached me with information that I looked at and
18 realized that there was some manipulation of the
19 data.

20 I put together an affidavit that said
21 that data was wrong and that the numbers in my study
22 were off by 25 percent, and that's what I put
23 together. I have no idea what happened after that.

24 Q. So you have no knowledge of what the
25 Court said about that in the ruling when they based

1 something upon your affidavit in that case; is that
2 your testimony?

3 A. I have no idea what --

4 MS. BOJKO: Objection.

5 EXAMINER PARROT: Overruled.

6 MS. BOJKO: Asked and answered. He said
7 he has no idea.

8 EXAMINER PARROT: I think he just
9 answered it again, so.

10 A. Yeah, I have no idea what happened after
11 I sent in that affidavit. That's it.

12 Q. I'll move on.

13 You agree that Ohio Power did not create
14 the derecho that knocked out service on June 29th,
15 correct?

16 A. Correct.

17 Q. And you agree it's not unreasonable or
18 improper for a utility to file for storm relief
19 recovery, correct?

20 A. They often do, yes.

21 Q. But you agree it's not unreasonable or
22 improper, correct?

23 A. The filing itself isn't, no.

24 Q. And you believe that "reasonable and
25 prudent" is in the eye of the beholder, correct?

1 A. Yes.

2 Q. You also agree it's not a right of
3 customers for utilities to provide uninterrupted
4 service, correct?

5 A. I believe I said it was an expectation
6 but not necessarily a right.

7 Q. I'm asking you now, you agree it's not a
8 right of customers.

9 A. Yes.

10 Q. Uninterrupted service is very expensive,
11 correct?

12 A. Correct.

13 Q. And you agree that it would be
14 unreasonable to spend the money to guarantee
15 uninterrupted service on the distribution grid,
16 correct?

17 A. Yes.

18 Q. And you agree that the longer an outage
19 goes, this is an electrical outage, the more negative
20 impact it has on the customer and their individual
21 loss, correct?

22 A. Yes.

23 Q. And under your analysis a residential
24 customer would only need to be out a little more than
25 nine hours to lose the equivalent of what's being

1 asked to be paid by residential customers in this
2 settlement agreement, correct?

3 A. Correct.

4 Q. Is it common for homeowners to have
5 insurance on their homes?

6 A. Most do. That I'm aware of.

7 Q. Let's go to page 6 of your testimony.
8 I'm also going to use OCC Exhibit 2A which is the
9 corrected redline version.

10 A. Yes.

11 Q. And in that you cite a study at
12 footnote 5. Do you see that?

13 A. Yes.

14 Q. Were you involved in the preparation of
15 that study?

16 A. No, I was not.

17 Q. And that's the study where you got the
18 \$3 calculation that we discussed earlier about a
19 little over nine hours would equate to the same
20 amount being requested from residential customers,
21 correct?

22 A. Yes, I believe it's a compilation of
23 about 24 utilities that the study was, this one study
24 compiled 24 different utility studies.

25 Q. You talked about this a little bit with

1 Mr. Darr, but you believe staff does not represent
2 any individual class but just serves as a neutral
3 fact-finding party, correct?

4 A. That's my understanding.

5 Q. You also agree that a collection of
6 \$54 million in storm costs as opposed to \$61 million
7 is in the public interest, correct?

8 A. It's more in the public interest than
9 61 million, yes.

10 Q. Anything lower than \$61 million is in the
11 public interest, correct?

12 A. The lower it gets, the more in the public
13 interest it is, yes.

14 Q. If it were zero dollars, it would be
15 ultimately in the public interest; is that your
16 testimony?

17 A. Customers would be more happy with it,
18 yes. I would say yes.

19 Q. But for your definition of "public
20 interest," the closer it gets to zero, the more in
21 the public interest it is, correct?

22 A. Yes.

23 Q. And you do not believe there is a need to
24 factor any impact on the utility in determining the
25 public interest, correct?

1 A. If we're talking about imprudent costs, I
2 think that's correct, there is no need to factor in
3 the impact on the utility. I'm not looking at taking
4 away dollars from the company that are deserved. I'm
5 just looking at taking away dollars from the company
6 that aren't deserved.

7 Q. My question is: You do not believe there
8 is a need to factor in the impact on the utility in
9 determining the public interest, correct?

10 MS. BOJKO: Objection. Asked and
11 answered. He just provided his response to that
12 question.

13 MR. SATTERWHITE: He did not answer the
14 question, your Honor, he gave a different answer to a
15 different question.

16 MS. BOJKO: He asked if it was prudent or
17 not, and he's explaining why he thinks certain costs
18 should or shouldn't be prudent recovery from
19 customers.

20 MR. SATTERWHITE: I asked if there was
21 any need to factor in the impact to the utility and
22 he's talking about the level of whether it's prudent
23 or imprudent costs. I'm asking the global question
24 on whether it's important to factor in the utility in
25 the question of what's in the public interest.

1 EXAMINER PARROT: Thank you both. I
2 believe he answered the question.

3 MR. SATTERWHITE: Let me do it this way,
4 your Honor:

5 Q. (By Mr. Satterwhite) Mr. Yankel, did I
6 take your deposition on Friday, January 10th, 2014,
7 at the offices of the Ohio Consumers' Counsel?

8 A. Yes.

9 Q. Was there a court reporter present that
10 day and your counsel?

11 A. Yes.

12 Q. And you told the truth that day?

13 A. I believe so.

14 MR. SATTERWHITE: May I approach, your
15 Honor?

16 EXAMINER PARROT: You may.

17 MS. BOJKO: I don't have one.

18 A. I've got my own.

19 Q. Okay. Good. I only brought a couple
20 copies because it's pretty thick.

21 MS. BOJKO: Thanks. Mine's on its way.

22 MR. SATTERWHITE: You guys okay?

23 Q. (By Mr. Satterwhite) Mr. Yankel, can you
24 please open that up to page 41.

25 A. I'm there.

1 Q. And I'd just like -- all I'm asking you
2 to do, without any comment afterwards, starting on
3 line 13 going to line 17.

4 MS. BOJKO: Your Honor, I'm going to
5 object to that. We've spent four days letting their
6 witnesses expand upon --

7 EXAMINER PARROT: Read your answer, yes,
8 so let's read it as it's taken down in your
9 deposition, but if you need to expand on your answer,
10 that's fine.

11 A. Okay. "Is there any factor in the public
12 interest that takes into account the impact on the
13 utility?"

14 "I don't believe so." Answer: "I don't
15 believe so. I do not believe the utility's the
16 public."

17 Q. You agree that the total value of the
18 stipulation's disallowance exceeds the value of any
19 independent signatory party's public position,
20 correct?

21 MS. BOJKO: I'm sorry, could I have that
22 answer or question reread?

23 (Record read.)

24 A. There's a lot of clarifiers in there.
25 One is signatory parties, which isn't the OCC. The

1 other clarifier you had in there was exceeded their
2 public comments that were made several months
3 beforehand, and with those two caveats, yes.

4 Q. Let's look at page 11 of your testimony,
5 please. Let me know when you're there.

6 A. I'm there.

7 Q. Lines 1 through 12 of that question and
8 answer, is a different process from the process that
9 governs this case, correct?

10 A. Correct.

11 Q. In fact, the process laid out from the
12 ESP 2 order calls for a comment period in an attempt
13 for parties to work out all issues prior to the need
14 for a hearing, correct?

15 A. That's my understanding.

16 Q. And were you involved in the development
17 of OCC's May 29th, 2012, comments in this case?

18 A. Yes.

19 Q. Isn't it true that prior to filing your
20 testimony in this case OCC had only quantified a
21 disallowance of around \$8 million in that filing?

22 A. In that particular filing it was
23 \$8 million --

24 MS. BOJKO: Objection. Your Honor, I'm
25 afraid we're approaching on attorney-client privilege

1 the way the form of the question was asked and I
2 wouldn't want the witness to go into that level of
3 attorney-client privilege.

4 MR. SATTERWHITE: I don't know what we're
5 approaching but I asked him if he was involved in the
6 public comments that were filed and what was
7 represented in those comments.

8 MS. BOJKO: Actually, can we have the
9 question reread?

10 (Record read.)

11 MS. BOJKO: Yeah, I mean, he can ask him
12 what was in the document but he can't ask him if that
13 was all and what was going on during trial
14 preparation. It is attorney-client privilege.

15 MR. SATTERWHITE: I asked if he was
16 involved in the comments that were filed, gave a
17 date, then asked what was represented in that.

18 MS. BOJKO: Right, it's the involvement
19 in the comments that is trial prep attorney-client
20 privilege.

21 EXAMINER PARROT: All right. I take that
22 as a point of caution but I think this particular
23 question as was deposed is all right.

24 MR. SATTERWHITE: And I believe he
25 answered it, correct?

1 EXAMINER PARROT: Yes.

2 THE WITNESS: No, I didn't.

3 EXAMINER PARROT: Well, you started to,
4 but --

5 MR. SATTERWHITE: Could you reread the
6 answer?

7 EXAMINER PARROT: I was going to say
8 let's reread what was said.

9 MS. BOJKO: Your Honor, I'm sorry, he
10 didn't finish his response because I stopped him
11 because I was worried he was going into
12 attorney-client privilege.

13 MR. SATTERWHITE: Can we reread the
14 answer and then we'll see where we are.

15 EXAMINER PARROT: Yes.

16 (Record read.)

17 EXAMINER PARROT: Was that the --

18 THE WITNESS: That wasn't it.

19 EXAMINER PARROT: Well, if you need to
20 complete your answer, please do so, but as your
21 counsel has pointed out, avoid going into anything
22 that would be considered confidential communications
23 between you and your attorneys.

24 A. In addition to that, and I don't have it
25 in front of me, but there were several large issues

1 that were identified that were indicated as -- they
2 were still issues but were not quantified dollarwise.
3 So at that time it was \$8 million plus is what it
4 was.

5 Q. (By Mr. Satterwhite) Okay. So my
6 question was what was quantified, and you agree that
7 was the \$8 million figure.

8 A. There was an indication it was much
9 higher than that as far as I'm concerned. I don't
10 believe the 8 million is the baseline for that. It
11 was made very clear there was a lot more than
12 8 million at stake.

13 Q. And I'm not arguing with that, I'm just
14 asking the quantification, the only dollar amount.
15 There was an indication that other issues were being
16 explored, but the quantification was around 8 million
17 in the public filing, correct?

18 MS. BOJKO: Your Honor, asked and
19 answered. He's answered that three times now.

20 MR. SATTERWHITE: I'm still looking just
21 for the answer, your Honor. I keep getting little
22 caveats. I just want to make sure we're on the same
23 page.

24 EXAMINER PARROT: I think you got the
25 answer, though, I'm going to sustain that one.

1 Q. (By Mr. Satterwhite) Let's look at
2 page 11, footnote 14. Now, the sentence that leads
3 into footnote 14 says that the reduction in carrying
4 costs that results from the stipulation request of
5 the over \$8 million in carrying cost, the company
6 sought in its filed position almost a year after its
7 initial application. Do you see that?

8 A. Yes.

9 Q. And you cite Mr. Dias's testimony from
10 November 18th, 2013, for that, correct?

11 A. I believe the citation there is for the
12 8.6 million figure as opposed to the entire sentence.

13 Q. Because you agree that the company first
14 requested carrying costs in the application, correct?

15 A. No, I do not.

16 Q. Can you open up your deposition to page
17 47.

18 A. I'm there.

19 Q. Can you start to read the question that
20 starts on line 24 down to the answer on the next page
21 that ends on page 8, please. I'm sorry, over to the
22 next page lines 1 through 8 on line 48 [verbatim].

23 A. Question: "You state in the sentence
24 that carrying charges were not requested by
25 Mr. Dias's testimony, is that how we should read

1 that?"

2 Answer: "That should be how you read
3 that, but that doesn't mean that after what you've
4 shown me with respect to the application I may be
5 wrong."

6 Question: "So this probably should say
7 that the request first came in the application,
8 correct?"

9 Answer: "It should be modified, yes."

10 Q. Let's discuss the --

11 MS. BOJKO: Your Honor, objection.

12 MR. SATTERWHITE: Your Honor, there's no
13 question. I'm on to my next question.

14 MS. BOJKO: Your Honor, this is not
15 proper impeachment of the witness through the use of
16 deposition, if that's what counsel's trying to do.
17 He didn't impeach him. He says modified and that's
18 exactly what he did, he said that the footnote should
19 apply to the \$8.6 million number.

20 MR. SATTERWHITE: I'm on to my next
21 question, your Honor.

22 EXAMINER PARROT: We don't have a
23 question pending.

24 MS. BOJKO: It's not proper use of the
25 deposition, your Honor.

1 EXAMINER PARROT: That may be, but
2 there's no question pending. Are you moving to
3 strike it?

4 MS. BOJKO: Yes, I'm moving to -- I'll
5 move to strike formally the use of the reading into
6 the transcript portions of the deposition, it's
7 improper use of the deposition.

8 EXAMINER PARROT: Response,
9 Mr. Satterwhite.

10 MR. SATTERWHITE: One second, your Honor.
11 I'm just trying to get to the earlier
12 conversation that sets up that conversation.

13 If your Honor would like, I can withdraw
14 it and start to the earlier conversation that that
15 references to show it's proper.

16 EXAMINER PARROT: All right. Let's do
17 that.

18 MS. BOJKO: I'm sorry, so was the answer
19 stricken?

20 MR. SATTERWHITE: Yeah, I offered to
21 withdraw that and --

22 MS. BOJKO: I don't think you can
23 withdraw his response, I think that the Attorney
24 Examiner would have to move to strike the response.

25 EXAMINER PARROT: Yes, I'm granting the

1 motion to strike and saying he can try it again,
2 basically --

3 MS. BOJKO: Okay, thank you.

4 EXAMINER PARROT: -- is what we're doing,
5 I guess.

6 MR. SATTERWHITE: Can I get the previous
7 answer reread just to make sure I'm in the right
8 place.

9 (Record read.)

10 Q. Can you open the deposition to page 43,
11 please.

12 A. I'm there.

13 Q. And on the bottom of 43, I'm just trying
14 to make sure we're in the same place because it's
15 kind of spread out, some of the questions, you were
16 asked if you were aware that the company requested a
17 WACC possibility in its application in this case,
18 correct?

19 A. I see the question, yes.

20 Q. And you responded that you do not recall
21 it in the application, correct?

22 A. That's correct, that's what I'm saying
23 now.

24 MS. BOJKO: Your Honor, I'm going to have
25 to object again. The use of the deposition is,

1 again, it's not appropriate. He's here for the
2 witness and usually you use depositions to either
3 impeach or if it's a hearsay exception because the
4 declarant is unavailable. The declarant is not
5 unavailable. He is here to ask the questions of and,
6 thus, you cannot just read from the transcript
7 questions and answers.

8 The question has to be posed to the
9 witness and then the witness then has to respond to
10 the question.

11 MR. SATTERWHITE: Your Honor, I believe
12 Ms. Bojko did the same thing the other day with the
13 deposition to try to show when things were spread out
14 to put it into one place to lose the stuff in the
15 middle. I could have him read these two pages
16 because, he didn't answer the question directly in
17 the deposition, and you need the earlier questions to
18 understand the later questions.

19 MS. BOJKO: Actually, your Honor, I never
20 used the depos. I have them all here in a stack in
21 my folder. I never used it. What I did is I asked
22 the witness if he gave him a deposition and if he
23 responded differently. He was here to ask and
24 confirm or deny. I did not use the deposition to
25 impeach the witness in the manner that

1 Mr. Satterwhite is referencing.

2 Your Honor, if the depo's going to be
3 used as evidence, it has to be prefiled before the
4 trial or the hearing is established and that was not
5 done in this case and, thus, it can only be used for
6 impeachment purposes and it has not been established
7 that that has been done in this instance, so we
8 cannot just read the depo from --

9 EXAMINER PARROT: But I believe that's
10 what you're still trying to do, Mr. Satterwhite,
11 correct?

12 MR. SATTERWHITE: Absolutely, your Honor.

13 EXAMINER PARROT: All right.

14 Q. (By Mr. Satterwhite) So then if we go
15 over to page 44, Mr. Yankel, let me ask you this, in
16 the application is a request for the recovery of
17 carrying charge at the weighted average cost of
18 capital if cost recovery doesn't commence by
19 April 1st, 2013?

20 A. There's language like that in the
21 application, but I don't believe that there was
22 really a request. I guess there's a difference
23 there, semantics. That line was there but, again, I
24 don't believe there was a true request or else the
25 company wouldn't have actually filed, made a filing

1 in August, whatever, August 20th asking for the
2 same thing.

3 Q. So you're saying you don't agree there
4 was a request for the recovery of carrying charge at
5 the weighted average cost of capital if cost recovery
6 doesn't commence by April 1st, 2013?

7 A. I believe that request was made in
8 August, August 20th or whatever of August, 2013.

9 Q. So your answer is no, just to be clear.

10 MS. BOJKO: Your Honor, that wasn't his
11 response.

12 MR. SATTERWHITE: He didn't say "yes" or
13 "no," your Honor. I asked him if that was the case
14 and he said I believe there was something in August,
15 so I would like a "yes" or "no."

16 A. I don't believe that the -- it was a true
17 request. I think it was more of a comment that was
18 made. And I think the true request came in with the
19 application, the request was made in August.

20 Q. I'd like you to open the deposition to
21 page 44 and the question that starts on line 19 and
22 your answer on 23, please. Out loud for the record.

23 A. I will.

24 Question: "So in the application is a
25 request for recovery of a carrying charge at the

1 weighted average capital cost if cost recovery
2 doesn't commence by April 1st, 2013, correct?"

3 Answer: "Yes."

4 And at that time I was somewhat confused
5 because obviously I said something different in my
6 testimony. You were asking me about what was in my
7 testimony, trying to change that, I started reading
8 your thought process I guess and I came back to my
9 thought process.

10 Q. So let's go back to the line that started
11 all this in your testimony on page 11, on page 18,
12 where you're talking about the carrying charges and
13 on line 20 you say the company sought in its filed
14 position almost a year after its initial application.

15 MS. BOJKO: I'm sorry, counsel, I think
16 you said page 18 and he started switching before
17 you --

18 MR. SATTERWHITE: Page 11. My apologies.

19 MS. BOJKO: I think you meant line 18.

20 MR. SATTERWHITE: Absolutely.

21 Q. Previously you had discussed that that
22 was just a reference to Mr. Dias's testimony,
23 correct?

24 A. I believe the \$8.6 million number is,
25 yes, I think that's what the witness said.

1 Q. So the point of this sentence is not to
2 say that the company did not request a carrying
3 charge at the weighted average cost of capital in its
4 initial application, correct?

5 A. I do not believe it was a legitimate
6 request, there was a comment that was made in there,
7 yes.

8 Q. And that's the discussion we just had
9 about the sentence about April 1st, 2013, if cost
10 recovery didn't commence a weighted average cost of
11 capital would be requested; is that correct?

12 A. "Would be requested," I believe that's
13 the relevant terminology, it would be requested. It
14 wasn't requested.

15 Q. Let's look at the application so we can
16 make sure we get the words exactly right. Is that
17 still up there anywhere?

18 MR. SATTERWHITE: Can I approach, your
19 Honor, give him a copy of Company Exhibit 1?

20 EXAMINER PARROT: You may.

21 MS. BOJKO: Which page did you hand the
22 witness?

23 THE WITNESS: 17.

24 MR. SATTERWHITE: Yeah. On paragraph 29.

25 Q. Is this the paragraph that includes the

1 April 1st, 2013, date that we had just discussed,
2 the weighted average cost of capital?

3 A. Yes.

4 Q. And five lines down after the
5 April 13th -- April 1st, 2013, date it says "The
6 company requests approval of a weighted average cost
7 carrying charge be applied." Correct?

8 A. That is what it says. My interpretation
9 is similar to what you had said in your last question
10 which was they would request.

11 Q. And where does that appear in that
12 paragraph grammatically so that would occur?

13 A. It was the interpretation I had and it's
14 also the fact that there wasn't an application made
15 for that until August 20th of 2013. The company
16 would have had to, you know, make a filing in
17 August 2013 for a request for the Commission to act
18 upon it.

19 Q. And that was the basis for your
20 understanding of why you included that in your
21 testimony, correct?

22 A. As it now stands, yes.

23 Q. Let's discuss the change on the top of
24 page 12 of your redlined testimony.

25 A. Yes.

1 Q. Now, page 12, line 1, when you prepared
2 your testimony that almost all parties opposed the
3 use of the weighted average cost of capital, you were
4 fudging a little bit because you did not actually
5 count, correct?

6 MS. BOJKO: Objection, your Honor. Not
7 only is that argumentative, I believe that when
8 witnesses make corrections to their testimony, that
9 they're not to be questioned on the corrections.

10 MR. SATTERWHITE: Your Honor, this is
11 what was prefiled and a change was made and in just a
12 second I can show you I believe the genesis of that
13 change being made and I think it goes to the
14 credibility of the witness.

15 EXAMINER PARROT: All right. I'm still
16 going to ask you to rephrase it, Mr. Satterwhite,
17 please.

18 MR. SATTERWHITE: I'm concerned that the
19 reason you want me to rephrase is the exact reason
20 why --

21 Q. When you prepared -- when you filed your
22 testimony with the Commission, your testimony that
23 almost all parties oppose the use of the weighted
24 average cost of capital, you stated that because you
25 were fudging a little bit because you didn't actually

1 count, correct?

2 MS. BOJKO: Objection, your Honor.

3 MR. SATTERWHITE: Your Honor, can I ask
4 the question, he can answer, and see where he goes
5 with this because it goes straight to credibility
6 depending on what his answer is.

7 MS. BOJKO: I'm not objecting to the
8 question. I'm objecting to the --

9 EXAMINER PARROT: I'm sustaining the
10 objection.

11 MR. SATTERWHITE: Can I help --
12 understand why just so if I need to rephrase?

13 EXAMINER PARROT: I just don't like your
14 word choice, Mr. Satterwhite.

15 MR. SATTERWHITE: And, your Honor, I'm
16 trying to be respectful, but in just a second I
17 believe I can tell you it's not my word choice.

18 EXAMINER PARROT: That may be the case,
19 but let's use a different word in your question just
20 the same.

21 MR. SATTERWHITE: All right.

22 Q. (By Mr. Satterwhite) So when you prepared
23 your testimony that you filed before the changes
24 today that almost all parties oppose the use of the
25 weighted average cost of capital, you didn't really

1 have a basis to make that claim because you hadn't
2 actually counted by looking at the docket, correct?

3 A. I had a basis for making the claim. I
4 thought the claim was correct. I just didn't go back
5 and verify it.

6 Q. Could you open up your deposition to
7 page 51, please.

8 A. I'm there.

9 Q. Actually go to page 50 because that's
10 where the questioning starts. Could you read the
11 question that starts on line 11 to the answer that
12 ends on 18.

13 MS. BOJKO: Your Honor, again, I'm going
14 to object at this time. I see where counsel's going
15 with this, I see the response on page 51 and it is
16 not inconsistent with what the witness just said on
17 the stand.

18 MR. SATTERWHITE: Your Honor, can the
19 witness read --

20 MS. BOJKO: No.

21 MR. SATTERWHITE: I'm on page 50 right
22 now, 11 to 18, I'm not on 51, and actually I think it
23 will take care of it and I won't have to go to the
24 word your Honor didn't want me to use.

25 MS. BOJKO: Again, even on the bottom of

1 page 50 it says exactly what he just said on the
2 stand.

3 MR. SATTERWHITE: Your Honor, I'm trying
4 to impeach the witness and I rephrased the question
5 to fit the question on 50 and I'm trying to get the
6 response read in because it's proper impeachment of
7 the witness.

8 I respected your Honor's wish by not
9 using the other language that I -- I can't refer to
10 whether the witness used it or not, so I tried to use
11 a different part of the transcript.

12 EXAMINER PARROT: I'm just trying to see
13 how much of it . . .

14 All right. I think I'm okay with where
15 you've suggested we start from, Mr. Satterwhite.

16 Q. (By Mr. Satterwhite) So, Mr. Yankel,
17 could you please read the question and answer from
18 line 11, and I believe there's some leftover from the
19 previous question there and the answer goes down
20 through 18 on page 50 of your deposition.

21 A. Question: "Reflected in his testimony.
22 So, what did you rely on for the statement that
23 almost all parties other than Ohio Power are opposed
24 to the weighted average cost of capital?"

25 Answer: "Just seemed like most of the

1 parties -- again, I didn't look at it but most of the
2 parties in that August-September timeframe disagreed
3 with it."

4 Q. And so it's your testimony now that
5 you've looked at it since the deposition; is that
6 correct?

7 A. Yes.

8 Q. And you went back to review the responses
9 to the motion that Ohio Power-AEP Ohio filed in
10 August, is that where you found your information?

11 A. Yes.

12 MR. SATTERWHITE: Your Honor, I'd like to
13 mark Company Exhibit 9 which is a memorandum in
14 response to Ohio Power Company's motion to record a
15 carrying cost submitted on behalf of the staff of the
16 Public Utilities Commission of Ohio.

17 May I approach?

18 EXAMINER PARROT: You may. It's so
19 marked.

20 (EXHIBIT MARKED FOR IDENTIFICATION.)

21 Q. Mr. Yankel, is this one of the documents
22 that you went back to review after the deposition to
23 determine if parties were against the weighted
24 average cost of capital in their comments?

25 A. No, it is not.

1 Q. So when you went to review the comments
2 to count the parties, you didn't review this
3 document?

4 A. Oh, I'm sorry, I thought this was from
5 the OCC. Yes, I did review this.

6 Q. So this is one of the documents that I
7 passed a second ago that you reviewed to determine
8 the number of parties that were opposed to the
9 weighted average cost of capital after the August
10 motion filing by the company, correct?

11 A. Yes.

12 MS. BOJKO: Your Honor, I'm going to have
13 to object or ask for clarification. I don't have a
14 page 2 so I have no idea what the witness has and
15 what they're looking at or not looking at, and I'm a
16 bit concerned not having a complete document and
17 asking the witness questions on it. Is that just my
18 copy?

19 MR. SATTERWHITE: No, my copy -- can we
20 go off the record for a second?

21 EXAMINER PARROT: Yeah, let's go off the
22 record.

23 (Discussion off the record.)

24 EXAMINER PARROT: Go back on the record.

25 Q. And the initial comments filed by OCC

1 back in March, those also opposed the weighted
2 average cost of capital, correct?

3 A. That's my recollection.

4 Q. And when I say "opposed the weighted
5 average cost of capital," they opposed the company's
6 proposal to collect the weighted average cost of
7 capital as part of this cost recovery mechanism,
8 correct?

9 MS. BOJKO: Can I have the question
10 reread?

11 (Record read.)

12 MS. BOJKO: Did you mean on the carrying
13 costs?

14 MR. SATTERWHITE: Yes, I was following up
15 on the previous question to make sure we had context
16 for what we were talking about here.

17 MS. BOJKO: I thought he meant the
18 whole -- I'm just clarifying that we're talking about
19 carrying costs collected at the weighted average cost
20 of capital.

21 MR. SATTERWHITE: Let me rephrase.

22 Q. (By Mr. Satterwhite) So you responded
23 that the Ohio Consumers' Counsel in its initial
24 comments in this case in March opposed the collection
25 of carrying costs based on the weighted average cost

1 of capital, correct?

2 A. That's my understanding or recollection,
3 yes.

4 MR. SATTERWHITE: Your Honor, at this
5 time can I supplement the --

6 EXAMINER PARROT: Yes, please do so.

7 MR. SATTERWHITE: -- company exhibit?
8 Thank you.

9 (Off the record.)

10 EXAMINER PARROT: Let's go back on the
11 record.

12 Q. (By Mr. Satterwhite) I believe the
13 question I was asking before I provided you with a
14 complete copy of this Company Exhibit 9, does this
15 now look like the complete copy of the document that
16 you went back and reviewed after your deposition to
17 see what parties were opposed to the weighted average
18 cost of capital in the motion filed by the company?

19 A. I believe it is.

20 Q. And you just reviewed this document. Did
21 you see the staff's opposition to the use of the
22 weighted average cost of capital in the body of this?

23 A. Yes.

24 Q. And other than the opposition to the
25 weighted average cost of capital -- let me rephrase

1 that.

2 The staff's proposal was to allow
3 recovery based on long-term debt, correct?

4 A. Yes.

5 Q. And other than that they were in
6 agreement with the company's proposal, correct?

7 A. They didn't challenge it. The only
8 challenge they had was on the weighted cost of
9 capital.

10 MS. BOJKO: I'm sorry, your Honor, may I
11 hear the question again?

12 (Record read.)

13 Q. And, in fact, the last sentence on
14 page 2, could you read that, please, out loud?

15 A. "Staff recommends that the company's
16 motion be granted, but that carrying costs be
17 calculated using the most recently approved cost of
18 long-term debt, and not the average" -- excuse me,
19 "the weighted average cost of capital."

20 Q. Thank you.

21 You go ahead and talked about the
22 June 29th storm and the restoration a little bit.
23 You were not in AEP Ohio's service territory during
24 the June 29th derecho or the storm restoration,
25 correct?

1 A. I don't recall being here during the
2 derecho at all. I may have been here during the
3 restoration efforts afterward, I don't recall that.

4 Q. If you were here for the restoration, you
5 don't remember what you witnessed during that time;
6 is that what you're saying?

7 A. That's what I'm saying. But I wasn't
8 here for the derecho; I think I would have remembered
9 that.

10 Q. In fact, the recommendations you make in
11 your testimony are based on an after-the-fact review
12 of the documents, correct?

13 A. I was looking at, from an accounting
14 standpoint, a regulatory standpoint, certainly not
15 from a lineman's standpoint, yes.

16 Q. I'm sorry, did you say "yes" at the end
17 there?

18 A. Yes.

19 Q. And you've never served as an electric
20 distribution employee, correct?

21 A. That is correct.

22 Q. And you've never been in charge of a
23 major storm restoration effort for an electric
24 distribution utility, correct?

25 A. No; I've just been doing utility

1 regulation for the last 35 years, I have not been in
2 the field at all.

3 Q. So from an audit point of view is what I
4 believe you said was your involvement, correct?

5 A. That would be a good word, yes, a good
6 choice of words.

7 Q. And the most employees you ever managed
8 is a staff of three, correct?

9 A. On a long-term basis, yes. Short-term
10 basis, a lot more than that, but yes.

11 Q. And your primary personal experience at
12 the time you filed this testimony with the storm --
13 for Storm Services facilities that you criticize as
14 not convenient at the bottom of page 16 is from
15 looking at pictures on the internet, correct?

16 A. I'm sorry, where on 16?

17 Q. Yeah.

18 A. I said where?

19 Q. One second. At the bottom of 16 and the
20 top of 17, the sentence starts "These," on line 20.

21 A. No, I got this more from the company. I
22 did see some internet pictures as far as that goes
23 which looked better than what I thought they would
24 look. The idea to me was sleeping 24, 36, you know,
25 bunk versus the motel room is fairly horrific,

1 needing to go to the bathroom outside in the middle
2 of the night to a portable toilet, needing to go
3 outside to take a shower, that type of thing I think
4 is -- causes me to say what I said there.

5 Q. But you have no personal experience of
6 staying in a Storm Services site. That's what I
7 believe you said you gathered from looking at the
8 documents and looking at the internet, correct?

9 A. I've stayed in a fraternity house with 18
10 other people in the same room and I can tell you it's
11 not conducive to -- I would think linemen work 16
12 hours a day, no, it's not conducive. I think a motel
13 room is much nicer.

14 Q. I appreciate the humor but my question
15 was in relation to this case you weren't staying in a
16 fraternity house during the storm, were you?

17 A. No, but a 24 people to 36 people in a
18 bunk trailer could be a whole lot like a fraternity
19 house if one guy's snoring, another guy doing other
20 things.

21 Q. I'll leave that alone.

22 My question was really the conclusion you
23 draw from understanding what it's like in a Storm
24 Services facility is based on your experience in a
25 fraternity house and what you viewed on the internet,

1 correct?

2 A. And just the description, forgetting the
3 internet but just the description that the company
4 gave in data responses. Again, 36 rooms walking
5 between -- going outside to, again, go to the
6 bathroom, go to the shower facilities, back and
7 forth, I don't consider that -- camping would be
8 better than that in a lot of cases.

9 Q. So it's all the things that you've
10 described in the past few answers, correct?

11 A. Yes.

12 Q. So you agree that restoration workers
13 faced extremely hot and difficult conditions when
14 restoring service, correct?

15 A. Absolutely, that's why I kind of felt
16 that they could use a motel room or a full restaurant
17 to go to.

18 Q. Well, you believe their convenience is an
19 important factor for the company to consider in the
20 restoration effort, correct?

21 A. Yes, and that's why I don't think Storm
22 Services was that convenient or appropriate.

23 Q. What do you weigh as more important, the
24 comfort of the employees or the efficiency of the
25 restoration effort?

1 A. I think the two go hand in hand; if the
2 employees aren't comfortable, you're going to get a
3 slow restoration effort. The people have to be well
4 rested in order to go work another 16 hours in
5 hundred-degree temperatures.

6 Q. Let's move to page 18 of your testimony.
7 Your question on line 9 and 10 reads "What reasons
8 did Ohio Power give for hiring Storm Services?"
9 Correct?

10 A. Correct.

11 Q. And the entirety of your answer is
12 language from an interrogatory, a subpart of an
13 interrogatory that answers the question "Why does the
14 company use these facilities as opposed to motels?"
15 Correct?

16 A. Yes. I think the question probably could
17 have said that to get more directly at the
18 interrogatory, but yes.

19 Q. I believe you said you've never been in a
20 restoration effort or stayed in a Storm Services
21 facility previously, right?

22 A. That is correct.

23 Q. Are you aware of how companies like Storm
24 Services set up their price structure for charging
25 customers?

1 A. The American way.

2 Q. What is --

3 A. As much as they can get and still sell
4 the product.

5 Q. Well, let me ask, is it a pass-through of
6 cost or is it a service for a fee? Do you know?

7 A. I think it's mostly a service for a fee.
8 I think there may be a few pass-throughs. Mostly
9 service for a fee.

10 Q. So it's fair to say that your view is
11 that Storm Services or the services Storm Services
12 provide could be directly compared to the purchase of
13 a room in a motel, correct?

14 A. I believe most of the services that they
15 provide can be directly compared, and I believe that
16 that is essentially the standard that Ohio Power and
17 all the other Ohio utilities have been using for the
18 last 40, 50 years.

19 Q. All right. I'm just trying to see how
20 the Commission should judge your view of Storm
21 Services. So my question is: You believe it's an
22 apples-to-apples comparison to compare the services
23 Storm Services provides to the securing of a motel
24 room, correct?

25 A. To a large extent. I mean, the company

1 has given information similar to the effect that it
2 was convenient, there were -- had beds available, you
3 could move back and forth between places, that type
4 of thing you can do in a motel. A lot of the things
5 you can do in a motel that the company said were good
6 things for Storm Services, there wasn't a difference
7 between what Storm Services would provide and a
8 motel.

9 Q. I'm just trying -- I know you talk about
10 the company had provided in testimony but I'm trying
11 to get your point of view. What I think you just
12 said, and correct me if I'm wrong, is that your
13 testimony you think it's fair to compare the securing
14 of a hotel room with the services that Storm Services
15 provide for the Commission to do a comparison of the
16 value of Storm Services; is that correct?

17 A. I think by and large. I mean, if you
18 want, we can go through, you know, picking each
19 little thing out, but by and large I think they
20 should be compared with one another, yes. And I
21 think the primary thing is cost.

22 Q. And you also believe that if you were
23 able to see that the use of Storm Services restored
24 power to the system five days earlier than not using
25 Storm Services, that would make the expense more

1 reasonable, correct?

2 A. I said that during the deposition. I
3 think I also said during the deposition that I did
4 not see how that was possible given the facts of the
5 case.

6 Q. So that's a "yes."

7 A. On a theoretical basis it's a yes, but
8 given what went on in this particular case, looking
9 at the data. In the beginning Storm Services was
10 hardly used, maybe one-third, one-fourth used as far
11 as number of people staying in the facilities. There
12 weren't 2,000 people that came into Storm Services.
13 There was, at the most a few hundred in the
14 beginning. So there wasn't that great help by Storm
15 Services.

16 Storm Services really wasn't doing much
17 in the beginning to start with.

18 MR. SATTERWHITE: Your Honor, I'll move
19 to strike everything beyond the answer to my question
20 of would it be -- if we could show that Storm
21 Services restored power to the system five days
22 earlier, that that would make it more reasonable.

23 MS. BOJKO: Your Honor, he was finishing
24 his response to the question and consistent with
25 other rulings today I would -- I'll finish.

1 EXAMINER PARROT: Motion to strike is
2 denied.

3 MR. SATTERWHITE: Thank you.

4 Q. Mr. Yankel, you also agree that a hotel
5 has 365 days to recover its costs but a special
6 service like Storm Services would not have 365 days
7 of events to recover its costs, correct?

8 A. And I would say also that the Ohio Power
9 customers shouldn't be responsible for Storm Services
10 making a profit.

11 MR. SATTERWHITE: Your Honor, if it was a
12 "yes" at the beginning, I'm going move to strike the
13 rest of that, but I'm not sure I even got a "yes"
14 from the beginning.

15 EXAMINER PARROT: You didn't, so let's
16 pose the question again.

17 MR. SATTERWHITE: Can I move to strike
18 the response because it didn't answer the question
19 that I asked?

20 MS. BOJKO: It actually did, your Honor.

21 MR. SATTERWHITE: Your Honor, I asked
22 whether a hotel has 365 days to recover its costs as
23 compared to Storm Services and I got a speech about
24 Storm Services making money.

25 EXAMINER PARROT: I'm going to allow the

1 answer to stand but I don't think you got a direct
2 "yes" or "no," so I'm going to ask the question to
3 give you that.

4 Q. (By Mr. Satterwhite) Mr. Yankel, "yes" or
5 "no," do you agree that a hotel has 365 days to
6 recover its costs but a special service like Storm
7 Services would not have 365 days of events to recover
8 its costs?

9 A. No. I can elaborate on the hotel, if
10 you'd like.

11 Q. So your answer is no, you don't agree
12 with that?

13 A. I don't agree with that, no.

14 MS. BOJKO: Your Honor, the witness
15 should be allowed to finish his answers.

16 EXAMINER PARROT: I agree.

17 MR. SATTERWHITE: Your Honor, if I may,
18 if the witness is going to ask me do you want me to
19 elaborate and I don't want him to, I believe it's my
20 cross-examination and I can move along.

21 MS. BOJKO: Your Honor, we went through
22 this for four days and I wasn't allowed to get a
23 "yes" or "no" question and answer out so I think it's
24 only appropriate to allow the witness to respond.
25 Just because he's being polite and giving you an

1 answer first that shouldn't deter or be a ruling of
2 why he shouldn't be able to respond?

3 MR. SATTERWHITE: Your Honor, there are
4 multiple times I remember I had to ask later in
5 redirect and I'm not going to try to put up -- never
6 mind, I'm not going to compare the
7 cross-examinations.

8 MS. BOJKO: Yes, because --

9 EXAMINER PARROT: All right, both of you,
10 that's enough.

11 Mr. Yankel, if you do need to complete
12 your answer, please just do that. As you can tell
13 from my style, I've been allowing other witnesses to
14 do it, I will do the same for you. You don't need to
15 ask permission to do it, just do it.

16 THE WITNESS: Thank you.

17 EXAMINER PARROT: With that, let's
18 continue.

19 Q. (By Mr. Satterwhite) So, Mr. Yankel, if
20 Storm Services can speed up restoration time, it is a
21 benefit to customers, correct?

22 A. That's an awful big if, but if the
23 restoration time could be sped up for any reason, and
24 it may be not because of Storm Services, they could
25 be slowing it down, yes, whatever reason to speed it

1 up is better.

2 Q. And the more workers the company has to
3 restore service, the quicker you can get restoration
4 restored, correct?

5 A. Only to a point. Obviously, you start
6 having people tripping over one another and then the
7 other question is a matter of expense. Just like you
8 talked about distribution costs and it would be
9 prohibitive to build a distribution system that
10 didn't have any interruptions. The same would be so
11 for trying to get restoration back extremely quickly.

12 Q. In your review of the records in this
13 case do you believe that Ohio Power employed too many
14 individuals to restore power after the June 29th
15 storm?

16 A. No.

17 Q. Do you think it would have been a benefit
18 if the company would have been able to secure more
19 contractors and employees to restore power after the
20 June 29th storm?

21 A. I have no opinion.

22 Q. You agree that in most cases there is a
23 difference between working extra hours in a typical
24 salary job versus working extra hours in a storm
25 restoration effort, correct?

1 A. Depends on what you mean "working." If
2 we're talking about a lineman versus a salaried -- an
3 office worker, there is a difference there whether
4 they're working overtime or not, I'm just not sure,
5 would you clarify?

6 Q. You would agree that someone that
7 typically works indoors, if they did storm
8 restoration work outdoors, that that would be a
9 significant difference in the work that they do,
10 correct?

11 A. If someone had a office, push paper job
12 and then was sent out to somehow help on storm
13 restoration out in the field, that would be a big
14 difference for them, yes.

15 Q. And you agree that if -- one second, your
16 Honor.

17 And it's your understanding that the
18 exempt employees that worked some of the restoration
19 after the June 29th storm are not all required to
20 work; is that correct?

21 A. My understanding -- I don't know that for
22 a fact. My understanding is they're not required to
23 work.

24 Q. And if those exempt employees aren't
25 there to work, then it's reasonable for the company

1 to hire someone else to fill that role, correct?

2 A. Maybe, maybe not, depends on what the
3 role is.

4 Q. Can you open up your deposition to
5 page 94, please?

6 A. Yep. I'm there.

7 Q. Can you read the question that starts on
8 13 down at the end of the answer on 17.

9 A. Question: "But if those exempt employees
10 aren't there, then it's reasonable for the company to
11 hire someone else to fill the role."

12 Answer: "If you need employees, it's
13 reasonable to do that."

14 Q. Now, on page 51 and 52 of your testimony
15 you discussed the priority restoration.

16 A. 51?

17 Q. Let me make sure I'm right. It started
18 on 52, I apologize.

19 A. I'm there. 52.

20 Q. Correct. And in the response you include
21 some confidential information that deals with the
22 priority of service restoration, correct?

23 A. Correct.

24 Q. And you agree that the restoration
25 priority starts with entities in the public welfare

1 that benefit all customers, correct?

2 A. Correct.

3 Q. On page 54 you begin to talk about the
4 2009 SEET commitment. You familiar with what I'm
5 talking about?

6 A. Yes.

7 Q. And you're not saying that the Commission
8 must adopt your recommendation to offset the O&M
9 costs at issue in this case with a \$20 million SEET
10 commitment to be in the public interest; is that
11 correct?

12 A. I think in the deposition I said the
13 Commission's going to do what the Commission's going
14 to do, so.

15 Q. Well, in fact, if they apply it somewhere
16 else, that's fine with you, correct?

17 A. I have no choice, they apply it somewhere
18 else.

19 Q. But that's fine with you, correct?

20 MS. BOJKO: Objection. Asked and
21 answered.

22 MR. SATTERWHITE: Your Honor, I got an --
23 I got a humorous response, I think, and I'm asking
24 this witness as an expert for OCC if that's fine with
25 him or not.

1 MS. BOJKO: Well, you didn't ask it in
2 the context. Are you asking if he's personally or
3 now you just changed your question and asked if it
4 was in the capacity of being a witness? I think
5 those are distinct questions.

6 MR. SATTERWHITE: Your Honor, I'm trying
7 to ask this witness, we established earlier that he's
8 a policy witness or a witness for the positions
9 raised by OCC in this case. He didn't say "policy,"
10 he talked about the issues in his testimony. So I'm
11 under the understanding that he's testifying on
12 behalf of OCC today and my question to him was
13 whether it was fine with him if the Commission
14 applied the 20 million SEET commitment elsewhere.

15 EXAMINER PARROT: All right. With that
16 clarification, please answer the question,
17 Mr. Yankel.

18 A. I would be much happier with my
19 recommendation than something else. I would like my
20 recommendation, I think as I said in my testimony,
21 because it's more immediate, immediate payback to the
22 customers. The return of the \$20 million was really
23 for customers that are here today, basically a refund
24 as far as I'm concerned.

25 If it goes into some sort of rate base

1 offset or something, it's a 30-, 50-year impact on
2 people. I mean, most people would be dead by then.

3 Q. But, again, you're not saying if the
4 Commission doesn't apply it, it can't be in the
5 public interest when they're judging the stipulation,
6 correct?

7 A. The Commission makes that decision. I
8 don't. I told you what I think. I told you that I
9 believe that it would be best for the public interest
10 if it was given back in this case.

11 Q. But if they put it somewhere else, that
12 is fine, just to finish the thought, correct?

13 MS. BOJKO: Your Honor --

14 A. I can't do anything about it.

15 Q. Could you open up your deposition to page
16 42.

17 A. Yes.

18 Q. Could you start to read the question that
19 begins on line 20 and the answer that finishes up on
20 line 1 of page 43.

21 A. Question: "So you're offering this as
22 just an opinion. You're not saying if it doesn't
23 apply that it can't be in the public interest,
24 correct?"

25 "Correct. I believe this is the public

1 interest but if they don't and they put it someplace
2 else, that's fine."

3 Q. Okay. In your opinion as a regulatory --

4 MS. BOJKO: Again, objection.

5 Q. -- witness --

6 MS. BOJKO: Objection, your Honor, I'm
7 going move to strike the reading of the transcript.
8 That was not an impeachment. He said most of the
9 words that he just read out loud in the transcript
10 and it was an improper use of the deposition.

11 MR. SATTERWHITE: Your Honor, it's
12 inconsistent with the statements he was trying to
13 give me and not be consistent with what is in the
14 deposition so it is absolutely impeachment of what he
15 said before.

16 EXAMINER PARROT: Motion to strike is
17 denied.

18 Q. (By Mr. Satterwhite) Mr. Yankel, in your
19 opinion as a regulatory witness you agree the
20 application of the SEET commitment should be
21 consistent with the law, correct?

22 A. Yes.

23 Q. In your capacity as an expert for OCC in
24 this case -- let me rephrase that.

25 You've been retained as an expert to

1 advise and provide testimony for OCC in this case,
2 correct?

3 A. Correct.

4 Q. And you record your time and provide it
5 to a contact for OCC for payment, correct?

6 A. Yes.

7 Q. Mr. Yankel, what's the total invoice that
8 you charged OCC so far for your services in this
9 case?

10 MS. BOJKO: I'm going to object for one
11 second.

12 MR. SATTERWHITE: Okay. On what basis?
13 Sorry.

14 MS. BOJKO: Can we go off the record?

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

17 (Discussion off the record.)

18 EXAMINER PARROT: Let's go back on the
19 record.

20 MS. BOJKO: If it's not confidential,
21 move forward. I feared it was a confidential number.
22 Thank you, your Honor.

23 Q. Do you need the question reread?

24 A. No. It is split between two cases. I
25 think you've gotten more of the two cases just

1 because you're ahead as far as that goes in timing.
2 \$30,000, approximately.

3 MR. SATTERWHITE: Your Honor, I did have
4 a motion to strike part of his testimony. I believe
5 I'm done with the questions depending on I can enter
6 the motion to strike right now that portion if that's
7 all right.

8 EXAMINER PARROT: Yes.

9 MR. SATTERWHITE: Based off of the 2A
10 version we've been using for discussion today, on
11 page 56 of the testimony the company would propose to
12 start on line 4 through line 8, the sentence that
13 reads "The PUCO staff echoed these sentiments" and
14 the rest of that paragraph.

15 The basis is, consistent with other
16 rulings in this case, not giving a connotation to
17 what staff believes is inappropriate -- or giving a
18 connotation. Mr. Yankel asserts that staff's
19 sentiment from another docket that's not involved in
20 this docket at all something that was filed prior in
21 time to the stipulation filed in this case, staff is
22 a signatory party to this case and did not include
23 that -- it doesn't appear in the stipulation at all,
24 therefore, I think it's inappropriate to assert or
25 give it consideration at all in the testimony that

1 staff has a different position different from what's
2 in the settlement agreement.

3 EXAMINER PARROT: Is that the extent of
4 your motion to strike?

5 MR. SATTERWHITE: Yes. Thank you.

6 EXAMINER PARROT: Response?

7 MS. BOJKO: Your Honor, I'd actually say
8 consistent with the Bench's ruling the testimony
9 referencing staff and filed testimony or filed
10 comments in another Commission docket was not
11 stricken and was actually allowed to remain in the
12 testimony.

13 He did not attach the comments and that
14 is what your Honor struck was the attachment, not the
15 reference to or the discussion of. And here he's
16 merely doing the exact same thing, he is discussing
17 the gridSMART and publicly available comments that
18 were filed in the normal course of the Commission's
19 business.

20 MR. SATTERWHITE: Your Honor, in the
21 prior ruling it dealt with an issue with this case,
22 the baseline of the \$5 million and what went into
23 that \$5 million.

24 That was an issue in this case that was
25 appropriate for Mr. Mitchell to comment on to show

1 what his exhibits and what he was reaching in his
2 testimony.

3 This language talks about staff echoing
4 the sentiments. Staff is a signatory party in this
5 case and did not include what Mr. Yankel and OCC are
6 trying to propose to the Commission, so it's
7 inappropriate to argue that and insinuate that the
8 sentiment of staff, when staff had an opportunity to
9 not sign the stipulation and they did, and so to say
10 that this is a staff position in this case is
11 inappropriate.

12 MS. BOJKO: Your Honor, I don't believe
13 that that's what this says. I'm referring to the
14 comments that -- this situation is completely
15 different because Mr. Yankel is on the stand cross --
16 staff is able to cross-examine the particular witness
17 that is talking about the comments.

18 This is similar to the 5 million in that
19 it's -- it was established by this Court over our
20 objections that it was an issue in this case and this
21 is the same thing, the \$20 million is at issue in the
22 case and if you're allowed to challenge whether the
23 stipulation is prudent and reasonable, this directly
24 goes to the reasonableness of the stipulation with
25 regard to that issue contained therein.

1 EXAMINER PARROT: Anyone else wish to
2 weigh in on this?

3 All right. Hearing nothing

4 MR. SATTERWHITE: I assume "anyone else"
5 meant not me.

6 EXAMINER PARROT: It did.

7 I'm going to deny the motion to strike,
8 Mr. Satterwhite.

9 MR. SATTERWHITE: Thank you, your Honor.
10 With that that's all I have for cross-examination.

11 EXAMINER PARROT: Any questions from
12 staff?

13 MR. MARGARD: No. Thank you, your Honor.

14 EXAMINER PARROT: At this point let's
15 take a break before we begin our redirect. Let's
16 come back in ten minutes. Is that --

17 MS. BOJKO: That's fine, your Honor.

18 EXAMINER PARROT: We'll take a ten-minute
19 break. Thank you.

20 MS. BOJKO: Thank you.

21 (Recess taken.)

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

24 Any redirect?

25 MS. BOJKO: Yes, your Honor, thank you.

1 - - -

2 REDIRECT EXAMINATION

3 By Ms. Bojko:

4 Q. Mr. Yankel, you were asked a series of
5 questions from Mr. Darr and Mr. Satterwhite, IEU and
6 AEP, talking about residential interests and the
7 stipulation. Do you recall that?

8 A. Yes.

9 Q. Were there any residential groups on the
10 stipulation?

11 A. No. The OCC was the only residential
12 party that was even involved in the case.

13 Q. So do you believe that residential
14 interests were represented on the stipulation -- in
15 the stipulation?

16 A. No, the OCC did not sign it so I guess my
17 opinion is that the OCC did not believe that the
18 interests to residential consumers was served by the
19 stipulation.

20 Q. Sir, do you believe that residential
21 interests weren't represented in the stipulation?

22 A. I believe --

23 MR. DARR: Objection. Not relevant what
24 he believes. He's being asked to give an opinion.

25 EXAMINER PARROT: Response?

1 MS. BOJKO: Your Honor, he reviewed the
2 case, he did an analysis of the case, and I'm asking
3 his expert opinion whether he believed that the
4 stipulation represented the interests that he had
5 reviewed and researched.

6 EXAMINER PARROT: Overruled.

7 A. It is my opinion that it's not in the
8 interest of the residential customers of AEP Ohio.

9 Q. And why do you believe it's not in the
10 interest of residential customers?

11 A. There were a number of problems with the
12 stipulation. For example, there were certainly large
13 amounts of imprudent costs, approximately 15 million
14 associated with Storm Services, there were some other
15 costs that I felt were unreasonable, the rate design
16 was designed basically around the OCC, for lack of a
17 better word, it was a rate design that served the
18 interests of the other parties which did not serve
19 OCC's residential interests.

20 Q. Sir, do you recall a discussion about an
21 old Idaho EPA case where you had some involvement in?

22 A. I recall the discussion.

23 Q. And that was a study that was
24 conducted -- do you know when that study was
25 conducted?

1 A. The study itself was conducted in 1974 or
2 1975. It actually may have been both years as far as
3 that goes, it took a long time. What came out of
4 that was a paper, the first of many papers that I
5 wrote regarding the relationship of ambient air
6 quality -- ambient air quality lead and blood lead in
7 children.

8 After that I was sent to DC to help write
9 the criteria document, as far as that goes, that's
10 the document that essentially determines how to
11 regulate lead in the atmosphere. A little bit of a
12 hero for the study that I put together.

13 And after that the standard was adopted.
14 I can't remember exactly when, a year or two later.
15 In about 1978 I was approached by a consultant that
16 had checked over some of the numbers that were in the
17 study, he convinced me that there was a problem with
18 the study. I sort of understood where the problem
19 was coming from, I mean I really felt when he said
20 that that there was a point in time when somebody had
21 manipulated the data, it was off by literally
22 25 percent exactly.

23 I filed an affidavit with the lead
24 industry who was really on the other side, they were
25 the black house, I was the white house, but I felt

1 that my data was wrong and I filed an affidavit and
2 that's as far as I know about it.

3 Q. Sir, did you manipulate the data? Did
4 you knowingly manipulate the data?

5 A. No, I did not.

6 Q. Was there fraud on your part with regard
7 to the documents that you just discussed?

8 A. None. None that I was aware of.
9 Obviously the study went in and I did not realize
10 that the numbers had been manipulated.

11 Q. And so new information was provided to
12 you at a point in time later and you reviewed that
13 information, decided to modify your previous opinion
14 at that time?

15 A. Yes, on my study. Yes.

16 Q. And did you tell the truth to the best of
17 your knowledge at the time you submitted testimony,
18 studies, data, provided data, or provided affidavits?

19 A. Yes.

20 Q. Do you remember a discussion from AEP
21 counsel about homeowners insurance policies?

22 A. Yes.

23 Q. Do you know if those insurance policies
24 include electrical outages?

25 A. None that I'm aware of.

1 Q. Do you know if storm damages would be in
2 a regular homeowner policy?

3 A. Storm damages would be, yes.

4 Q. Do you know whether any kind of food or
5 any kind of food that might have to be thrown out,
6 things of that nature, would be covered under a
7 homeowners policy?

8 A. I assume not unless there's a rider. At
9 least that's my understanding because I think I've
10 looked into, I've had that problem before and I
11 looked into it and I didn't have coverage for that.
12 And I assume that there's a reason why I don't have
13 coverage for that; one is the deductible, and two is
14 just the cost of the extra premium, the rider.

15 Q. Sir, in your experience, personal
16 experience, would the deductible amount likely be
17 greater than what a customer could seek from that
18 insurance claim?

19 A. Yes. And I should add that,
20 unfortunately, there's a lot more hassle, personal
21 problems related to that which the insurance company
22 certainly isn't going to reimburse one for. It's not
23 just the loss of food, they're not going to reimburse
24 you for loss of time, loss of ability to do certain
25 things.

1 Q. With regard to the insurance policies, do
2 you know whether utility companies have insurance
3 policies?

4 A. My understanding is that they do, they
5 have self-insurance and insurance policies.

6 Q. You were asked, sir, about the initial
7 comments of the Ohio Consumers' Counsel. Do you
8 recall that?

9 A. The initial comments that were made in --
10 there was just a number of them, I'm just uncertain
11 which ones you're asking me about.

12 Q. I believe that you were asked about the
13 initial comments and the quantification that OCC made
14 in the first initial comments of --

15 A. Yes.

16 Q. Okay. And were the other -- were there
17 other publicly filed documents or comments that also
18 put forth OCC's position in this case?

19 A. Yes, there was another set of comments or
20 issues list was filed November 4th, 2013, by I
21 assume most of the parties.

22 Q. And did the Consumers' Counsel offer a
23 quantification of every single issue in the second
24 set of comments that was filed?

25 A. No, they did not.

1 Q. And do you know whether the Commission
2 asked for parties to quantify issues and put them in
3 a dollar amount figure?

4 A. I don't believe they did. I think it was
5 more of just, you know, what are the issues, you
6 know, please get the issues out on the table.

7 Q. And you're also aware that that was a
8 nonbinding issues list?

9 A. Yes.

10 Q. You also were asked a series of questions
11 about the carrying charges in the application. Do
12 you recall that?

13 A. Yes.

14 Q. And when you refer to the application,
15 can you tell me what documents you may have been
16 referring to in your responses?

17 A. I generally refer to all of the filings
18 by the company, there was, you know, the initial
19 application, there was the, I can't recall, modified
20 or, you know, the second application around April or
21 something, more filings later on in, again, I can't
22 remember, November or something when the testimony
23 was due. So I just kind of view it as a package.

24 Q. Let's talk about the first application of
25 the Commission and that application, it's your

1 understanding, was filed on December -- in December
2 of 2012?

3 A. Yes.

4 Q. And in that application, and I think you
5 were referred to paragraph 29 on page 17, in that
6 application is there a specific request for -- to
7 recover \$8.6 million in carrying charges?

8 A. No.

9 Q. Is that what you were referring to in
10 your testimony, sir?

11 A. Yes. That didn't show up until
12 Mr. Dias's testimony much later in 2013.

13 Q. And did you have an opportunity -- I
14 think in response to one of Mr. Satterwhite's
15 questions you said that you, when considering whether
16 to revise your testimony on page 12, you considered
17 other parties' responses or comments or memorandums
18 in response to the company's request for that
19 \$8.6 million; is that correct?

20 A. Yes.

21 Q. And is it fair to say that you only
22 answered that you looked at staff's memorandum and
23 response to the motion? Is it fair that you looked
24 at other documents as well?

25 A. I was only handed the staff's response.

1 There was at least one other response to that
2 memorandum.

3 Q. Okay.

4 A. That was also against the weighted
5 average cost of capital.

6 Q. And that would have been the Kroger
7 Company actually filed comments opposing the weighted
8 average cost of capital calculation for the carrying
9 costs?

10 A. I believe it was Kroger. I can look it
11 up but, yes, there was one other essentially
12 industrial type customer that did that.

13 Q. Isn't it also the case that there were
14 other parties in the case that included that there
15 was an issue that needed to be discussed in either
16 the initial comments that were filed or the
17 nonbinding issues lists that were filed?

18 A. Yes, there was more comments made then
19 the nonbinding issues list.

20 Q. You also recall there was a series of
21 questions about employees and I think there were some
22 confusion about exempt employees versus nonexempt
23 employees. When you were talking about whether the
24 company would be allowed to hire another person
25 working -- I'm trying not to put word's in counsel's

1 mouth, but when they were hired -- hired other
2 employees if an AEP employee -- strike that, let me
3 start over.

4 If an AEP employee did not agree to
5 "volunteer," I think was his word, if an AEP employee
6 did not agree to volunteer, would you expect the
7 company to hire somebody to replace that, and I guess
8 the question is were you referring to an office
9 worker that might volunteer in the storm service to
10 go out and sit at Storm Services or were you
11 referencing a line worker that may have been needed?
12 What was the context of your response to that
13 question?

14 MR. SATTERWHITE: Objection. My question
15 was whether it was reasonable for the company to hire
16 staff if staff was unavailable.

17 MS. BOJKO: Okay, I mean, that's exactly
18 what my question's going to and I think the "staff"
19 word is the clarification, I'm now trying to find out
20 which AEP employee staff did he believe he was
21 answering the question in response to.

22 A. There's kind of two answers to that. One
23 is, as I said I think in my deposition, that if you
24 need to employ, you need to employ; you need to go
25 out and get one. Again, that would be more like a

1 lineman or somebody doing something like that, you
2 know, if you need that body, you need that body.

3 If it's a clerical worker coming out and
4 taking notes on what Storm Services is doing or
5 something of that nature, you don't necessarily need
6 to replace that person. So it really depends on the
7 employee.

8 Q. And it depends on the job that the
9 employee is being asked to do?

10 A. Yes, the job, that's more accurate. The
11 job the employee is being asked to do.

12 Q. And would it surprise you if you found in
13 a job description of an AEP employee that they're
14 required to do any duties that may be assigned to
15 them?

16 MR. SATTERWHITE: Can I have the question
17 reread, please?

18 (Record read.)

19 MR. SATTERWHITE: Objection, your Honor.
20 I don't know, that's assuming facts and, I don't
21 know, I believe that's beyond the scope of the cross.

22 MS. BOJKO: It's a follow-up to this
23 discussion, your Honor, whether the staff employees
24 can go out in the field if they're needed.

25 MR. SATTERWHITE: It's creation of a new

1 line I believe.

2 EXAMINER PARROT: Overruled.

3 THE WITNESS: Could I have the question?

4 EXAMINER PARROT: Yes.

5 (Record read.)

6 A. I would believe that to be the case
7 because almost every job I've had has said that. So
8 I would assume that would be for AEP employees as
9 well.

10 Q. (By Ms. Bojko) And Mr. Satterwhite used
11 the word "voluntary," that they had a voluntary
12 choice to decide whether to work on storm restoration
13 efforts or not, and as you've been here for many
14 parts of the hearing and the other witnesses talking
15 about that voluntary nature and all hands on deck, do
16 you think that that was a truly voluntary request of
17 those employees?

18 A. It was probably a voluntary request but,
19 by the same token, it's sometimes voluntary with a
20 whip in your hand, that type of thing. One of those
21 things when it's all hands on deck, it really means
22 all hands on deck. So yes, it's voluntary, but it
23 would be highly frowned upon not to be participating.

24 Q. When you had some discussion, do you
25 recall about the \$20 million that you're proposing be

1 offset to the storm costs? Do you recall that?

2 A. Yes.

3 Q. And you would assume -- you were asked a
4 question about following the law. You would assume
5 that the Commission will or does follow the law; is
6 that your understanding?

7 A. That's my understanding.

8 Q. And who made this initial recommendation
9 of offsetting the storm costs by \$20 million?

10 MR. SATTERWHITE: Objection. I didn't
11 ask who. I didn't cover this in my
12 cross-examination. It was very brief.

13 MS. BOJKO: Your Honor, he brought up the
14 \$20 million and asked if it needed to be consistent
15 with the law.

16 EXAMINER PARROT: Overruled.

17 A. The Commission brought it up.

18 Q. And the Commission brought it up in the
19 context of an offset to this application that was
20 actually filed?

21 A. Not to this specific application, but
22 basically to a storm restoration application so
23 pretty much geared to this.

24 Q. Do you remember being asked a series of
25 questions about Storm Services and what you analyzed

1 and what you compared the costs to?

2 A. Yes.

3 Q. When you were comparing Storm Services,
4 Storm Services was not the only cost that the company
5 is seeking to recover in this case; is that accurate?

6 A. No. Storm Services is 15 million,
7 there's another approximately 45 million in other
8 costs which include all the labor costs, all the
9 equipment costs, all the outside labor costs, all
10 of -- 15 percent of the rooms for the other workers
11 and a lot of food and other expenses.

12 Q. Because outside of the Storm Services
13 invoices that we've seen there were also meals and
14 hotel charges for the contractors or linemen; is that
15 correct?

16 MR. SATTERWHITE: Objection, your Honor,
17 I didn't ask this witness anything about any of
18 those. We stuck to Storm Services.

19 MS. BOJKO: Your Honor, he was comparing
20 the cost of this to hotel rooms and there's a broader
21 cost comparison that I'm now inquiring that the
22 questions alluded to and we need to clarify in the
23 record. It's directly related.

24 MR. SATTERWHITE: Not at all, your Honor.
25 I didn't bring up any of those receipts. I said are

1 you comparing apples-to-apples the use of a motel
2 room to the services that Storm Services offered. I
3 didn't get into the other three days of
4 cross-examination that we've had. That was the other
5 witnesses in AEP.

6 EXAMINER PARROT: Overruled.

7 THE WITNESS: Could I have it reread,
8 please?

9 (Record read.)

10 A. Yes.

11 Q. And you had that discussion with counsel
12 about a hotel being open 365 days of the year and
13 being able to recover its costs. Is that accurate?
14 You answered "no" and I don't believe you finished
15 your statement. Why -- why can the hotel not be
16 averaged over 365 days?

17 A. Well, a hotel is open 365 days a year but
18 so is Storm Services. A hotel isn't necessarily full
19 365 days a year. It may only be full for the summer
20 months or partially full so, you know, the same
21 applies to hotels as does Storm Services. They're
22 both private individuals that are offering a service
23 that people may or may not take.

24 Q. So your point about Storm Services, they
25 have a business to run and they would average their

1 costs over a year just as a hotel would.

2 A. There's more competition with hotels so I
3 assume that they average their cost and try to stay
4 as low as possible in a given area. Storm Services,
5 I'm not sure how much competition they have versus
6 what they can charge.

7 Q. But some of their capital investment
8 would be similar to the hotel such as buying the
9 trailers they can use multiple times at multiple
10 different storms; is that right?

11 A. Yes.

12 Q. Same with the linens, they can use those
13 at multiple sites during multiple storms. They don't
14 have to throw away everything they have from one job
15 and purchase new items for the next job.

16 A. Especially on the trailers and whatnot,
17 the tents and other facilities like that.

18 Q. And the lighting and things of that
19 nature.

20 A. Yes.

21 Q. You also were asked about Storm Services'
22 fees and the line item that different fees -- and how
23 that was structured. Do you recall that?

24 A. Yes.

25 Q. And we talked about hotels. Are you also

1 familiar that hotels -- well, are you familiar that
2 hotels are charged separately?

3 A. I'm not sure what you mean by "hotels."
4 I mean, are we talking straight hotels or are we
5 talking within Storm Services?

6 Q. I'm sorry, strike that. That there's a
7 lodging charge, there's a fee for the trailers that's
8 line itemed, a separate charge on Storm Services'
9 bills.

10 A. Yes, I tried to break that out in my
11 testimony. There's probably 40, 50 charges that are
12 line items, yes.

13 Q. And there's also a charge for meals
14 that's line itemed separately on the Storm Services
15 bills.

16 A. Yes.

17 Q. And are you -- we've talked a lot about
18 hotels. Do you believe that the cost of the Storm
19 Services trailers versus the cost of the hotels is --
20 was it prudent to use the trailers instead of the
21 hotel rooms in this situation?

22 A. Given the fact that the two options are
23 very similar as far as what they can provide, and I'm
24 not saying, again, I said that they are not as good,
25 the Storm Services, but essentially sleeping

1 somebody, giving them a restroom whether it's inside
2 or outside, they're somewhat offering the same
3 service. I think Storm Services is worse.

4 Storm Services cost at least 15 times
5 more per person per night. I mean that's, you know,
6 when you get down to something that's relatively
7 comparable it's not quite comparable, and then to
8 charge 15 times as much for a room, that becomes very
9 imprudent.

10 Q. Do you have a similar opinion about the
11 meals and the price of the meals that Storm Services
12 charged?

13 A. Oh, the meal price, without saying what
14 the meal price is, I think is relatively standard,
15 let's call it that. But on top of the meal price
16 then there's the price of the tent, there's the price
17 of the tables, the price of the caterers, the price
18 of the trucks that deliver stuff, the price of
19 chairs, on and on.

20 And, you know, that in and of itself
21 makes the cost per meal, when you get down to the
22 cost per meal, imprudent. Other people found that to
23 be the case as well.

24 MR. SATTERWHITE: Objection, your Honor,
25 I'll move to strike that last part. He mentioned

1 other people found that as well and I'm not sure what
2 that's referring to. I don't think that's been
3 established.

4 MS. BOJKO: That was my next question,
5 your Honor.

6 Q. What are you referencing when you say
7 that you believe other people have found that it's
8 been -- meal charges are excessive or imprudent?

9 A. There has been at least one case I'm
10 aware of --

11 MR. SATTERWHITE: Your Honor, I'll
12 object. I didn't ask about meals. I didn't ask in
13 my cross-examination if there were other parties that
14 objected to them. I asked about the overall services
15 and the witness compared the price of a motel room to
16 the price of Storm Services. So I definitely didn't
17 open up this line of cross-examination.

18 MS. BOJKO: Your Honor, I disagree. He
19 asked about the cost of Storm Services. He asked
20 about using Storm Services versus not using Storm
21 Services. He went into the separate fees charged by
22 Storm Services. He asked the witness specifically if
23 he knew about the separate fees. This is a separate
24 fee, a separate line item, and it directly goes to
25 the comparison issue. And the prudence issue was

1 also raised, which we'll get into in a minute, it was
2 raised by Mr. Satterwhite and I believe it, I don't
3 know if the exact word was used but the reference to
4 being in the -- whether it was prudent and in the
5 public interest was also discussed with regard to
6 Mr. Darr's questioning.

7 MR. SATTERWHITE: Your Honor, the fees we
8 discussed were overall familiar with the structure of
9 how Storm Services offers its services, whether it's
10 a service overall or not. And he said he wasn't
11 familiar with any of this. But now suddenly he's
12 able to opine on all of these issues I think is
13 inappropriate.

14 I kept my cross narrow on purpose so he
15 wouldn't have to get back into the three days of
16 cross-examination that we had and I think we're just
17 expanding well beyond my cross-examination.

18 I asked the witness can you compare, are
19 you comparing the apple of a room to an apple of
20 Storm Services, and the answer was yes. Now we're
21 getting into all other kinds of issues.

22 EXAMINER PARROT: Overruled.

23 (Record read.)

24 A. Where -- should I just finish? I'm
25 sorry, I'll do it again.

1 There's at least one case I'm aware of
2 where Storm Services has provided food service, the
3 client signed a contract and got the bill for it and
4 was appalled and refused to pay the bill and there
5 was arguments over that for probably a couple years.
6 They ended up paying I think 45 cents on the dollar.
7 So they ended up getting -- paying less than half of
8 what Storm Services' bill was, they just thought it
9 was so outrageous.

10 MR. SATTERWHITE: Your Honor, I'll object
11 and move to strike. This is well beyond, I mean
12 bringing in new facts now of some other client that
13 was upset with Storm Services is highly inappropriate
14 and this is going to cause us to file rebuttal on
15 this issue if we're going to bring something up
16 that's beyond the scope of our cross-examination and
17 try to pack something in here on the redirect.

18 MS. BOJKO: Your Honor, we can comb
19 through the questions that he asked. He asked
20 whether things were prudent and reasonable in this
21 and whether the stipulation is prudent and reasonable
22 and this goes to the basic fact of why the
23 stipulation is not prudent and not reasonable, the
24 whole reason we're here today.

25 MR. SATTERWHITE: And that could have

1 been provided in their initial testimony. They
2 didn't do that. This cross-examination was about
3 this case and the costs involved in this case.

4 We have no idea and no way to even check
5 if someone was truly appalled and what the issues are
6 involved in this other than Mr. Yankel's testimony
7 here because it's just being provided well beyond the
8 scope of the cross-examination I provided.

9 If we want to talk about prejudicial to
10 the record, which OCC claimed multiple times with
11 issues over the past few days, this is prejudicial to
12 the record to bring this unsupported and
13 unsubstantiated claim at this date.

14 MS. BOJKO: Actually, your Honor, I did
15 raise it on Friday and so the issue has been
16 previously raised before. It's not a new issue in
17 this case. This witness referred to it so now I'm
18 asking him about it. It directly goes to the
19 prudence and reasonable [verbatim] which is Storm
20 Services. And counsel's right, I did object to
21 personal experiences about hotel rooms and personal
22 experiences when somebody was in Alabama, and I
23 objected to every one and it was overruled.

24 So similarly I think that this is --
25 we're allowed to bring in the opposite to show that

1 something was imprudent when they were allowed to use
2 that to show that it was prudent.

3 MR. SATTERWHITE: Your Honor, it's not
4 his personal experience, he wasn't the client --

5 MS. BOJKO: I think my next question will
6 lay the foundation.

7 MR. SATTERWHITE: If I can finish,
8 please.

9 And the comments that came up before were
10 questions of AEP witnesses if they knew anything
11 about that and they all said "no." That's not
12 evidence in the record discussed before. This is
13 clearly just OCC trying to jam something in on
14 redirect.

15 EXAMINER PARROT: The motion to strike is
16 denied, Mr. Satterwhite.

17 MR. SATTERWHITE: Thank you.

18 MS. BOJKO: I don't remember where we
19 were. I'm sorry. Was the question answered?

20 THE WITNESS: I don't know what the
21 question was.

22 MR. DARR: It was a motion to strike.

23 MS. BOJKO: After the answer.

24 MR. SATTERWHITE: I had moved to strike
25 after the answer.

1 MS. BOJKO: After the answer, okay, thank
2 you.

3 EXAMINER PARROT: Yes.

4 MS. BOJKO: That's what I didn't know, it
5 was after the answer.

6 Q. (By Ms. Bojko) Okay, you just stated that
7 you're aware of this. How did you become aware of
8 this information?

9 A. Through some material off the internet.

10 Q. And would that material be news articles?

11 A. News articles both -- two news articles,
12 one from about 2011 which talked about the initial
13 problem itself, the argument over the cost, and a
14 2013 article talking about the settlement that came
15 about which was under 45 cents to the dollar.

16 MS. BOJKO: Your Honor, at this time may
17 I have marked as OCC Exhibit 41, I'm just going to
18 put them together for simplicity, two newspaper
19 articles about the Storm Services and excessive
20 charges.

21 EXAMINER PARROT: So marked.

22 (EXHIBIT MARKED FOR IDENTIFICATION.)

23 MS. BOJKO: May I approach, your Honor?

24 EXAMINER PARROT: You may.

25 MS. BOJKO: Please let the record reflect

1 I've just handed the witness what's been previously
2 identified as OCC Exhibit 41.

3 Q. (By Ms. Bojko) Mr. Yankel, do you
4 recognize these two documents?

5 A. Yes, I do.

6 Q. And can you explain what these documents
7 are?

8 A. They're off the internet from Tuscaloosa
9 News, at least the first one is, and it describes --

10 MR. SATTERWHITE: Your Honor, I'll object
11 before he talks about what's described in the
12 articles. Anyone can put anything on the internet.
13 There's been no foundation laid there's any truth to
14 any of the matters asserted in these articles. He
15 stated with previous testimony already that he was
16 just on line and found them. I don't know that
17 that's the proper foundation to ask questions upon
18 and burden the record.

19 MS. BOJKO: Your Honor, I'll be happy to
20 ask another foundational question.

21 EXAMINER PARROT: All right, Ms. Bojko.

22 Q. (By Ms. Bojko) Mr. Yankel, the first
23 document, does it have a TuscaloosaNews.com symbol at
24 the top of the document?

25 A. Yes, it does.

1 Q. And does it have a TuscaloosaNews.com
2 article as the weblink at the bottom and top of the
3 article?

4 A. Yes.

5 Q. Does this have a staff writer from
6 Tuscaloosa News as the author of this document?

7 A. Yes.

8 Q. Does it have a published date at the top
9 of the document?

10 A. Yes.

11 Q. And that date would be?

12 A. Thursday, June 23rd, 2011, at 3:30 a.m.

13 Q. Now, to the best of your knowledge do you
14 believe that this is an article from the Tuscaloosa
15 News document reporting authority?

16 A. To the best of my knowledge, yes.

17 Q. Can you now describe what's contained in
18 the newspaper article.

19 A. Essentially, it describes a dispute --

20 MR. SATTERWHITE: Objection, your Honor.
21 Establishing that this is from a newspaper doesn't
22 mean that we need to read into the record everything
23 that's in there. The witness was -- hasn't
24 established he works for Tuscaloosa News, hasn't
25 established he has any knowledge of the truth behind

1 this. It's just, again, trying to jam an issue on
2 redirect that's well -- again, and I'll renew my
3 objection that this is well beyond the scope of my
4 cross-examination.

5 EXAMINER PARROT: Response.

6 MS. BOJKO: Your Honor, first of all, we
7 weren't -- I didn't ask him to read anything into the
8 record, but I was asking him what is the basis of his
9 knowledge in response to the question that he
10 believes that the meal charge is imprudent, and he's
11 now explaining from his personal experience, just as
12 other AEP employees did from their personal
13 experience, what -- why he arrived at -- one of the
14 reasons he arrived at the opinion that he arrived at
15 in his testimony.

16 MR. SATTERWHITE: Your Honor, I don't
17 remember a single AEP employee saying to figure out
18 how to do storm restoration I looked at an article on
19 the internet and pulled it off. It was personal
20 experience from their years in the industry, not on
21 redirect trying to put in some news articles they
22 found on cost of storm services that were not even a
23 part of the cross-examination.

24 MS. BOJKO: Obviously, I disagree with
25 everything he's stated, and there were many

1 anecdotal stories from AEP employees that had nothing
2 to do with their years of being in a particular
3 position or not.

4 MR. SATTERWHITE: Your Honor, we can't
5 cross-examine anybody on the truth of these matters.
6 This could have been offered initially in OCC's
7 direct testimony and then we could have tried to
8 verify these. This is going well beyond the scope of
9 the cross-examination, and if this is the standard,
10 then OCC can just download the internet and put it
11 all in on cross because, you know what, in general we
12 talked about cross -- or, talked about cost in our
13 cross-examination, so they could fill the record on
14 redirect with any type of hearsay document.

15 EXAMINER PARROT: The objection is
16 overruled.

17 Q. (By Ms. Bojko) I think the question
18 pending was what is the -- I didn't ask you to read
19 it, I asked what your understanding of the newspaper
20 article and the concerns raised in the article was.

21 A. Basically, the city needed to feed a
22 number of employees, apparently about a thousand
23 employees, they got a price of \$15 per meal, which is
24 similar to what we're looking at here today, and when
25 they got the bill, it came back at just under \$45 per

1 meal.

2 Turns out that they had to pay for the
3 tents, the chairs, the same type of things. The
4 mobilization fees for \$6,000, on and on, so the city
5 was arguing that it was just way too expensive from
6 what they thought they were going to pay.

7 And it was a utility that put them onto
8 Storm Services; I forget their local utility.

9 Q. And this is comparable to the arguments
10 in your testimony on the stand about why you believe
11 that -- one of the reasons you believe Storm Services
12 is not prudent and the stipulation thus is not
13 prudent?

14 MR. SATTERWHITE: Objection, your Honor.
15 The witness does not have a copy of the contract or
16 the terms. He's reading something from an article
17 here. There's no way to say whether what was
18 provided in this case is analogous at all to what's
19 provided to AEP. He's making assertions that it is,
20 but from the basis of the documents that he has from
21 the newspaper article there's no way he's properly
22 comparing it to what AEP Ohio has provided in this
23 case.

24 MS. BOJKO: Your Honor, this is no
25 different than what AEP's witnesses compared it to

1 other storms, they compared it, they said in the
2 overall picture of things this was reasonable and
3 prudent because we said it was. You know, they
4 compared it to certain outside circumstances.

5 All I asked him, were these types of
6 issues that they're complaining about similar to the
7 types of issues that he is complaining about and why
8 one of the reasons that he arrived at his expert
9 conclusion in his expert testimony.

10 MR. SATTERWHITE: Your Honor, I don't
11 believe you can compare 30 years in the industry
12 doing storm restoration, all that with I read an
13 article so, therefore, I can be an expert and say
14 here's how things go.

15 MS. BOJKO: And that's not --

16 MR. SATTERWHITE: That's exactly what you
17 said the position --

18 EXAMINER PARROT: All right, thank you
19 both. The objection is overruled.

20 A. Was there a pending question?

21 Q. (By Ms. Bojko) There was.

22 (Record read.)

23 A. Yes. Again, charges are very similar.
24 There's a similar demobilization charge of \$6,000, a
25 mobilization charge of \$6,000, \$49,000 for dining

1 tents, very similar or the same things we've looked
2 at with the Storm Services bills I've looked at for
3 AEP Ohio.

4 Q. And, sir, the second document that you
5 have been handed, does this appear to be an article
6 written with the author's name up top and he's from
7 AL.com?

8 A. Yes.

9 Q. And, similarly, he's reporting providing
10 an update on the case between Tuscaloosa City Council
11 and Storm Services, LLC, and that's the settlement
12 that you referenced in your prior answer to a
13 question of mine?

14 A. Yes. It was approximately two years
15 later.

16 Q. And, sir, in your years of experience,
17 when has these types of Storm Services been used?

18 A. These types of facilities are known to be
19 used mostly down south, hurricane country as far as
20 that goes. "Hurricane country" meaning Alabama,
21 Florida, Georgia, places that get hit very hard with
22 the hurricanes, different than the windstorms that we
23 get up here.

24 We lose a great deal of power here, we
25 lose a lot of power lines, but down there it's just a

1 widespread devastation, buildings are wiped out, all
2 the windows are knocked out, that type of thing.

3 So the infrastructure is greatly hurt
4 down there, don't necessarily have hotel rooms to go
5 to where obviously in this particular case there was
6 hotel rooms. The first four or five days there was I
7 think more people staying in hotel rooms than there
8 were Storm Services trailers.

9 So these facilities are used in hurricane
10 country.

11 Q. And, to your knowledge, have they ever
12 been used in Ohio?

13 A. Not to my knowledge.

14 Q. And we talked a lot about prudence in the
15 case and reasonableness. Have other parties
16 questioned the prudence of Storm Services through
17 this proceeding in totality since the application's
18 been filed?

19 A. Well, the staff's comments,
20 November 4th comments, there was some disallowance
21 for Storm Services listed.

22 Q. And, sir, to your knowledge was that
23 disallowance for meals?

24 A. My understanding it was meals, snacks,
25 that type of thing. I could look it up but, I mean,

1 that's the type of thing, yes.

2 Q. And maybe snacks and drinks and chairs
3 from Sam's Club?

4 MR. SATTERWHITE: Objection. Leading.
5 The witnesses said he didn't know.

6 A. Whatever it may say in my testimony,
7 how's that sound? On whatever page it is on.

8 Q. I won't ask further questions about that.

9 A. Okay.

10 Q. And, again, do you believe that the use
11 and the decision to use Storm Services was prudent in
12 this case?

13 A. No, I think it was more of a boondoggle
14 than anything else. You know, it was certainly too
15 much for too little. They paid way too much for what
16 they got and they got very little.

17 They had almost enough hotel rooms when
18 they started, when Storm Services started coming in,
19 that they needed, they could have continued to get
20 more rooms, decided not to, decided to go with I
21 believe I heard this morning something about best
22 technology or what have you.

23 I mean, it is good technology for down
24 south but it doesn't fit up here. We have
25 restaurants that are available, we have hotels that

1 are available during, you know, after a storm. It's
2 not like down south where everything's wiped out
3 after a hurricane.

4 Q. And do you believe that the use of Storm
5 Services was reasonable?

6 A. No, it was not. It was, again, costing
7 15 to 20 times more than it would cost for the
8 average hotel room per person. It was certainly not
9 reasonable.

10 Q. And do you believe the joint stipulation
11 was prudent?

12 A. No, I do not for the same reason, because
13 there's no obvious disallowance for that. The
14 disallowance is for \$6 million, Storm Services was --
15 my disallowance was a little over 14 million for
16 them.

17 Q. And do you believe that the joint
18 stipulation is reasonable?

19 A. No.

20 Q. Sir, are you familiar -- we talked a
21 little bit about WACC in the discussion on page 12 of
22 your testimony. Do you recall that?

23 A. Yes.

24 Q. Can you explain why you revised your
25 testimony here today?

1 A. Basically, because of the deposition. I
2 was led to believe that there was maybe some problems
3 with what I had filed in my testimony so I went back
4 and tried to correct that to be as accurate as I
5 could.

6 Q. And it's not that you didn't believe your
7 prior statement or thought you were just trying to be
8 overly clear or cautious in the words you chose?

9 A. No, I thought my -- I believed my prior
10 statement. After I went back and checked I made some
11 corrections.

12 Q. And, sir, with regard to carrying charges
13 at the weighted average cost of capital, are you
14 aware that AEP's request to defer storm costs related
15 to other storms, that the Commission has rejected
16 that carrying cost calculation?

17 MR. SATTERWHITE: Can I have the question
18 reread, please?

19 (Record read.)

20 MS. BOJKO: I'm sorry. May I rephrase,
21 your Honor?

22 EXAMINER PARROT: Yes.

23 Q. Sir, are you aware that AEP's request to
24 defer -- or request to recover storm costs at the
25 weighted average cost of capital in prior storm cases

1 has been rejected?

2 MR. SATTERWHITE: Objection. Your Honor,
3 there's no basis for that and this is beyond the
4 scope of my cross-examination again. I asked -- the
5 questions on WACC dealt with the reasonableness of
6 the stipulation and what parties had taken positions
7 on in the past, not the reasonableness of the WACC
8 rate request overall. This is clearly beyond the
9 scope.

10 MS. BOJKO: Your Honor, I mean, if
11 something's in the joint stipulation and we're here
12 today to determine whether the stipulation is prudent
13 and reasonable, that's exactly what I'm asking him is
14 whether he knows whether the Commission has
15 determined -- I'll rephrase, your Honor.

16 MR. SATTERWHITE: Well, you're --

17 MS. BOJKO: I can rephrase.

18 Q. (By Ms. Bojko) Are you aware that the
19 Commission has previously determined that the
20 weighted average cost of capital is not the
21 appropriate calculation for storm recovery -- for
22 recovery of storm costs such as Hurricane Ike?

23 MR. SATTERWHITE: Objection, your Honor.
24 Same objection. The question is dealing with WACC or
25 positions taken by other parties for purposes of the

1 stipulation. The argument from counsel, which I
2 assume is the same as was offered before, because a
3 stipulation exists that was filed before the
4 testimony was filed she can ask any question on
5 anything that relates to that.

6 That's simply not the grounds for
7 redirect. It has to be something based off what was
8 asked in cross-examination, and now we're going down
9 another path, who knows where we're going, and it's
10 going to be added to the record.

11 MS. BOJKO: Your Honor, even though I
12 appreciate counsel making my arguments for me, that
13 wasn't what I said previously and that wasn't my
14 argument previously.

15 Two parties asked questions about the
16 prudence of the stipulation and the reasonableness of
17 the stipulation. This goes to the reasonableness of
18 the stipulation and whether the Commission has
19 allowed a charge such as this in previous cases goes
20 to the prudence and the reasonableness of a
21 stipulation.

22 EXAMINER PARROT: Overruled.

23 A. You had asked the question two slightly
24 different ways. The last way that you had asked it
25 was in general whether the Commission has done that,

1 and my recollection is that it has. With respect to
2 AEP specifically, I can't say that it was with
3 respect to AEP specifically but I have seen where
4 that has been rejected by the Commission, yes.

5 Q. Rejected --

6 A. Yes.

7 Q. -- with regard to storm cost recovery.

8 A. Yes.

9 MS. BOJKO: That's all I have, your
10 Honor. Thank you.

11 EXAMINER PARROT: Mr. Darr?

12 - - -

13 RECROSS-EXAMINATION

14 By Mr. Darr:

15 Q. At the beginning of the redirect
16 examination you were asked some questions with regard
17 to the stipulation's representation of residential
18 interests. Do you recall those questions?

19 A. Yes.

20 Q. In response to one question you indicated
21 in your answer that the revenue allocation was
22 resolved, and I put the word in quotes, around, close
23 quote, OCC. Were you implying that OCC did not
24 participate in discussions with regard to the revenue
25 allocation?

1 A. No, I'm stating that OCC did not sign the
2 stipulation because it wasn't in the residential
3 customers' interests.

4 Q. And you're not suggesting by that
5 statement that the issue was resolved around OCC,
6 that OCC was excluded from those discussions, are
7 you?

8 A. I believe it was around OCC. The -- they
9 were not excluded at all, but the final result was
10 good for all the other signatory parties and, you
11 know, was to their best interest and it was not to
12 the OCC's best interest.

13 Q. So it's fair to say that your statement
14 that it was settled around OCC and the interests of
15 residential customers basically resolves to your
16 statement that the stipulation resolves these issues
17 using an allocator based on a distribution revenue
18 formula look that's less favorable to residential
19 customers than the kWh allocator that you propose; is
20 that correct?

21 A. Yes. And much more favorable to the
22 other customers, yes.

23 MR. DARR: Thank you. Nothing further.

24 EXAMINER PARROT: Mr. Satterwhite.

25 - - -

RECROSS-EXAMINATION

By Mr. Satterwhite:

Q. Mr. Yankel, you answered some questions in the beginning of your redirect that dealt with the study that we discussed earlier that led to EPA rules. Do you remember those questions?

A. Yes.

Q. Now, you authored the report or the study that you were involved with two other authors, correct?

A. Yes.

Q. Did you work with your coauthors to explore the inconsistencies you claim in providing the affidavit to the lead industry?

A. Yes.

Q. And did they sponsor that affidavit with you?

A. No. One of them told me to leave well enough alone.

Q. And what about the other one?

A. The other one didn't want to hear about it. Suggested I talk to the third person.

Q. And are you aware of any proceedings after that that weighed the evidence of whether your affidavit was valid or not?

1 A. No, I'm not.

2 Q. Now, you talked about the statement that
3 we had discussed earlier about using exempt and
4 nonexempt employees to do work in the absence of
5 employees, the company could hire other staff, do you
6 remember those conversations?

7 A. If they need an employee someplace, yes,
8 they could, and that's what they've done. I mean,
9 they hired 2,000 whatever, brought a couple thousand
10 people in.

11 Q. Are you aware of the work done by
12 assessors in a storm restoration outage?

13 A. No. Not that well. I mean, I think I'd
14 probably know more about linemen than I do assessors.

15 Q. So in your review of documents you didn't
16 come across the work that an assessor might do in
17 advance of the linemen?

18 A. I came across billing for them and
19 whatnot but I did not come across the work that they
20 do, no, because everything I looked at I believe was
21 related to invoices, that type of thing.

22 Q. So you can't provide testimony to what
23 the different functions of the different jobs that
24 employees might need to provide in storm restoration
25 in the field, correct?

1 A. Correct.

2 Q. Now, you made a, I believe off-the-hand
3 comment, but I've got to deal with it, that on
4 voluntary requests, you said these probably weren't
5 voluntary because the boss is sitting there with a
6 whip in hand; do you remember that?

7 A. Yes.

8 Q. Do you currently sit on the Employee
9 Culture Committee for AEP Ohio?

10 A. No, I don't.

11 Q. Are you aware they have an Employee
12 Culture Committee?

13 A. No, I am not. I wouldn't be surprised
14 but, no, I don't know.

15 Q. Are you at all involved in the management
16 decisions of AEP Ohio?

17 A. No.

18 Q. So you have no basis to judge the work
19 environment and the expectations of management with
20 its employees, correct?

21 A. I've been around a long time and I have
22 just kind of seen that in not just AEP, I have not
23 seen that in AEP specifically, but almost everyplace
24 I've seen there's always an expectation between a
25 boss and an employee that certain things get done.

1 Q. But you're guessing, correct?

2 A. I wouldn't say "guessing." I would say
3 it's just normal business practice, but whether AEP's
4 doing that, I can't say.

5 Q. And previously you agreed that Storm
6 Services did not have 365 days of events to recover
7 its costs, correct?

8 A. Correct.

9 Q. Let's turn to OCC Exhibit 41, the
10 newspaper articles you pulled off the internet. Do
11 you have that in front of you still?

12 A. Yes.

13 Q. Do you have any knowledge of what
14 occurred in this situation other than these two
15 newspaper articles?

16 A. No.

17 Q. Do you have any independent knowledge
18 other than you read these articles on the internet?

19 A. No.

20 Q. Have you ever seen the contract
21 underlying the terms and contract that govern the
22 agreement between the City of Tuscaloosa and Storm
23 Services?

24 A. No. As I said, the parameters look the
25 same as what we're looking at now, but I have not

1 seen the contract.

2 Q. So these could look the same but you have
3 not seen the contract that would govern the terms and
4 services between the City of Tuscaloosa and Storm
5 Services, correct?

6 MS. BOJKO: Objection, your Honor, asked
7 and answered.

8 MR. SATTERWHITE: Your Honor, I think I
9 sat through three days of trying to say "asked and
10 answered" and going through monotony, I think I
11 deserve a little leeway.

12 EXAMINER PARROT: Overruled.

13 A. I think I said "yes," didn't I?

14 Q. That's what I'm asking.

15 MR. SATTERWHITE: Can you reread the
16 question because --

17 Q. I don't know if question "yes" is what
18 you meant.

19 A. Yeah, I don't know if it was or not.

20 (Record read.)

21 A. That is correct.

22 Q. And you're relying on the reporting of
23 this reporter that those were the terms of the
24 contract, correct?

25 A. These were the results of a dispute, yes.

1 Q. But whether that's factual or not you're
2 relying solely on what's reported in this article,
3 correct?

4 A. In the two articles, yes.

5 Q. Let's get to the second article which is
6 the one page from AL.com. Do you know what AL.com
7 is?

8 A. No.

9 Q. Do you get on AL.com a lot?

10 A. No, I don't.

11 Q. At the bottom does it say
12 "http://blog.al.com"?

13 A. Yes.

14 Q. Is it fair to say this is probably
15 someone's blog?

16 A. Yes, it would be.

17 Q. Were you present for any of the
18 negotiations between Storm Services and Tuscaloosa
19 that led to this settlement?

20 A. No.

21 Q. Do you have any knowledge of the issues
22 that were involved in this settlement that led the
23 two parties to enter into a settlement to resolve the
24 matter?

25 A. Other than the first article, no, I

1 don't.

2 Q. So the sole basis you have for supporting
3 or having any knowledge about this is the blog of
4 this Mr. Chris Pow, correct?

5 A. Correct.

6 Q. And I believe in the first article it
7 mentions that the mayor had signed a contract with
8 Storm Services, correct?

9 A. Correct.

10 Q. But that contract was later questioned by
11 City Council --

12 A. Yes.

13 Q. -- is that how this worked?

14 A. Yes.

15 Q. Do you know if the major took the steps
16 that AEP took to secure Storm Services by issuing an
17 RFP and judging the competitiveness against other
18 providers?

19 A. According to the article he just talked
20 to Mississippi Power and they gave him the name of
21 Storm Services to help.

22 Q. So the answer is no, you don't know if
23 they did more, or you believe that's all that was
24 done?

25 A. I would believe by looking at the article

1 that that was all that was done.

2 Q. So that explains the extent of your
3 knowledge is what's reported in this article about
4 what kind of advance research went into deciding
5 whether to secure Storm Services; is that correct?

6 A. Yes.

7 MR. SATTERWHITE: One second, your Honor,
8 please.

9 Q. I'm sorry, Mr. Yankel, I'm looking
10 through these articles because you said this is the
11 entire base of your knowledge and I don't see the
12 word "appalled" which I believe you used in your
13 response. Could you point out what you were
14 referring to in this article when you used the word
15 "appalled"?

16 A. Well, we were shocked at the amount; I
17 found that.

18 Q. So that's what you were referring to.

19 A. I'm not sure, there may have been a
20 couple of other places.

21 Q. Could you look through --

22 A. Yeah, the word --

23 Q. Sorry.

24 A. The word "appalled" is not in there that
25 I'm aware of; that was my word.

1 Q. So that was your characterization to say
2 "appalled"; is that correct?

3 A. Yes.

4 MR. SATTERWHITE: I have to find one more
5 thing, your Honor, give me one second, please.

6 Q. In response to why you changed your
7 testimony dealing with the almost all parties oppose
8 the WACC, I believe you told counsel on redirect that
9 after your deposition you thought it could be clearer
10 and that's why you went back and checked it; is that
11 correct?

12 A. I don't believe I said that. I believe I
13 said that during the deposition, as basically you had
14 presented it to me and as I had looked at it at the
15 time of the deposition, that I may have been in error
16 so I went back to take a look at it. I did do some
17 correction to what is there. I mean, I didn't wipe
18 out the whole page or anything but I did make some
19 changes in trying to be more accurate.

20 Q. But, in fact, the error was there because
21 you didn't look at it to begin with when you
22 originally filed your testimony, correct?

23 A. It was there because I believed it to be
24 true but I did not look at it to check it, yes.

25 Q. Now, you said Storm Services was only

1 used in the south for hurricane relief, correct?

2 A. I said primarily. It may be used
3 elsewhere, I'm not sure, but I mean in my
4 understanding in looking at the internet it seems
5 like it's pretty much a southerly-based company
6 around the -- and most of its clients are in the
7 hurricane zone.

8 Q. Do you still have OCC Exhibit 21 up there
9 which is the Storm Services website?

10 A. No, I don't.

11 Q. Is that something we have in the pile?

12 MS. BOJKO: You mean the excerpt from the
13 Storm Services website?

14 MR. SATTERWHITE: Sure, OCC 21.

15 MS. BOJKO: Just for clarity, it's not
16 the entire website.

17 MR. SATTERWHITE: Maybe we can deal with
18 that in a second, then.

19 MS. BOJKO: May I approach, your Honor?

20 EXAMINER PARROT: You may.

21 Q. Don't worry about it.

22 A. Tiny.

23 Q. I'm actually not going to ask you a
24 question about it. Just wanted to make Ms. Bojko get
25 up and walk.

1 MR. SATTERWHITE: I think I'm done but
2 let me check.

3 Thank you, Mr. Yankel, that's all I have.

4 THE WITNESS: Thank you.

5 EXAMINER PARROT: Staff, anything?

6 MR. MARGARD: No, thank you, your Honor.

7 EXAMINER PARROT: Thank you very much,
8 Mr. Yankel.

9 THE WITNESS: Thank you.

10 EXAMINER PARROT: You're excused.

11 Ms. Bojko, I believe you already moved
12 for the admission of OCC Exhibits 2, 2A, 2B, and 2C.
13 Are there any objections?

14 MR. SATTERWHITE: I'm sorry, what numbers
15 are those?

16 EXAMINER PARROT: 2, 2A, 2B, and 2C.

17 MR. SATTERWHITE: No objection, your
18 Honor, I'll renew the motion to dismiss but no
19 objection.

20 EXAMINER PARROT: The motion to strike is
21 again denied. OCC Exhibits 2, 2A, 2B, and 2C are
22 admitted.

23 (EXHIBITS ADMITTED INTO EVIDENCE.)

24 MS. BOJKO: Your Honor, I'd also like to
25 move OCC Exhibit 41.

1 EXAMINER PARROT: Objection, I'm sure.

2 MR. SATTERWHITE: Yes, your Honor. I
3 think we established that the witness, I won't say
4 was doing late-night surfing but just found this on
5 the internet and there's really no basis of the
6 validity of any of the documents in here. One's a
7 blog of someone. The witness is relying on this for
8 the truth of the matter asserted and has no
9 independent knowledge, has done no follow-up, and it
10 would be prejudicial to add this to the record based
11 on witnesses that had firsthand knowledge of the
12 things that they talked about. You can't compare
13 looking at something on the internet to that.

14 This is akin to someone could put up a
15 homeless person and basically say Hey, we put you in
16 front of a computer, and you read this stuff, let's
17 put it all on the record. I'm not saying
18 Mr. Yankel's homeless, but I don't think that's the
19 standard we want to use to put probative evidence
20 into the record for the Commission.

21 MS. BOJKO: Actually, your Honor, I'm
22 going to have to disagree with counsel on the sources
23 of these documents. They are both from newspaper
24 articles and this is a new era and everything does
25 not have to be a paper newspaper. The Tuscaloosa

1 News is a newspaper and AL.com is the Birmingham
2 News, the Huntsville Times, and Mobile
3 Press-Register, so they are newspaper articles.

4 If under evidence Rule 902 they have been
5 self-authenticated because they are newspapers and
6 periodicals, and newspapers and periodicals such as
7 this, whether they are reproduced on the internet or
8 are in traditional hard copy, they still are
9 intrinsic evidence of authenticity and you do not
10 have to prove otherwise for them to be authenticated
11 and as a precedent to admissibility.

12 As far as indication of he did -- I am
13 going to oppose the characterization of when the
14 witness may or may not have reviewed the articles.
15 He was responsible of searching through hundreds,
16 thousands of paper documents and he was in charge of
17 doing an audit of Storm Services.

18 He has participated in other storm cases,
19 so just as company employees could speak to their
20 research and experience or talking to employees to
21 get their opinion about a matter, this is similar,
22 this is research conducted to create and craft his
23 testimony that's provided here today.

24 And it does go to why he determined, it's
25 one of the reasons, not all, of course, but one of

1 the reasons of why he had the reaction that he had
2 and has testified to the application as well as the
3 joint stipulation with regard to prudence and
4 reasonableness.

5 MR. SATTERWHITE: Your Honor, these are
6 dated Thursday, June 23rd, 2011, and May 7th,
7 2013, both well before he filed the testimony, and if
8 he relied on them, he could have included them in his
9 testimony. He absolutely did not. And I think in
10 the past the Commission has been, has really resisted
11 just putting newspaper articles in. Even in the LTFR
12 proceeding that your Honor sat on, I believe a number
13 of newspaper articles were offered, and there's no
14 way to probe the truth of the matters asserted in
15 here by saying someone read an article and,
16 therefore, they're going to offer it.

17 So I appreciate that these are new times,
18 but, you know, I think my little sister has a blog, I
19 don't know that that would be appropriate to put into
20 the record.

21 MS. BOJKO: Your Honor, again, I just
22 want to reiterate that these aren't little sister
23 blogs. These are newspaper articles from established
24 newspapers and I think that they would be offended in
25 equating the journalism in newspapers to my sister's

1 little blog.

2 MR. SATTERWHITE: Next time offer it in
3 your direct case and we can determine that.

4 EXAMINER PARROT: All right. Thank you
5 both.

6 I am going to admit OCC Exhibit 41 into
7 the record and we will allow the Commission to
8 determine whether to give it any weight in this
9 proceeding.

10 (EXHIBIT ADMITTED INTO EVIDENCE.)

11 MR. SATTERWHITE: Thank you.

12 EXAMINER PARROT: Mr. Satterwhite, your
13 exhibit.

14 MR. SATTERWHITE: And the company would
15 move admission of Company Exhibit 9.

16 EXAMINER PARROT: Any objection to the
17 admission of Company Exhibit 9?

18 MS. BOJKO: No objection.

19 EXAMINER PARROT: Hearing none, Company
20 Exhibit 9 is also admitted.

21 (EXHIBIT ADMITTED INTO EVIDENCE.)

22 EXAMINER PARROT: Anything further today
23 from OCC?

24 MS. BOJKO: No, your Honor. At this time
25 the Office of the Ohio Consumers' Counsel rests its

1 case.

2 EXAMINER PARROT: Thank you, Ms. Bojko.

3 Let's go off the record.

4 (Discussion off the record.)

5 EXAMINER PARROT: Let's go back on the
6 record.

7 The parties have discussed a further
8 schedule for this proceeding. It's my understanding
9 that Ohio Power Company has committed to notify the
10 parties by this Friday, which is January 31st,
11 whether it intends to file any rebuttal testimony.

12 If Ohio Power Company elects to do that,
13 the testimony will be prefiled on February 4th, and
14 the parties have agreed then to reconvene at 10 a.m.
15 on Friday, February 7th, for that rebuttal
16 testimony in hearing room 11-A.

17 Parties have also agreed to a briefing
18 schedule which is subject to further revision based
19 on how any further rebuttal testimony may or may not
20 occur.

21 Briefing deadlines would be March 3rd
22 and March 17th for reply briefs, and those briefs,
23 I'll ask that everyone file those electronically on
24 all the parties in the proceeding as well as the
25 attorney examiner.

1 MR. SATTERWHITE: I think everyone's been
2 doing it, but electronic service is acceptable,
3 correct?

4 EXAMINER PARROT: Yes.

5 Anything else to come before us today?
6 Again, that briefing is subject to revision.

7 MR. DARR: On the filing of the briefs,
8 do you want it in .pdf or Word? Do you have a
9 preference?

10 EXAMINER PARROT: I do not have a
11 preference.

12 Anything else?

13 All right. I believe we are adjourned
14 for today. Thank you.

15 MR. SATTERWHITE: Thank you.

16 MR. DARR: Thank you, your Honor.

17 (Hearing adjourned at 4:29 p.m.)

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CERTIFICATE

I do hereby certify that the foregoing is a true and correct transcript of the proceedings taken by me in this matter on Monday, January 27, 2014, and carefully compared with my original stenographic notes.

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

My commission expires June 19, 2016.

(74528-MDJ-Public)

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Summary: Transcript in the matter of Ohio Power Company hearing held on 01/27/14 - Volume V - Public electronically filed by Mrs. Jennifer Duffer on behalf of Armstrong & Okey, Inc. and Jones, Maria DiPaolo Mrs.