

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Ohio)	
Edison Company, The Cleveland Electric)	
Illuminating Company and The Toledo)	Case No. 14-1297-EL-SSO
Edison Company for Authority to Provide)	
for a Standard Service Offer Pursuant to)	
R.C. 4928.143 in the Form of an Electric)	
Security Plan)	

SUPPLEMENTAL TESTIMONY OF JOSEPH HAUGEN

On behalf of Interstate Gas Supply, Inc.

1 **I. INTRODUCTION AND PURPOSE OF TESTIMONY**

2 **Q. Please introduce yourself.**

3 A. My name is Joseph Haugen and I am employed by Interstate Gas Supply, Inc.
4 d/b/a IGS Energy ("IGS"). I am Power Supply Manager, Supply and Risk.
5 Previously, I was a Senior Power Supply and Schedule Analyst. I have
6 responsibilities related to IGS's power supply and risk. I am also responsible for
7 representing IGS in the PJM Interconnection, Inc. stakeholder process and
8 supervising IGS's demand response programs. My business address is 6100
9 Emerald Parkway, Dublin, Ohio 43016. I have worked at IGS since February
10 2013.

11 **Q. What is the purpose of your supplemental testimony?**

12 A. My testimony addresses the Stipulation and Recommendation that was
13 submitted by a minority of the parties to this proceeding. That Stipulation
14 recommends that the Commission approve FirstEnergy's Application, with certain
15 modifications, largely cash payments or rate modifications that will selectively
16 benefit individual parties or rate classes. The Stipulation also recommends
17 approval of the Retail Rate Stability ("RRS") Rider as a non-bypassable rider,
18 without material modification. Thus, the Stipulation recommends that the
19 Commission guarantee cost recovery for approximately 3,000 megawatts of
20 generating assets that operate in the competitive market.

21 **Q. Do you recommend that the Commission approve the Stipulation?**

1 A. No, I do not. As Mr. White notes in his supplemental testimony, the Commission
2 must evaluate the Stipulation based upon a three part test.¹ The second prong
3 requires the Commission to determine if the stipulation, as a package, benefits
4 ratepayers and the public interest. The third prong requires the Commission to
5 determine whether the stipulation violates any important regulatory principle or
6 practice.² The Commission should reject the Stipulation because it fails to satisfy
7 the second and third prong.³

8 **Q. What is the basis for your recommendation?**

9 A. My recommendation is largely based on the facts and conclusions contained in
10 my initial testimony. In that testimony, I recommend that the Commission reject
11 FirstEnergy's proposal to implement the deceptively named Rider RRS for
12 several reasons:

- 13 • The RRS would insulate FirstEnergy's affiliate, FirstEnergy
14 Solutions ("FES"), and its shareholders from the risk of the
15 competitive market associated with FES's investment in four power
16 plants: Sammis, Davis-Besse, and the Ohio Valley Electric
17 Corporation ("OVEC") (Clifty Creek and Kyger Creek). Ohio law
18 requires that the utility (and its affiliates) shall be fully on its own in
19 the competitive market and thus the RRS is contrary to Ohio law;

¹ Supplemental Testimony of Matthew White at 4-5.

² *Id.*

³ Mr. White also testifies that the Stipulation fails to satisfy the first prong.

- The RRS would provide a subsidy from distribution customers to support FirstEnergy's (and FES's) interest in a service that is classified as competitive—whether it is considered wholesale or retail;
- The RRS would require the Commission to regulate wholesale energy and capacity prices, which are in the exclusive jurisdiction of the Federal Energy Regulatory Commission (“FERC”);
- The RRS is not necessary to ensure that Sammis, Davis-Besse, Clifty Creek, and Kyger Creek continue to operate.

My conclusions demonstrate that that the RRS is against the public interest and otherwise unlawful and unreasonable. Because the Stipulation recommends approval of the RRS without material modification, my initial recommendations and conclusions are equally applicable to the Stipulation.

Q. Does this conclude your testimony?

A. Yes it does. But I reserve the right to supplement my testimony.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing *Supplemental Testimony of Joseph Haugen on Behalf of Interstate Gas Supply, Inc.* was served upon the following parties of record this 2nd day of March 2015, via electronic transmission, hand-delivery or first class mail, U.S. postage prepaid.

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/s/Joseph Olier
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Commission of Ohio Docketing Information System on

3/2/2015 4:21:59 PM

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Case No(s). 14-1297-EL-SSO

Summary: Testimony of Joseph Haugen in Opposition to Stipulation electronically filed by Mr. Joseph E. Oliker on behalf of IGS Energy