

IN THE PUBLIC UTILITIES COMMISSION OF OHIO

- - -

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

- - -

DEPOSITION

of Jason Lisowski, taken before me, Karen Sue Gibson,
a Notary Public in and for the State of Ohio, at the
offices of FirstEnergy Corporation, 76 South Main
Street, Akron, Ohio, on Friday, December 19, 2014, at
8 a.m.

- - -

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On behalf of the Staff of the PUCO.

ALSO PRESENT:

Ms. Katie Kline.

- - -

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1 Friday Morning Session,
2 December 19, 2014.

3 - - -

4 MR. ALEXANDER: Let's go on the record.
5 Hi. This is Trevor Alexander. I am one of the
6 lawyers representing the companies in this case. At
7 this point I would like everybody on the phone to
8 identify themselves.

9 MR. SOULES: This is Michael Soules
10 representing Sierra Club.

11 MR. OLIKER: On behalf IGS Energy, Joseph
12 Oliker.

13 MS. FLEISHER: Madeline Fleisher with the
14 Environmental Law & Policy Center.

15 MR. PRITCHARD: Matt Pritchard,
16 Industrial Energy Users of Ohio.

17 MR. STINSON: Dane Stinson, NOPEC.

18 MS. HUSSEY: Rebecca Hussey on behalf of
19 the Ohio Manufacturers' Association Energy Group.

20 MR. O'ROURKE: Ryan O'Rourke, counsel for
21 staff.

22 MS. MOONEY: Colleen Mooney, counsel for
23 Ohio Partners for Affordable Energy.

24 MR. PARRAM: Devin Parram, counsel for

1 The Kroger Company.

2 MR. SAUER: Larry Sauer, OCC.

3 MR. SETTINERI: Mike Settineri, on behalf
4 of RESA, the law firm Vorys, Sater, Seymour and
5 Pease.

6 MR. ALEXANDER: Is anyone else on the
7 phone who has not yet identified themselves?

8 MR. STINSON: I may have talked over
9 someone but this is Dane Stinson, Bricker & Eckler,
10 representing NOPEC.

11 MR. ALEXANDER: With that, thank you,
12 everyone, and we will go ahead and get started with
13 the public version first. All parties will have an
14 opportunity to ask all their public questions, and
15 then we will switch over to a confidential line and
16 do the confidential questions. So with that I think
17 we are ready to get started.

18 MR. FISK: Okay. Great. Thank you.

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JASON LISOWSKI

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

CROSS-EXAMINATION

By Mr. Fisk:

Q. Good morning, Mr. Lisowski.

A. Good morning.

Q. How are you today?

A. I am doing well.

Q. Good. Could you state your name for the
record.

A. Yes. Jason Lisowski.

Q. Okay. And what is your business address?

A. It is 341 White Pond Drive, Akron, Ohio
44320.

Q. Okay. And am I correct that you are
appearing today in two different capacities?

A. Which capacities?

Q. Well, one, on behalf of the applicants in
this proceeding, Ohio Edison Company, Cleveland
Illuminating, and Toledo Edison?

A. That is one of them.

Q. Okay. And then, secondly, you've been
identified as a witness for FirstEnergy Solutions in

1 response to a subpoena served by the Sierra Club on
2 November 25; is that correct?

3 A. That's correct.

4 Q. Okay. And that's with regard to topics 1
5 and 2 of that subpoena?

6 A. That's correct.

7 Q. Yes, okay. Great. And what company do
8 you work for?

9 A. I work for FirstEnergy Service Company.

10 MR. FISK: Okay. Let me go ahead and
11 actually mark this as Exhibit 1. I'm marking as
12 Exhibit 1 the companies' response to Sierra Club's
13 Set 4-Request for Production-88 Attachment 1 which is
14 a one-page organizational structure of FirstEnergy.

15 (EXHIBIT MARKED FOR IDENTIFICATION.)

16 Q. Do you have that in front of you?

17 A. I do.

18 Q. Okay. And does it appear to be a summary
19 of organizational structure of FirstEnergy?

20 A. This is printed in black and white and it
21 does appear that there is color coding with it and so
22 it doesn't seem to be as clear whether the color
23 coding is -- is lining up with what I would have
24 expected. It's just I can't tell from looking at it.

1 Q. Okay. But outside of that does it appear
2 to be an organizational structure?

3 A. It does, yes.

4 Q. Okay. And where is FirstEnergy Service
5 Company on this organizational structure? Do you
6 know?

7 A. FirstEnergy Service Company is a
8 wholly-owned legal entity of FirstEnergy Corp.

9 Q. Okay. So it's not identified on this
10 organizational structure, correct?

11 A. It is not listed on this organizational
12 structure.

13 Q. Okay. But it's a direct affiliate of
14 FirstEnergy Corp.?

15 A. It is.

16 Q. Yes, okay. Okay. And in your testimony
17 on page 1, you -- line 3, you state that you were
18 employed by FirstEnergy Service Company as the
19 assistant controller-FES/FEG at FirstEnergy Solutions
20 Corp. What -- what do you mean that you are employed
21 at FirstEnergy Solutions Corp.?

22 A. I'm employed by FirstEnergy Service
23 Company.

24 Q. Okay.

1 A. My title for FirstEnergy Service Company
2 is assistant controller of the FES/FEG, and my
3 primary responsibilities are to support FirstEnergy
4 Solutions Corp.

5 Q. Okay, okay. And your office, is that at
6 FirstEnergy Solutions Corp., or is that at
7 FirstEnergy Service Company?

8 A. I don't understand your question.

9 Q. Your physical location, where you work,
10 is that FirstEnergy Solutions Corp. building, or is
11 that a FirstEnergy Service Company building?

12 A. I don't know who owns the building.

13 Q. Okay, okay. A from what company do you
14 receive your paycheck?

15 A. FirstEnergy Service Company.

16 Q. Okay, okay. So you do not yourself work
17 for FirstEnergy Solutions?

18 A. I am an officer as an assistant
19 controller for FirstEnergy Solutions Corp. among
20 other entities of FirstEnergy.

21 Q. Okay. What do you mean when you say you
22 are an officer of FirstEnergy Solutions?

23 A. I am named as assistant controller of
24 FirstEnergy Solutions Corp. among many other entities

1 of FirstEnergy Corp.

2 Q. Okay. What other entities of FirstEnergy
3 Corp. are you an officer of?

4 A. There's a large number of them, one being
5 FirstEnergy Service Company, one being FirstEnergy
6 Corp., one being Ohio Edison, Cleveland Electric
7 Illuminating, Toledo Edison Company, among many
8 others, other entities as well.

9 Q. And as an officer, what is your duty to
10 FirstEnergy Solutions Corp.?

11 A. If you look on page 1 of my testimony,
12 starting on row 16, you'll see I outline what my key
13 responsibilities are in my role.

14 Q. Okay. Who do you report to?

15 A. I report to John Taylor.

16 Q. And who is he?

17 A. John Taylor is our vice president,
18 controller, and chief accounting officer.

19 Q. And who does he work for?

20 A. He works for James Pearson.

21 Q. And who is Mr. Pearson?

22 A. He is our FirstEnergy's chief financial
23 officer.

24 Q. And I guess going back to Mr. Taylor,

1 which entity does he work for?

2 A. He is employed by FirstEnergy Service
3 Company.

4 Q. Is he also an officer of FirstEnergy
5 Solutions?

6 A. I don't know that.

7 Q. Okay. And Mr. Pearson, which entity is
8 he employed by?

9 A. He is employed by FirstEnergy Service
10 Company.

11 Q. And so are you -- do you report to anyone
12 at FirstEnergy Solutions Corp.?

13 A. No.

14 Q. Okay. And do you report to anyone at
15 Ohio Edison Company?

16 A. No.

17 Q. Okay. Do you report to anybody at
18 Cleveland Electric Illuminating Company?

19 A. No.

20 Q. And do you report to anyone at Toledo
21 Edison Company?

22 A. No.

23 Q. Okay. And does anyone report to you?

24 A. Yes.

1 Q. And who?

2 A. I have over 60 people that work for me
3 either directly or through one of the people that do
4 report directly to me.

5 Q. Okay. And are all those people employed
6 by FirstEnergy Service Company?

7 A. No.

8 Q. No. Does anybody in FirstEnergy
9 Solutions Company report to you?

10 A. No.

11 Q. Okay. How about from Ohio Edison
12 Company?

13 A. No.

14 Q. How about Cleveland Electric
15 Illuminating?

16 A. No.

17 Q. And Toledo Edison?

18 A. No.

19 Q. Who do they -- what entity do the people
20 who are not from FirstEnergy Service Company that
21 report to you, what entity are they from?

22 A. They are employees of FirstEnergy Nuclear
23 Operating Company.

24 Q. Okay. And in your job title, assistant

1 controller, and then you say FES/FEG, am I correct
2 FES is FirstEnergy Solutions Corp.?

3 A. Yes.

4 Q. Okay. And FEG, is that FirstEnergy
5 Generation?

6 A. Yes.

7 Q. Okay. And so are you also an officer of
8 FirstEnergy Generation?

9 A. Yes.

10 Q. Okay. And do you receive any
11 compensation for being an officer at FirstEnergy
12 Generation?

13 A. No.

14 Q. No, okay. And no compensation from
15 FirstEnergy Solutions for being an officer?

16 MR. ALEXANDER: Objection. Just to
17 clarify are you asking for compensation directly from
18 those entities?

19 MR. FISK: Yes.

20 MR. ALEXANDER: Okay. Or compensation as
21 part of his overall compensation, FirstEnergy Service
22 Company to compensate him for the work on behalf of
23 those entities?

24 MR. FISK: Directly from those entities,

1 any compensation.

2 A. No.

3 Q. Okay. And you've worked at FirstEnergy
4 since 2004; is that correct?

5 A. I'm sorry, could you repeat the question?

6 Q. You worked at FirstEnergy since 2004; is
7 that correct?

8 A. That's correct.

9 Q. Okay. And did you have any employment
10 before that?

11 A. Yes.

12 Q. Okay. And where?

13 A. At a private country club working in the
14 food and beverage operations.

15 Q. Okay, okay. Have you had any other
16 employment in the energy sector?

17 A. No.

18 Q. Okay. And on page 1 of your testimony,
19 you list that you have a Bachelor's and MBA from the
20 University of Akron; is that correct?

21 A. That is correct.

22 Q. Okay. And do you have any other
23 educational degrees?

24 A. I do have an Associate's degree.

1 Q. Okay. And what's that in?

2 A. Business management.

3 Q. Okay. And where from?

4 A. Cuyahoga Community College.

5 Q. Okay. Anything else?

6 A. No.

7 Q. No, okay. And do you feel that you have
8 any other educational background relevant to your
9 current job duties besides the ones listed in your
10 testimony?

11 A. No.

12 Q. No, okay. And do you have any -- have
13 you had any training relevant to your job duties?

14 A. What do you mean by training?

15 Q. Any sort of courses that you've taken or
16 training that FirstEnergy offers of how to do your
17 job.

18 A. Yes.

19 Q. Okay. Have you had any training
20 specifically in modeling of power plants?

21 A. Could you rephrase the question?

22 Q. So you offer testimony in this proceeding
23 regarding the results of economic dispatch modeling;
24 is that correct?

1 A. That's correct.

2 Q. Okay. And have you had any training in
3 economic dispatch modeling?

4 A. No.

5 Q. Okay. Did you -- the economic dispatch
6 modeling that you discuss in your testimony, did you
7 do that modeling?

8 A. It was done under my supervision.

9 Q. Under your supervision, okay. Who
10 actually did the modeling?

11 A. It was done under my supervision by a
12 group within our FirstEnergy Service Company.

13 Q. Okay. And what group?

14 A. Business development.

15 Q. Business development. Okay. And do you
16 know who in particular at -- in the business
17 development group did the modeling?

18 A. There's a number of people in that group.
19 I have no -- I don't know specifically who actually
20 ran the model.

21 Q. Okay. And so have you ever personally
22 run an economic dispatch model?

23 A. What do you mean by run the model?

24 Q. Actually input the data into -- into the

1 model and made all the settings in the model and then
2 gotten the outputs.

3 A. The person that's just keying the numbers
4 into the model, pushing a button, getting the
5 outputs, that doesn't require a lot of technical
6 expertise associated with doing that. It's more
7 relevant -- let me take that back. It's more -- it
8 doesn't really matter in terms of who the actual
9 person is that's pushing the button or actually
10 putting in the model. It depends on the results.

11 Q. So you're saying that anyone can run an
12 economic dispatch model?

13 A. No, that's not what I said.

14 Q. Okay. So have you personally ever run
15 the model?

16 MR. ALEXANDER: Objection. By run are
17 you saying hit the button?

18 MR. FISK: Well, he just defined it.

19 A. Could you clarify?

20 Q. Put the inputs into the system, decided
21 what assumptions the model should be running on, and
22 gotten the outputs.

23 A. So when you mean run, putting inputs in,
24 understanding the assumptions, and then understanding

1 the outputs?

2 Q. Yes.

3 A. Or just putting in inputs, pushing the
4 button, here are the outputs.

5 Q. No, the full process of putting the
6 inputs in, understanding what assumptions are going
7 into the modeling, getting outputs from it.

8 A. Okay. So that process that you just laid
9 out isn't done by just one person.

10 Q. Okay.

11 A. There's a number of people that are
12 involved in that process.

13 Q. Okay. And what -- have you had any role
14 in that process?

15 A. My role is understanding the assumptions
16 that were input --

17 Q. Okay.

18 A. -- understanding how the model works, and
19 among other things understanding the outputs of the
20 model.

21 I want to clarify something. A couple of
22 questions ago you asked if I had any formal training
23 on the model or how to do modeling -- I'm sorry, I
24 believe you said did I have any training on how to

1 model, and I said no. I want to clarify that. I've
2 never had formal training like a college course on
3 how to do modeling. But in my role as the assistant
4 controller, understanding the financials and the
5 finance impacts associated with the model, I've had
6 numerous understanding and training and discussions
7 with how the model works, so I do understand all
8 those aspects. So as I think about it more, I
9 would -- I would say that those items have trained me
10 on how the model works and understanding how the
11 model produces what it produces.

12 Q. Okay. Was that training formal training?

13 A. What do you mean by formal?

14 Q. Like a course or --

15 A. Not a -- not a course, no.

16 Q. Not a course, okay. And have you ever
17 been the person that's actually sat down and put the
18 inputs in and hit the button to get the results from
19 the model?

20 A. No.

21 Q. Okay. And would you -- would you
22 understand how to evaluate the model itself in terms
23 of whether it's producing good results?

24 A. What do you mean by good results?

1 Q. Well, accurate results.

2 A. Accurate, yes.

3 Q. Okay. What would you do to verify?

4 A. There's a number of steps that would be
5 involved. Understanding the inputs that are being
6 included in there, understanding assumptions that are
7 being included in there, and then understanding the
8 outputs and as they appear to fit with those inputs.

9 Q. And with regards to the assumptions that
10 go into the model, would you personally know how to
11 check to make sure the model itself is reflecting the
12 assumptions that you believe are being input into it?

13 A. What do you mean by check?

14 Q. Verify that, you know, if you made an
15 assumption about how the model should be operating,
16 do you know how to go into the model and verify that
17 it's properly set to match that assumption?

18 A. Could you rephrase the question? I am
19 not following your question exactly.

20 Q. Well, let me take a step back. So you
21 mentioned assumptions going into the model, correct?

22 A. I did, yes.

23 Q. Can you give me an example of one of
24 those assumptions.

1 A. Sure, energy price forecast.

2 Q. Okay, okay. And would you be able to
3 personally go look in the model to make sure the
4 correct energy price forecast was included?

5 A. Yes.

6 Q. Okay. And have you done that?

7 A. I have.

8 Q. Okay. And did you do that with regards
9 to the modeling in this proceeding?

10 A. I have.

11 Q. Okay, okay. So you said that the
12 business development group did the actual modeling
13 itself here, correct?

14 A. No.

15 Q. Who did it?

16 A. It was done under my supervision.

17 Q. By the business development group,
18 correct?

19 A. Could you rephrase the question?

20 Q. I asked you earlier if you had done the
21 modeling, and you said, no, it was done under your
22 supervision, correct?

23 MR. ALEXANDER: Objection, misstates
24 prior testimony. Go ahead and answer, if you can.

1 A. What I said was the actual people that
2 push the button that run the model was business
3 development.

4 Q. Okay.

5 A. The model assumptions, all those items
6 were run under my supervision.

7 Q. Okay. And so did you -- you gave them
8 the inputs to use in the model?

9 A. The -- I was not the one that developed
10 all the inputs.

11 Q. Okay. Who developed the inputs?

12 A. If you look at my testimony page 2, lines
13 4 and 5, we talk about the market price estimates.
14 That's an input that was provided by Company Witness
15 Rose.

16 Q. Okay.

17 A. There is an example. We also talk about
18 row 10 that there is FES -- other internal cost
19 projections provided by FES --

20 Q. Okay.

21 A. -- that was an input.

22 Q. Okay. And those internal cost
23 projections, who provided those?

24 A. Which internal cost projections?

1 Q. The ones you are referring to on line 10
2 of page 2 of your testimony.

3 A. Those are FES internal cost projections
4 related to these plants.

5 Q. Okay. So someone from FES provided those
6 cost projections to you; is that correct?

7 A. They are -- FES has them available.

8 Q. Okay.

9 A. That I have access to in my role at FES.

10 Q. Okay. So you obtained them from FES, the
11 cost projections.

12 A. The cost projections, yes.

13 Q. And then you provided those to whoever in
14 the business development group actually pressed the
15 button on the model.

16 A. These cost projections that FES provided
17 have no impact on the actual dispatch model.

18 Q. Okay. But they were used as part of the
19 model or no?

20 A. They were.

21 Q. Okay.

22 A. Let me take that back. I'm sorry. Could
23 you repeat the question?

24 Q. Were they used as part of the model, the

1 cost projections?

2 A. As part of the model, no.

3 Q. No, okay. Then we have Witness Rose's
4 market price estimates, correct?

5 A. That's correct.

6 Q. Okay. And so he provided those to you?

7 A. Yes.

8 Q. Okay. And then you provided them to
9 whoever in the business development group is doing --
10 running, pressing the button on the model?

11 A. That's correct.

12 Q. And did you do anything to verify the
13 market price estimates provided by Mr. Rose?

14 A. What do you mean by verify?

15 Q. To assess whether they are reasonable.

16 A. I'm not in a position to determine
17 whether Witness Rose's projections are reasonable or
18 not.

19 Q. Okay. So you -- do you feel you have any
20 expertise in -- in market price projections?

21 A. No.

22 Q. Okay. So you are not offering any
23 opinions on those projections.

24 A. When you say those projections, Witness

1 Rose's projections?

2 Q. Yes.

3 A. No.

4 Q. Okay. You testified a few minutes ago
5 that -- I believe that you have an understanding of
6 how the model works; is that correct?

7 A. That's correct.

8 Q. Okay. Can you generally describe to me
9 how the model works?

10 A. If you look on page 5 of my testimony,
11 starting on row 11 continuing through row 23, I
12 discuss how the forecasting model works.

13 Q. Okay. And -- okay. So you said -- you
14 testify on lines 12 to 13 that the forecasting
15 model -- the proprietary monthly dispatch model that
16 incorporates financial and operational inputs; is
17 that correct?

18 A. That's correct.

19 Q. Okay. And the financial and operational
20 inputs, where did those inputs come from for the
21 modeling in this proceeding?

22 MR. ALEXANDER: Objection. Go ahead.

23 A. Could you rephrase the question?

24 Q. The financial and operational inputs that

1 you are referring to in your testimony, where did --
2 where did those inputs come from?

3 MR. ALEXANDER: Objection. Go ahead.

4 A. Could you rephrase the question?

5 Q. Okay. You said that -- you've stated
6 that your model incorporates financial and
7 operational inputs, correct?

8 A. That's correct.

9 Q. Okay. Do you know what those inputs are?

10 MR. ALEXANDER: Objection. Go ahead.

11 A. If I read on beyond row 13, it discusses
12 those inputs and where they came from.

13 Q. Okay, okay. So there's a reference to
14 Company Witness Rose providing energy prices again.
15 Am I correct that there are other inputs besides
16 energy prices?

17 A. Yes.

18 Q. Okay. And where -- so you also list
19 generation capabilities of each FES generation
20 facility, correct?

21 MR. ALEXANDER: Objection. Are we
22 referring to the model generally, or are you
23 referring to the modeling done for this case for his
24 testimony?

1 MR. FISK: The modeling done in this
2 case.

3 MR. ALEXANDER: Thank you.

4 A. Could you repeat the question?

5 Q. So you refer on lines 14 to 15 the model
6 incorporates the generation capabilities of each FES
7 generation facility, correct?

8 A. That's correct.

9 Q. Okay. And where did the inputs regarding
10 the generation capabilities of each FES generation
11 facility come from?

12 A. Those are already developed within the
13 model. Those are already inputs in the model.

14 Q. Okay. From -- from previous modeling
15 runs or?

16 A. Right. Remember, FES will use this model
17 beyond just this -- this case. We will use this
18 model constantly. We use this in many other cases
19 and so a lot of these inputs, for example, on the
20 generation capabilities are already in the model and
21 we -- FES will review those and make sure if they are
22 accurate and appropriate.

23 Q. And do you know who developed the model?

24 A. The model in general?

1 Q. Yes.

2 A. No, I don't.

3 Q. Okay. Did you have any role in
4 developing the model in general?

5 A. No.

6 Q. Okay. Do you know how long FES has used
7 this model?

8 A. As long as I've been at FES, we have been
9 using this model and even prior to that. I don't
10 know what year we started using it, but for as long
11 as I can remember, we have been using this model
12 for -- for all of our internal projections.

13 Q. Okay. Do you know, is the model ever
14 updated or -- updated?

15 A. What do you mean by updated?

16 Q. Like, is there a new version of the
17 model, you know, like how you have a computer
18 program, you have Microsoft Word 7.0, 8.0? Is there
19 ever a new version of the model?

20 A. We've previously disclosed that it is
21 Microsoft Excel based. So if we upgrade Microsoft
22 Excel, I suppose you could say that in terms of how
23 you are responding to it, but the model doesn't have
24 a brand new model that we come out with. It's the

1 same model. If we know things like generation
2 capabilities as we talked about earlier have changed
3 or things have happened with the plant, FES will
4 update those assumptions within the model, but we
5 don't come out with new models or new versions of the
6 model, no.

7 Q. Okay. When you say it's Microsoft Excel
8 based, what does that mean?

9 A. It means the model is run by -- it's --
10 let me take that back. It's -- the model
11 calculations are within a Microsoft Excel
12 application.

13 Q. Okay. So -- so you're plugging various
14 inputs into some version of a Microsoft Excel and
15 that's running -- running the data and giving you
16 outputs?

17 A. We're -- we're plugging it into our
18 internal proprietary model which is Microsoft Excel
19 based.

20 Q. Okay. Do you know if any changes made --
21 have been made to the Microsoft Excel program for
22 your proprietary model?

23 MR. ALEXANDER: Objection. Are you
24 referring to Excel as a program, or are you referring

1 to the coding in Excel?

2 MR. FISK: Excel as a program.

3 A. No.

4 Q. Okay. And how about the coding in Excel?

5 A. I'm sorry, the coding in Microsoft Excel?

6 Q. So, I mean -- I mean, are you just --
7 basically you have Microsoft Excel 97 or whatever and
8 you are putting numbers into Microsoft Excel and
9 Microsoft Excel is running it or is there something
10 added to Microsoft Excel that makes this somehow
11 different than just doing a spreadsheet?

12 A. No. Our -- what's proprietary about it
13 is it's -- it's a Microsoft Excel workbook that we've
14 built calculations within it that can then produce
15 the modeling outputs.

16 Q. Okay.

17 MR. ALEXANDER: Let's go off the record.

18 (Discussion off the record.)

19 Q. Okay. And are you -- are you generally
20 aware that there are other commercially available
21 economic dispatch models that can be used to, you
22 know, project operation of power plants?

23 A. Yes.

24 Q. Okay. And, for example, have you ever

1 heard of Strategist?

2 A. No.

3 Q. Okay. Have you ever -- do you know of
4 any particular other types of modeling programs that
5 can be used to economically dispatch?

6 A. I don't know the names of them.

7 Q. Okay. Have you ever been involved in any
8 cases using some other type of economic dispatch
9 model?

10 A. No.

11 Q. Okay. Do you know if FirstEnergy has
12 ever run some sort of other economic dispatch model
13 besides its internal proprietary one?

14 A. What do you mean run?

15 Q. Evaluated its generation fleet or one of
16 its plants using some sort of commercially available
17 economic dispatch model.

18 A. No.

19 Q. You don't know or they haven't?

20 A. Not that I am aware of.

21 Q. Okay. Okay. So turning back to the
22 question of -- I believe when I asked you your
23 understanding of how the model works, you referred me
24 to your testimony page 5, lines 1 to 23; is that

1 correct?

2 A. Yes.

3 Q. Okay. So am I correct there are -- so
4 there are some inputs that you put into the model
5 including forecasted energy prices, and then the
6 model then projects how often the plants will run; is
7 that correct?

8 A. That's correct.

9 Q. Okay. And that projection, am I correct,
10 is based on comparing the variable cost of operating
11 the plant to the market energy price?

12 A. That's correct.

13 Q. Okay. And so if the variable operating
14 cost for the plant is under the market energy price,
15 the model will assume that the plant operates?

16 A. That's correct.

17 Q. Okay. And if the variable operating cost
18 is over the market energy price, then the model will
19 assume that the plant won't operate?

20 A. No.

21 Q. Okay. What would the model assume then?

22 MR. ALEXANDER: At this point I am going
23 to ask we move any further discussion to the
24 confidential portion because we are starting to get

1 close to that line.

2 MR. FISK: Okay. I can -- I can do that.
3 Questions about the -- where the inputs came is
4 still --

5 MR. ALEXANDER: That's fine.

6 MR. FISK: -- in the public. Okay.

7 Q. We will table that conversation to later.
8 Okay. Well, so I want to go back to the inputs -- so
9 the inputs are looking at the variable operating
10 costs for the plant, correct?

11 A. I'm sorry, could you restate the
12 question?

13 Q. One of your inputs into the model is the
14 various elements of the variable operating costs of
15 the plant, correct?

16 A. That's correct.

17 Q. And for this proceeding you ran your
18 model through the life of the proposed rider which I
19 believe is 2031, correct?

20 A. No.

21 Q. No, you didn't run it through there or
22 that's not the correct year?

23 A. It was run through the term of the PPA,
24 not the term of the rider.

1 Q. Okay. The term of the PPA which would be
2 through 2031, correct?

3 A. No, through May 31 of 2031.

4 Q. Okay. May 31, 2031, okay. And so you
5 project -- you input projections of the variable
6 operating costs for the Sammis units into the model;
7 is that correct?

8 A. Yes.

9 Q. And where did those projections come
10 from?

11 A. Look at -- starting on page 4 of my
12 testimony, row 22, we talk about Sammis where the
13 inputs for the fuel costs were provided by Company
14 Witness Rose.

15 Q. Okay. And did you do anything to assess
16 whether those projections from Company Witness Rose
17 were reasonable?

18 A. I just used what he provided me.

19 Q. Okay. So you don't have any opinions
20 regarding whether those projections are reasonable or
21 not?

22 A. I do not.

23 Q. Okay. And then I guess turning over to
24 page 5 of your testimony, the nuclear fuel and other

1 fuel-related expenses were forecasted using internal
2 forecasts; is that correct?

3 A. That's correct.

4 Q. Okay. And do you know who did those
5 internal forecasts?

6 A. Again, those are items we have regularly
7 available within the model that FES would evaluate
8 whether they are appropriate or not.

9 Q. Okay. And did you have any role in
10 evaluating whether those were appropriate?

11 A. I looked at them. They seemed reasonable
12 to me, and so I didn't have any reason to believe
13 otherwise.

14 Q. Okay. Do you have any expertise in
15 forecasting nuclear fuel and other fuel-related
16 expenses?

17 A. I -- as part of our normal forecasting
18 process, I understand and see what the projections
19 are provided for those items and so based on my --
20 what I've experienced as those costs, evaluated from
21 that perspective.

22 Q. Okay. But outside of that you don't have
23 any -- do you claim any expertise in projecting
24 nuclear fuel expenses?

1 A. No.

2 Q. Okay. And then the variable fuel costs
3 for the OVEC units were provided by OVEC; is that
4 correct?

5 A. Some of them were.

6 Q. Okay. Which ones were?

7 A. The fuel and fuel-related expenses.

8 Q. Okay.

9 A. Coal in particular were provided by OVEC
10 and that's what we used.

11 Q. Were there other -- other variable costs
12 for OVEC that were not provided by OVEC?

13 A. Yes.

14 Q. Which ones were those?

15 A. Company Witness Rose provided a carbon
16 assumption and a carbon price that was used as an
17 input.

18 Q. Okay. And that carbon price was provided
19 for -- by Mr. Rose for -- also for Sammis; is that
20 correct?

21 A. That's correct.

22 Q. And did -- did you personally do anything
23 to evaluate whether Mr. Rose's carbon price
24 projection was reasonable?

1 A. No.

2 Q. Okay. Are you offering any opinions
3 regarding the reasonableness of his price projection?

4 A. No.

5 MR. ALEXANDER: Can we take a brief
6 break?

7 MR. FISK: Go off.

8 (Discussion off the record.)

9 Q. Okay. And the variable fuel costs
10 projection that you received from OVEC, did you do
11 anything to evaluate the reasonableness of that
12 projection?

13 A. No.

14 Q. Okay, okay. And then Mr. Rose also
15 provided to you projected capacity prices; is that
16 correct?

17 A. Yes.

18 Q. Okay. And did you do anything to
19 evaluate the reasonableness of those capacity price
20 projections?

21 A. No.

22 Q. No. And are you offering any opinions
23 regarding capacity price projections?

24 A. No.

1 Q. No, okay. Okay. So -- and let me know
2 if I start encroaching on confidential again, but you
3 plug all these variable operating costs into the
4 model. You plug an energy price into the model. Any
5 other inputs you put into the model?

6 A. Yes.

7 Q. And what else?

8 A. We would input any operational-related
9 matters as an input.

10 Q. Okay. And that's things like outages,
11 forced outage rates, planned outages, those sorts of
12 things?

13 A. Like I talk about on page 5 of my
14 testimony, starting on row 14, items such as assumed
15 unavailability, forced losses, EFOR, planned outages,
16 et cetera.

17 Q. Okay. Any other inputs?

18 MR. ALEXANDER: Objection. Just to
19 clarify does the model itself incorporate any other
20 inputs, or did Mr. Lisowski alter or provide any
21 other inputs?

22 MR. FISK: Let's start did Mr. Lisowski
23 provide any other inputs into the model for purposes
24 of the modeling that was done in this case.

1 A. No. I didn't provide any other inputs.

2 Q. Okay, okay. So you have those -- you
3 have the -- all the inputs about the operating costs
4 and operation of the plants. You have an energy
5 price input, and then the model compares the
6 operating costs and any operational restrictions to
7 the energy price and then projects dispatch; is that
8 right?

9 A. Very oversimplified, yes.

10 Q. Okay. And then the model itself has some
11 built-in assumptions; is that also correct?

12 A. What do you mean by built-in assumptions?

13 Q. Well, for example, do you know when -- do
14 you know what I mean when I say must run?

15 A. I guess if you could define it just to
16 make sure.

17 Q. Sure. So if -- you can tell the model
18 this unit has to run any time -- has to run all the
19 time versus is only dispatched economically.

20 A. Okay.

21 Q. Do you know, were there any assumptions
22 regarding must run versus economic dispatch in this
23 model?

24 A. I'm sorry, could you restate the

1 question?

2 Q. Were -- the modeling that you did for
3 this proceeding, did you -- did you have the model
4 assume that the units would be economically
5 dispatched or that they would be must-run units?

6 A. Economically dispatched.

7 Q. Okay, okay. And do you know in actual
8 practice whether the Sammis units are economically
9 dispatched or whether they are must run?

10 A. What period of time are we talking?

11 Q. In the past five years.

12 A. FES changes its strategies around how the
13 units are dispatched.

14 Q. Okay.

15 A. There might have been times it was
16 economically run. There may have been times when it
17 was a must run. I don't know specifically. I am not
18 involved with the dispatching of the plant.

19 Q. Okay. Who made the decision to have the
20 model assume that the units were economically
21 dispatched versus must run?

22 A. Again, FES uses this model in many other
23 cases as part of its normal course, and it's always
24 been run on an economic dispatch.

1 Q. Okay, okay. So you personally didn't do
2 anything to verify whether that economic dispatch
3 assumption is consistent with how the units are
4 actually operated?

5 A. What do you mean I verified, whether I
6 verified?

7 Q. Did you -- did you -- did you do anything
8 to check whether an assumption of economic dispatch
9 versus must run is consistent with how actual
10 operations occur?

11 A. I know FES looks at its units and at
12 times has run the units economically and other times
13 has run possibly as must run. Overall they use it as
14 an economic dispatch. We believe that was
15 appropriate in terms of the forecast that was used
16 here as well which is consistent.

17 Q. Which was consistent with?

18 A. How FES would forecast this plant and any
19 other case of an internal forecast.

20 Q. Okay. It's consistent with how they
21 forecast, but if they -- if they sometimes must run
22 their units, that's inconsistent with how they
23 actually operate the units, correct?

24 A. I mean, if FES -- I don't know why FES if

1 they were going -- if they knew that the units run as
2 a must run all the time, I don't know why they would
3 ever say that and use internal projections and
4 internal forecasts that's using some type of
5 different assumption behind that.

6 Q. Okay. But you've never -- you haven't
7 personally sat down and compared the actual
8 operations with the assumption of economic dispatch,
9 correct?

10 A. I don't know why FES would be using a
11 different assumption in a forecast versus how they
12 know the plants operate. But, no, I did not go
13 through and actually compare what -- historically how
14 the Sammis plant has been dispatched.

15 Q. Okay. And do you know where the
16 assumption of economic dispatch in the modeling came
17 from?

18 A. Again, FES uses that forecast in all
19 cases, and so it was already built into the forecast.

20 Q. Okay. And does the model that you used
21 in this proceeding, does it only assess the
22 dispatching of the units at issue versus the market
23 price of energy, or does it also evaluate dispatching
24 in competition with the rest of PJM?

1 A. Could you repeat the question?

2 Q. Sure. Let me take a step back. Would
3 you agree that FES's generating units, Sammis,
4 Davis-Besse, the OVEC units, they dispatch in
5 competition with other units in PJM; is that correct?

6 A. I'm not involved with the daily
7 dispatching of FES's units.

8 Q. Okay. Do you generally know how the PJM
9 system dispatches?

10 A. In very high level general terms.

11 Q. Would you agree that -- that PJM gets --
12 gets bids and then tries to dispatch the least cost
13 resources to operate?

14 MR. ALEXANDER: Objection. Beyond the
15 scope of his testimony. Go ahead.

16 A. I am not involved with the daily
17 dispatching with PJM of our units --

18 Q. Okay.

19 A. -- and what the offers are. I am not
20 involved with any of that.

21 Q. Okay. Do you know if your model assumes
22 a -- that FES's units are having to compete for
23 dispatch with any other units outside of the FES
24 system?

1 A. Just to make sure I am clear, you are
2 asking me if the model incorporates some type of
3 analysis that -- of how non-FES plants are also going
4 to be dispatching or bidding their --

5 Q. Yes.

6 A. No, the model doesn't incorporate any of
7 that.

8 Q. Okay. So the model only looks at
9 FES-specific units.

10 A. Based on the inputs that were provided.

11 Q. Okay. And do you -- do you have the
12 opinion as to whether just looking at the FES units
13 in the modeling is an accurate reflection of how
14 dispatching would occur in reality?

15 A. Like I said, I am not involved with the
16 dispatching. I am not involved with all the rules
17 that PJM has for dispatching, so I wouldn't be in
18 that position.

19 Q. Okay. And your modeling, am I correct,
20 was done on a monthly basis?

21 A. That's correct.

22 Q. Okay. But the results are produced on an
23 annual basis only?

24 A. That's correct.

1 Q. Okay. And so -- so the Excel program
2 itself converts the monthly data into annual outputs?

3 A. Oversimplified, generally speaking,
4 that's correct.

5 Q. Do you know what the process is?

6 MR. ALEXANDER: Let's save that for the
7 confidential portion.

8 MR. FISK: Save that? Okay.

9 Q. Okay. I'll move on from that area then.
10 Okay. So you've run your modeling program. You've
11 gotten results from the -- from the model. What did
12 you do with those results for purposes of this
13 proceeding?

14 A. I used the results to prepare the
15 attachments in my testimony.

16 Q. Okay. And you're referring to JJR-1, 2,
17 and 3, I believe; is that correct?

18 A. That's correct.

19 Q. Okay. And so those -- those results --
20 you check the results of your modeling and then
21 which -- strike that.

22 The modeling only looks at the cost of
23 operation of the units versus the energy revenue that
24 would be created from such operation, correct?

1 A. No.

2 Q. What else does the modeling look at?

3 A. It looks at the variable costs of
4 operation.

5 Q. Okay. Variable costs of operation versus
6 the energy revenue that would be produced, correct?

7 A. That's correct.

8 Q. Okay. And then in your exhibits you
9 then, am I correct, added -- added in capacity
10 revenue from the units?

11 A. I'm sorry, could you repeat the question?

12 Q. Is your -- you then in your -- in your
13 Exhibits JJL-1, 2, and 3, you then added capacity
14 revenue that you're expecting from the units?

15 A. Witness Rose provided the capacity
16 assumptions. Based on those assumptions, we
17 calculated the forecasted capacity revenues which I
18 then incorporated into JJL-1 through 3.

19 Q. Okay. And then -- and then you also
20 incorporated any ancillary revenues from the units?

21 A. That's correct.

22 Q. Okay. And then you incorporated on the
23 costs -- did you incorporate anything additionally on
24 the cost side of the units?

1 A. In addition to what?

2 Q. Well, so the model was -- the model only
3 looks at the variable O&M costs of the unit, correct?

4 A. That's correct.

5 Q. Okay. So whether additional costs that
6 you had to add on for the units in creating your
7 JJL-1, 2, and 3?

8 A. Yes, yes. Additional costs had to be
9 added in that forecasted model.

10 Q. And that's fixed O&M costs?

11 A. Fixed costs, a lot of the other
12 components that were part of the attachments.

13 Q. Okay, okay. And then from those
14 attachments then am I correct you projected the total
15 expected net revenue from these units over the --
16 over the life of the PPA?

17 MR. ALEXANDER: Objection. Go ahead.

18 A. What do you mean by net revenue?

19 Q. Well, did you -- did you do the
20 calculation to determine whether over the term of the
21 PPA the expected revenues from the -- from the plants
22 would -- how that expected revenue would compare to
23 the costs of those plants are?

24 A. My attachments which you can see actually

1 are in the competitively sensitive version, I just
2 project out what the total revenues would be and the
3 total costs. I didn't come up with what the net
4 margins were or anything like that.

5 Q. Who did the net margin calculations? Do
6 you know?

7 A. I believe that's part of Mr. Ruberto's
8 testimony.

9 Q. Okay, okay. So you came up with the
10 numbers in JJ-1, 2, and 3, and you sent that data to
11 Mr. Ruberto?

12 A. I provided him Attachments 1, 2, and 3 --

13 Q. Okay.

14 A. -- in its entirety.

15 Q. Okay. And do you know if anybody
16 reviewed the results of your modeling besides
17 yourself?

18 A. I provided to Jay Ruberto. I believe he
19 reviewed the results. I don't know if he had anyone
20 else review the results.

21 Q. Okay. So out -- so in addition to this
22 modeling and then creating the JJJL-1, 2, and 3, did
23 you have any other role with regards to the PPA
24 that's being proposed here?

1 A. What do you mean other role, any other
2 role?

3 Q. Were you otherwise involved in its -- in
4 creating the PPA?

5 MR. ALEXANDER: Objection.

6 A. I'm sorry. I'm sorry. Can you rephrase
7 the question? Just make sure I understand the
8 question.

9 Q. Outside of the modeling that you did and
10 the creation of JJL-1, 2, 3, did you have any other
11 role in, say, evaluating the PPA?

12 MR. ALEXANDER: Objection.

13 A. What do you mean by evaluating the PPA?

14 Q. Did you do anything else with regards to
15 the PPA?

16 MR. ALEXANDER: Objection. What do you
17 mean by PPA?

18 Q. The power purchase agreement -- the
19 purchase power agreement that you referred to
20 earlier, which is the 15-year agreement that you
21 modeled, correct?

22 A. Can you repeat the question?

23 Q. You modeled -- I believe you testified --
24 earlier you testified for the term of the PPA that's

1 proposed in this proceeding, correct?

2 A. That's correct.

3 Q. Okay. So I am asking outside of the
4 modeling that you did and your creation of JJL-1, 2,
5 and 3, did you have any other role in evaluating this
6 proposed PPA?

7 A. I'm sorry, I am not understanding what
8 you are asking me. What do you mean by evaluating
9 the PPA?

10 Q. Did you have -- well, take a step back.
11 Did you do anything else with regards to the PPA?

12 MR. ALEXANDER: Objection.

13 A. I don't understand what you are asking
14 me.

15 Q. Okay. You -- have you ever heard of the
16 EDU team?

17 A. I have.

18 Q. Are you a member of the EDU team?

19 A. I am not or I was not.

20 Q. Have you had any communication with the
21 EDU team?

22 A. What do you mean by communications?

23 Q. Have you ever talked to anyone on the EDU
24 team about the proposed PPA in this proceeding?

1 A. Yes.

2 Q. Okay. And who?

3 A. There was a number of people on the EDU
4 team. I don't remember every communication I had
5 with those people.

6 Q. Do you remember any of them?

7 A. I don't recall the -- specifically who I
8 talked to and what I talked to them about.

9 Q. Do you know what the EDU team is?

10 A. I know of the EDU team.

11 Q. Okay. Do you know what they were tasked
12 with doing?

13 A. I don't know what their core
14 responsibilities and what their main objective was,
15 no.

16 Q. Do you know if the EDU team was focused
17 on evaluating the proposed purchase power agreement
18 that's at issue in this proceeding?

19 A. I don't know.

20 Q. You don't know. Okay. Do you know if
21 Jay Ruberto was a member of the EDU team?

22 A. I remember him being a member of the EDU
23 team.

24 Q. And did you have any communications with

1 Mr. Ruberto regarding the proposed purchase power
2 agreement?

3 A. As I mentioned earlier, I provided him
4 the attachments in my testimony.

5 Q. Did you do any modeling for the EDU team?

6 A. Other than what I provided them with my
7 attachments, no.

8 Q. Did you provide them with any of your
9 modeling input files?

10 A. I don't recall if I gave them the actual
11 input files. I don't recall.

12 Q. Okay. Do you recall discussing your
13 modeling with anybody on the EDU team?

14 A. I don't recall.

15 MR. FISK: Can we go off for 5 minutes?

16 (Recess taken.)

17 Q. We can go back. Thanks. Okay. So in
18 your testimony starting at the bottom of page 1 where
19 you talk about the purpose of your testimony, you say
20 that the purpose is to provide and support the cost
21 information related to the output proposed to be sold
22 to the companies from FES's interests in the OVEC
23 Davis-Besse, and Sammis plants, correct?

24 A. That's correct.

1 Q. Okay. And is it your understanding that
2 there -- that this proposed sale of the output is
3 part of a proposed purchase power agreement?

4 A. Yes.

5 Q. Okay. And that would be -- that purchase
6 power agreement would be between the companies, which
7 is Ohio Edison, Cleveland Electric, and Toledo Edison
8 on one hand and FES on the other hand?

9 A. Yes.

10 Q. Okay. And did you have any role in
11 negotiating that proposed purchase power agreement?

12 A. What do you mean negotiating?

13 Q. In determining whether such an agreement
14 should move forward, what the terms of it were,
15 should be.

16 A. Yes.

17 Q. Okay. And what was your role?

18 A. I was involved with some communications
19 on some of the PPA terms.

20 Q. Okay. Which terms?

21 A. I believe there was a discovery response
22 on a term sheet or proposed term sheet for the
23 proposed PPA and that's -- that's specifically what I
24 am referring to.

1 Q. You are referring to a discovery
2 response?

3 A. Let me clarify. In the discovery
4 response I believe we've provided a proposed term
5 sheet associated with the proposed PPA.

6 Q. Yes.

7 A. For that term sheet there was some
8 communications around that term sheet's creation.

9 Q. Okay. And is that term sheet
10 confidential?

11 MR. ALEXANDER: Yes. I believe it is.

12 MR. FISK: So we'll kick that to the
13 afternoon.

14 Q. Did you have any other role in the
15 negotiating --

16 A. No.

17 Q. -- the agreement? Okay. Did you have
18 any other role in evaluating whether the agreement
19 should move forward?

20 A. I'm sorry. I don't understand.
21 Evaluating, what do you mean evaluating?

22 Q. Assessing whether it's reasonable for
23 this agreement, proposed agreement, to move forward.

24 A. Not -- not that I recall.

1 Q. Okay. Were you -- are you aware as to
2 whether there was an FES team put together with
3 regards to this proposal?

4 A. Yes.

5 Q. Okay. And are you a member of that FES
6 team?

7 A. I was.

8 Q. Okay. And what was your -- what did you
9 do as a member of that FES team?

10 A. Primarily to discuss the term sheet
11 associated with the proposed PPA.

12 Q. Okay.

13 MR. ALEXANDER: Could we go off?

14 (Discussion off the record.)

15 Q. Okay. We're back on. Okay. So any
16 other role as a member of the FES team?

17 A. Not that I recall.

18 Q. Okay. And what is your understanding of
19 what -- of what the FES team's purpose was?

20 A. What FES team?

21 Q. The one we were just discussing.

22 A. Okay. I'm sorry, could you repeat the
23 question?

24 Q. What was the purpose of the FES team that

1 we were just discussing?

2 A. As I said before, primarily to discuss
3 the term sheet for the proposed PPA.

4 Q. Okay. Do you know who else was on the
5 FES team?

6 A. There was a number of people on the team.
7 I don't recall every single individual member.

8 Q. Do you recall any of them?

9 A. I know Sharon Noewer was on the team.

10 Q. Okay.

11 A. A Nick Fernandez was on the team.

12 Q. Okay.

13 A. I don't remember -- I can't recall
14 specifically who else was on the team.

15 Q. But you believe other people besides
16 those two were on the team?

17 A. There was, yes.

18 Q. Okay. And did the team meet -- have
19 meetings?

20 A. Yes.

21 Q. Okay. Did you attend those meetings?

22 A. Not all the meetings.

23 Q. Do you know approximately how many
24 meetings there were?

1 A. I don't recall.

2 Q. I mean, are we talking 2 or 10 or?

3 A. I prefer not to guess on how many
4 meetings there were.

5 Q. Okay. How many did you attend?

6 A. I don't recall how many I attended.

7 Q. Okay. Do you recall anything about these
8 meetings?

9 A. I recall we had more than one meeting.

10 Q. Okay. Anything else about the meetings?

11 A. We discussed the term sheet for the
12 proposed PPA with the EDU team.

13 Q. Okay. And when did you first find out
14 about the proposed PPA?

15 A. I don't remember the specific date.

16 Q. Approximately. I mean, are we talking
17 May? June?

18 A. It was around the May -- April, May, June
19 time period, somewhere in there.

20 Q. Okay. And do you recall who told you
21 about it?

22 A. Yes.

23 Q. And who?

24 A. A Kelley Mendenhall.

1 Q. And who is that?

2 A. At that time Kelly worked for FirstEnergy
3 Solutions.

4 Q. And what was his or her role?

5 A. Her role, she had a number of
6 responsibilities, one of which was associated with
7 FES strategy. She had retail back office
8 responsibilities, and she had several other
9 responsibilities as well.

10 Q. Okay. And what did she -- what did she
11 tell you about the proposed PPA?

12 A. She shared with me a request provided by
13 Jim Haney requesting some forecasted information
14 associated with Sammis, Davis-Besse, and FES's share
15 of OVEC.

16 Q. And who is Jim Haney?

17 A. I don't know Jim Haney's exact title.

18 Q. Do you know who he works for?

19 A. He works on -- on the utility side of
20 FirstEnergy.

21 Q. So what entity would that be?

22 MR. ALEXANDER: Objection.

23 A. I don't know.

24 Q. And who -- did someone assign you to

1 provide the modeling and projections that you provide
2 in your testimony?

3 A. I'm sorry, can you repeat the question?

4 Q. Did someone assign you to work on doing
5 the modeling that you have provided in this case?

6 A. What do you mean by assigned?

7 Q. Did someone tell you this is -- here, we
8 need you to do this?

9 A. I was asked if I could get involved and
10 provide some of the forecast information.

11 Q. Okay. Who asked you to do that?

12 A. Kelley Mendenhall through the request
13 from Jim Haney.

14 Q. So someone from FES asked you.

15 A. No.

16 Q. I thought you said Ms. Mendenhall worked
17 for FES.

18 A. Kelley works for FES, but the request was
19 coming from Jim Haney.

20 Q. Okay. But you don't report to either of
21 those two people, right?

22 A. That's correct, I do not.

23 Q. Did you ever discuss this request with
24 your direct report, the, the person you report to?

1 A. Yes.

2 Q. Okay. And what did -- did he have any
3 opinions as to whether you should work on this?

4 A. Not that I recall, no.

5 Q. Okay, okay. You state in your testimony
6 that part of your responsibilities of your job is to
7 work -- I am reading from page 1, line 18, actively
8 participate with FES and Generation business
9 executive management and leadership teams on
10 financial accounting and forecasting planning
11 matters. What -- what sort of work have you done on
12 forecasting planning matters?

13 A. A lot of -- a lot of items when FES has
14 needed to produce forecasts.

15 Q. Okay. Do you -- so does FES produce
16 forecasts of, say, the revenue from its generating
17 units on a regular basis or?

18 A. Yes.

19 Q. And what -- how often?

20 A. It can vary greatly year to year.

21 Q. Okay. So it's not -- it's not like on a
22 consistent schedule; it's not like every six months
23 they do it.

24 A. No, not necessarily.

1 Q. Do you recall the last time you were
2 asked to project revenues from FES's generating
3 units?

4 A. Project it for this PPA, the proposed
5 PPA?

6 Q. Outside of this PPA.

7 A. For FES's internal management.

8 Q. Yes.

9 A. I don't recall the specific date. A
10 couple of months ago.

11 Q. A couple of months ago. More recently
12 than the projections that you provided in your
13 testimony in this proceeding?

14 A. Yes.

15 Q. Okay. And what sort of -- what sort of
16 projections were those that you did?

17 MR. ALEXANDER: Objection. Relevance.

18 Q. You can answer.

19 A. I'm sorry, can you repeat the question?

20 Q. What sort of projections did you do?

21 A. Projections --

22 MR. ALEXANDER: Objection. Are you
23 asking for a general category or the results of those
24 forecasts?

1 MR. FISK: First, general category.

2 MR. ALEXANDER: Okay. The concern is
3 these are internal FES proprietary forecasts, and I
4 don't want to get too far down that path so I
5 understand, I think, where you are getting. Let's
6 just be cognizant of that.

7 MR. FISK: Sure. We can punt to the
8 afternoon.

9 MR. ALEXANDER: Even in the afternoon I
10 would have objection to non-PPA forecasts if you ask,
11 but we can cross that bridge when we come to it.

12 MR. FISK: We can deal with that then.

13 A. Make sure I clarify, your question was
14 when -- what kind of forecasts has FES done since the
15 PPA?

16 Q. Yeah.

17 A. What the forecast is going to be for is
18 the competitive business of the FirstEnergy Solutions
19 for over the next couple of years.

20 Q. Okay. Any other projections?

21 A. No.

22 Q. Okay. Have you modeled the projected
23 operation of any of the Sammis plant or any of the
24 Sammis units since your testimony in this proceeding?

1 A. No.

2 Q. Okay. And have you projected revenues or
3 costs for any of the Sammis units since your
4 testimony in this proceeding?

5 A. No.

6 Q. Okay. Outside of this proceeding have
7 you modeled the projected operation of any of the
8 Sammis units any time in the past year?

9 A. Yes.

10 Q. Okay. And when was that?

11 A. In the August timeframe we projected what
12 the plants are doing not just -- I'm sorry, let me
13 clarify. We forecasted all of FES's plants and their
14 operations over -- over the near term.

15 Q. When you say near term, what -- how --

16 A. Typically four, four years out.

17 Q. Okay. And you did that in August?

18 A. That was in August, yes.

19 Q. Okay. And you did that through the same
20 model that you used in this proceeding?

21 MR. ALEXANDER: Objection. Beyond the
22 scope of his testimony. Go ahead.

23 A. The -- let me clarify something I said
24 earlier. In that same August timeframe we would have

1 also used this model to project out even longer term
2 including the years in this PPA for, again, not just
3 the Sammis, Davis-Besse, and FES's share of OVEC but
4 all of FES's assets and generation plants.

5 Q. In separate modeling from what you
6 presented in this proceeding?

7 A. No. It was using the same dispatch
8 model.

9 Q. Same dispatch model but different runs.

10 A. Different -- different inputs were used.

11 Q. Okay. And to your knowledge have any of
12 those modeling runs been presented to any of the
13 parties in this proceeding?

14 A. My understanding is using FES's
15 projections, they've been provided to the Sierra
16 Club.

17 MR. FISK: Can we go off?

18 (Discussion off the record.)

19 Q. We can go back on. So you're saying that
20 there were different modeling runs using different
21 inputs, but your belief is those were presented to
22 the Sierra Club?

23 A. My understanding was there was a subpoena
24 by the Sierra Club requesting that information.

1 Q. Okay. And outside of that, outside of
2 whatever may have been produced in the response to
3 that subpoena, were there any other modeling runs
4 that you have done in the past year evaluating the
5 projected revenues or operation of any of the FES
6 units?

7 A. No.

8 Q. Okay. And when did you do the modeling
9 that you presented in this proceeding in your
10 testimony?

11 A. I don't remember the specific dates, but
12 I started to work on it right after I had the
13 discussions with Kelley Mendenhall based on Jim
14 Haney's request.

15 Q. May, June timeframe?

16 A. Somewhere, I don't remember the specific
17 timeframe, in that area.

18 Q. Okay. So the August modeling runs that
19 you referred to a couple of minutes ago were more
20 recent than the ones that you presented in your
21 testimony here?

22 A. The August -- those August runs were not
23 using Witness Rose's inputs. Those were using FES's
24 inputs.

1 Q. Okay. We'll talk about those in the
2 afternoon. Those are probably confidential.

3 A. They are.

4 Q. Yes, so we will get to those. But the
5 question was those were done more recently than the
6 modeling that you did for the testimony you presented
7 here today.

8 A. Yes.

9 Q. Okay. And the near-term, four-year
10 approximately forecasts that you referenced earlier,
11 those were done more recently than your testimony in
12 this proceeding?

13 A. Those were done at around the same --
14 same period of time, may have been a little bit later
15 but it would have been in that same time period.

16 Q. And did those use different inputs than
17 what was -- what was used in modeling in this
18 proceeding?

19 MR. ALEXANDER: Objection. Go ahead.

20 A. Which inputs?

21 Q. Any of the inputs that you used in
22 your -- in the four-year, near-term forecast
23 different than the ones you used in the modeling you
24 presented in your testimony.

1 MR. ALEXANDER: Objection. Go ahead.

2 A. Well, near term, remember, we've got
3 different periods so this starts June 1 of 2016, so
4 we are talking there would only be an overlap of a
5 year and a half. Notwithstanding the forecast that
6 would have been run around that time period -- period
7 of time would have been consistent assumptions used,
8 FES assumptions, as we used in the longer-term
9 projected run.

10 Q. Okay. But the four-year forecast did not
11 use Mr. Rose's assumptions.

12 MR. ALEXANDER: Objection. Go ahead.

13 A. FES's -- the four-year projections were
14 used for FES forecasting. They would have been based
15 on FES's assumptions and inputs, so they did not use
16 Judah Rose's inputs.

17 Q. Okay. And to your knowledge have any of
18 those four-year forecasts been produced to any of the
19 parties in this proceeding?

20 MR. ALEXANDER: Objection both to form
21 and relevance.

22 A. What do you mean by -- can you repeat the
23 question?

24 MR. FISK: Can you read that question

1 back?

2 (Record read.)

3 A. Those forecasts, what do you mean by
4 those forecasts? We are talking about a lot of
5 forecasts here. I want to make sure we are clear.

6 Q. The four-year, near-term forecasts that
7 you mentioned in the last few minutes, were any of
8 those forecasts presented to any of the parties in
9 this proceeding?

10 MR. ALEXANDER: Same objection.

11 A. Those -- clarify, those four-year
12 forecasts that were run around the late August time
13 period, somewhere in that area; is that correct?
14 That's what you are asking me?

15 Q. Yes, yes.

16 A. Not that I am aware of, no.

17 Q. Okay. All right. Any other modeling
18 runs that you have done with regards to the Sammis,
19 Davis-Besse, or OVEC units in the past year?

20 A. We -- as I mentioned already, FES
21 continually will look at its plants, reforecast all
22 the plants, not just these plants. There would have
23 been other forecasts run prior to us preparing the
24 information that's laid out in my attachments. There

1 would have been forecasts that were done prior in the
2 normal course of FES's business.

3 Q. Within the past year.

4 A. Within the past year, yes.

5 Q. Were you involved in any of those?

6 A. Yes.

7 Q. Okay. And did any of those use
8 assumptions from Mr. Rose?

9 A. No.

10 Q. So did they all use FES assumptions?

11 A. When FES is forecasting, it is always
12 going to use their own internal projections.

13 Q. So then why -- why did you decide to use
14 Mr. Rose's assumptions in the modeling for this
15 proceeding when normally you forecast using FES's?

16 A. I didn't -- I didn't decide that.

17 Q. Do you know who did?

18 A. I was --

19 MR. ALEXANDER: Objection.

20 A. I don't know who decided to use it. I
21 was asked to run the forecast using Mr. Rose's
22 projections.

23 Q. And who -- who -- who asked you to use
24 Mr. Rose's projections?

1 A. That was a part of the request with Jim
2 Haney.

3 Q. Okay. And were you involved in any
4 discussions regarding whether to use Mr. Rose's
5 assumptions as opposed to FES's?

6 A. No.

7 MR. FISK: If we can go off for one
8 minute.

9 (Discussion off the record.)

10 MR. ALEXANDER: At this point let's go
11 back on the record. And, OCC, if you would like to
12 go next.

13 MR. SAUER: Thanks, Trevor.

14 - - -

15 CROSS-EXAMINATION

16 By Mr. Sauer:

17 Q. Good morning, Mr. Lisowski.

18 A. Good morning.

19 Q. My name is Larry Sauer. I am an attorney
20 with the Office of the Ohio Consumers' Counsel, and I
21 want to ask you a few questions about your testimony
22 this morning.

23 You were asked some questions regarding
24 kind of the modeling process, and I wonder if I could

1 follow up with that a little bit. On page 2 of your
2 testimony -- I'm sorry, page -- I think it was page 4
3 of your testimony actually. You were talking about
4 revenue projections. In that dispatch model you are
5 talking about, is that an internal FES model?

6 A. No. It's a FirstEnergy Service Company
7 model.

8 Q. Okay. And is that a model that you
9 control, or is it a model that is controlled out --
10 outside of your control?

11 A. What do you mean by control?

12 Q. Do you have control over the inputs of
13 that model?

14 A. Yes.

15 Q. And someone who reports to you provides
16 you those inputs?

17 A. Not necessarily.

18 Q. If someone who does not report to you,
19 who then -- what organization do they -- are they
20 employed by?

21 A. Well, for example, Mr. Rose provided
22 inputs that were used in this model. Mr. Rose
23 doesn't report to me.

24 Q. Is there another example or is Mr. Rose

1 the only example who is providing you inputs that
2 does not report to you?

3 A. The -- I mean, another example would be
4 if FES has their own internal projections and
5 assumptions that they use as the inputs, it would be
6 provided by the -- by the FES team.

7 Q. And did that occur in the modeling runs
8 that you did for this case?

9 A. When you say this case, are you referring
10 to the model output that was used in my attachments
11 of my testimony?

12 Q. Yes, sir.

13 A. That did not use FES's projections for
14 energy as my testimony discusses.

15 Q. So then a -- then for those inputs they
16 were provided by someone who reports to you then?

17 MR. ALEXANDER: Okay. Which inputs are
18 you referring to?

19 MR. SAUER: The ones that he said
20 sometimes could be provided by FES.

21 A. I don't know if I understand your
22 question.

23 Q. Well, okay. You got inputs from Mr. Rose
24 and what were those -- those inputs specifically?

1 Was that the energy price forecast?

2 A. That was one of the inputs that Mr. Rose
3 provided.

4 Q. What other inputs did Mr. Rose provide?

5 A. As it talks about on rows 22 and 23 on
6 page 4 of my testimony, he provided the coal, coal
7 transportation prices, emission allowances, and as we
8 talked earlier, Mr. Rose also provided the carbon
9 assumptions and inputs.

10 Q. And for those specific inputs, did you
11 get those from Mr. Rose on -- on a single occasion?

12 A. What do you mean received on a single
13 occasion?

14 Q. Did Mr. Rose give you more than one input
15 for his energy price forecast?

16 A. He provided me one -- no. He provided me
17 one set of assumptions to be used in the modeling.

18 MR. SAUER: Trevor, to inquire into the
19 assumptions themselves, are we going to be getting
20 into the confidential portion of the?

21 MR. ALEXANDER: Yes. If you are going to
22 ask what the assumptions were and dollar amounts and
23 things, then, yes, that would be confidential.

24 MR. SAUER: Okay. I will hold off on

1 that.

2 Q. You said -- you are saying Mr. Rose gave
3 you one set of assumptions, Mr. Lisowski. Was there
4 discussion over the assumptions?

5 A. I guess what do you mean by was there
6 discussions on the assumptions?

7 Q. Was there any back and forth between
8 Mr. Rose and the company to fine-tune the assumptions
9 or modify the assumptions in any way?

10 A. I don't know.

11 Q. Who would know?

12 A. I don't know.

13 Q. When Mr. Rose gave you the assumptions,
14 was it on a document that he provided to you?

15 A. I don't know how else he would have
16 gotten it to me. I mean.

17 Q. And did you receive more than one of
18 those documents?

19 A. Like I said before, he provided me one
20 set of assumptions to be used in the dispatch model.

21 Q. And did the one set of assumptions cover
22 energy price forecasts as well as the other items in
23 your testimony that you say he provided you?

24 A. We just -- I just answered that question

1 2 minutes ago, if that, that he provided the energy
2 as its laid out in my testimony, the coal, coal
3 transportation, emission allowance, and carbon price
4 assumptions.

5 Q. And that was all in one communication he
6 provided you those assumptions for all the inputs you
7 needed.

8 A. It was provided all as one set of
9 assumptions.

10 Q. And you put that into your model --

11 MR. ALEXANDER: Let's go off the record
12 for just a moment.

13 (Discussion off the record.)

14 MR. ALEXANDER: With that let's go back
15 on. I'm sorry, Larry.

16 MR. SAUER: All right. Thank you,
17 Trevor.

18 Q. (By Mr. Sauer) With the set of
19 assumptions that Mr. Rose gave you, you put those
20 into your model, and you performed a run; is that
21 correct?

22 A. That's correct.

23 Q. And did that conclude your analysis then?

24 MR. ALEXANDER: Objection. Go ahead.

1 A. What do you mean by conclude my analysis?

2 Q. After you put Mr. Rose's inputs and you
3 performed a run, is that the result of the
4 attachments to your -- did the output of that
5 modeling run go into your testimony?

6 A. The outputs from the model were used in
7 the attachments of my testimony.

8 Q. And did you have to run that model more
9 times -- more times than just one time to get the
10 final results?

11 A. No.

12 Q. You said earlier that -- I thought I
13 heard you say you typically forecast out four years?

14 MR. ALEXANDER: Objection.

15 Q. Is that true?

16 A. No.

17 Q. No?

18 A. I said a few different things.

19 Q. In this case you've done what, a 15-year
20 forecast?

21 A. Are we talking about FES's internal
22 projections, or are you talking about the proposed
23 PPA -- the forecast in my attachments?

24 Q. The forecast in your attachments.

1 A. The forecast in my attachments is a
2 15-year starting June 1 of 2016.

3 Q. And Mr. Rose gave you the assumptions
4 that covered all 15 years that were projected.

5 A. That's correct.

6 Q. Okay. And were there other inputs from,
7 for example, OVEC? Did they provide you information
8 in order to include inputs for your model?

9 A. For the forecast used in my attachments,
10 if you look at page 4, starting on row 1, discusses
11 what OVEC provided me and which I used.

12 Q. So they provided you a 20-year forecast,
13 and you used a portion of that forecast from OVEC to
14 include your 15-year forecast?

15 A. Yes.

16 Q. You did not have to modify the OVEC
17 forecast in any way?

18 A. I had to incorporate a carbon assumption
19 that I received from Witness Rose. That was the only
20 thing I had to add on to what OVEC had provided.

21 Q. And were there inputs provided in terms
22 of plant operations for Sammis and Davis-Besse?

23 A. What do you mean by plant operations?

24 Q. Were you given information regarding

1 outages, planned outages or forced outages?

2 A. Again, if you look at my testimony, for
3 example, page 4, row 14, it talks about operating
4 parameters and it gives several examples of the
5 operating parameters that are used in the modeling
6 software.

7 Q. And who provided those inputs to you?

8 A. If you look at page 3 of my testimony,
9 page -- or line 8 -- excuse me, page 3, line 18
10 starting and 19, it talks about that information is
11 coming from our fossil nuclear operations.

12 Q. And is that an FES organization?

13 A. What do you mean is that an FES
14 organization?

15 Q. Is that an -- under what umbrella is that
16 organization? Under what corporate umbrella would
17 that organization fall?

18 A. We would consider them to be part of our
19 FE Generation organization.

20 Q. And is that what they report up to the
21 organization to an FES officer, or would they report
22 up through a shared services officer or how does that
23 corporate structure --

24 A. I cut you off. Can you repeat the

1 question?

2 Q. Yeah. I am just trying to understand
3 what organization they report to. Are they reporting
4 to like an officer of FES?

5 A. No, they do not.

6 Q. Okay. A shared services officer?

7 A. Yes.

8 MR. SAUER: Can we go off the record for
9 just a minute?

10 MR. ALEXANDER: Sure.

11 (Discussion off the record.)

12 MR. ALEXANDER: So let's go back on the
13 record. Go ahead.

14 MR. SAUER: Mr. Lisowski, I have no
15 further questions for you this morning on the public
16 portion of the deposition. Thank you for your time.

17 MR. ALEXANDER: Mr. Olikier, would you
18 like to go next?

19 MR. OLIKER: Yes, I would and I need to
20 amend my prior statement. I have a range of 20 to 45
21 minutes of questions.

22 - - -

23

24

CROSS-EXAMINATION

1
2 By Mr. Oliker:

3 Q. Good morning, Mr. Lisowski. My name is
4 Joe Oliker, and I represent IGS Energy. I recognize
5 we are on the phone. I want to make sure you can
6 hear me okay.

7 A. I can. Good morning to you.

8 Q. Great. And if at any time you can't
9 understand me or I talk too fast, just let me know
10 and I will try to slow down and try to be more clear.

11 A. I appreciate that. I will.

12 Q. Just want to make sure that I heard some
13 of your answers to it, to Mr. Fisk earlier, just --
14 and I apologize if I repeat anything.

15 But you talk about projections that were
16 used in the model as scenario -- and we will start
17 broadly, that there were some projections that were
18 related to information provided by FirstEnergy
19 Solutions and some were provided by Mr. Rose; is that
20 correct?

21 A. That's correct.

22 Q. And do I understand correctly that the
23 coal price forecast for the FES-specific generating
24 units, that was actually FirstEnergy Solution's

1 information, correct?

2 A. I'm sorry, can you repeat that question?

3 Q. The forecast types of coal, was that
4 provided by FirstEnergy Solutions or Mr. Rose?

5 A. No. If you look at page 4 of my
6 testimony on -- starting on row 22, you'll see that
7 that -- the coal, coal transportation, emission
8 allowances, and as I mentioned earlier, carbon were
9 all provided by Witness Rose.

10 Q. Okay. So just -- that's helpful. So if
11 I am looking at the cost of production at the Sammis
12 plant, the fuel price, that was provided by Mr. Rose.

13 A. That's correct.

14 Q. Is that correct?

15 A. That's correct.

16 Q. Okay. And are you familiar with the fuel
17 requirements of Sammis and the OVEC units?

18 A. What do you mean by fuel requirements?

19 Q. Like are you involved at all in the
20 stockpile of the Sammis plant for coal?

21 A. I don't understand. Like the logistics
22 of delivery of coal?

23 Q. Like, for example, do you know -- and you
24 don't have to answer this in the public record, but

1 do you know how many days the existing stockpile at
2 Sammis could provide generation output without
3 additional inventory addition?

4 MR. ALEXANDER: Objection as to beyond
5 the scope of his testimony. Go ahead if you know.

6 A. All I'll say is Sammis does have a
7 targeted amount of coal and inventory that they are
8 tracking towards and that they are attempting to
9 achieve. I don't know exactly what their target is
10 and where they stand, but they do track to have a
11 certain amount of coal in stock at any given day of
12 the year.

13 Q. And be careful not to provide an actual
14 amount but do you know the current level of the
15 stockpile at Sammis?

16 MR. ALEXANDER: Objection. This is
17 beyond the scope of his testimony again. And if you
18 know the answer, you can answer if you know, which
19 was his question.

20 A. Yeah. I don't know.

21 Q. Okay. Would you agree that there are
22 currently transportation constraints that are
23 limiting coal deliveries to plants in the Midwest?

24 MR. ALEXANDER: Objection. Again, this

1 is beyond the scope.

2 A. I don't know. As I mentioned, I am not
3 involved in the logistics of how we get coal to our
4 plants.

5 Q. Do you know that such transportation
6 constraints existed?

7 MR. ALEXANDER: Objection.

8 Q. If you don't know, that's fine.

9 A. No. I'm not aware of that.

10 Q. Okay. Changing gears a little bit, have
11 you been involved in FirstEnergy Solutions'
12 regulatory activities in the past?

13 A. I'm sorry, could you repeat that
14 question?

15 Q. For example, in this case that you are
16 currently testifying in is -- it's involving
17 regulatory activity of FirstEnergy and FirstEnergy
18 Solutions. In the past have you ever operated in
19 this capacity?

20 MR. ALEXANDER: Objection to the compound
21 question and the subject in the question.

22 A. Can you separate that question because
23 you did ask me a couple of different questions in
24 there.

1 Q. Sure. Have you ever testified before?

2 A. No.

3 Q. Have you been involved in any of
4 FirstEnergy's prior regulatory cases?

5 A. No.

6 Q. Have you been involved in any of the
7 FirstEnergy Solutions' regulatory cases?

8 A. No.

9 Q. Have you monitored FirstEnergy Solutions'
10 regulatory activity?

11 A. What do you mean by monitor?

12 Q. For example, FirstEnergy Solutions is
13 typically an intervenor in the various electric
14 security plans of other electric distribution
15 utilities in Ohio. Have you stayed abreast of
16 FirstEnergy's activities in those cases?

17 A. No, I haven't.

18 Q. So that being said have you reviewed any
19 of the testimony that FirstEnergy Solutions has
20 submitted in past cases?

21 A. No.

22 Q. Earlier you mentioned the business -- I
23 think it was called the business development group
24 within FirstEnergy Service Corp.; is that correct?

1 A. Business development is in FirstEnergy
2 Service Company.

3 Q. Okay. It's called business development?

4 A. That department is called business
5 development, that's correct.

6 Q. Okay. Who is the leader of that group?

7 A. Dave Pinter.

8 Q. How do you spell his last name?

9 A. P-I-N-T-E-R.

10 Q. Okay. Thank you. And could you describe
11 the general organizational structure of that group.
12 Are there any other people that are the leader of
13 that group, direct reports to David Pinter?

14 MR. ALEXANDER: Objection to form. Could
15 I have that question reread, please.

16 MR. OLIKER: If you would like, Trevor, I
17 can restate it.

18 MR. ALEXANDER: I think you may have
19 misspoken there.

20 Q. Yeah. Is it David Pinter you said is the
21 leader of that group?

22 A. That's correct.

23 Q. And what is his title?

24 A. He's executive director.

1 Q. Do you know how many direct reports there
2 are to David Pinter?

3 A. No.

4 Q. Do you know of any direct reports to
5 David Pinter?

6 A. I don't know who his direct reports are.

7 Q. Okay. And is there anybody that would be
8 the second in command in that group or something of
9 that nature?

10 A. I don't know.

11 Q. Okay. Regarding the model we have been
12 discussing, and I'm sorry if you've already answered
13 this, was the model constructed in-house or by a
14 third party?

15 MR. OLIKER: Trevor, feel free to
16 interrupt if this is proprietary.

17 A. It was developed internally.

18 Q. And I think you mentioned the model has
19 always been used since you have been with the
20 company. Do you know exactly when the model was
21 built?

22 A. I don't know.

23 Q. Do you know how often it is updated?

24 A. No, I don't.

1 Q. Okay.

2 MR. OLIKER: And, again, Trevor, just
3 interrupt me if I cross over.

4 Q. Is the model a constrained dispatch
5 model?

6 A. I'm sorry, can you repeat that?

7 Q. Is the model a constrained dispatch
8 model?

9 A. What do you mean by it's a constrained
10 dispatch, whether it's a constrained dispatch model?

11 Q. Does the model include transmission
12 constrained and locational dispatch?

13 A. I don't know.

14 Q. And does the model provide a projection
15 of dispatch on an hourly basis?

16 MR. ALEXANDER: At this point let's move
17 this to the confidential portion later.

18 MR. OLIKER: Sure. That's fine.

19 Q. Has it always been your role to
20 understand the assumptions of the model? Let me
21 state that again. That was overly broad.

22 When did it specifically become your role
23 to understand the assumptions of the model?

24 A. Primarily when I took over my current

1 position.

2 Q. And that was when?

3 A. If you look on page 1 of my testimony on
4 lines 14 and 15, that was in 2012.

5 Q. Prior to that period did you work with
6 FirstEnergy's model at all?

7 A. I have.

8 Q. Okay. Earlier you mentioned that carbon
9 projections were provided to you by Judah Rose,
10 correct?

11 A. That's correct.

12 Q. Has FirstEnergy Solutions modeled the
13 impact of carbon regulations?

14 A. Yes.

15 Q. We can talk about that more in the
16 confidential period but that wasn't provided to any
17 party in discovery, was it?

18 MR. ALEXANDER: Objection. What do you
19 mean by "it"?

20 Q. Would you agree that FirstEnergy and
21 FirstEnergy Solutions have not provided that
22 information to any party in discovery?

23 MR. ALEXANDER: Objection. Again, what
24 information?

1 MR. OLIKER: The projections.

2 Q. Does the witness understand the question?

3 A. No, I don't.

4 Q. Has FirstEnergy or FirstEnergy Solutions
5 provided to the parties in discovery a projection of
6 the impact of carbon regulations that was performed
7 by FirstEnergy Solutions?

8 MR. ALEXANDER: Objection. You said
9 FirstEnergy Solutions. Did you mean Company Witness
10 Rose?

11 MR. OLIKER: No. I meant FirstEnergy
12 Solutions.

13 MR. ALEXANDER: Objection. Go ahead and
14 answer with that clarification.

15 A. Make sure I understand your question, can
16 you repeat it one more time, or can you repeat it
17 back?

18 Q. Sure. Let's make it real easy. We
19 talked about the carbon projections in this model
20 were provided by Judah Rose, and you indicated that
21 FirstEnergy Solutions had modeled its own potential
22 impact of carbon prices. Now, FirstEnergy or
23 FirstEnergy Solutions never provided that FES
24 projection to other parties.

1 A. I don't know. I don't know if that has
2 been.

3 MR. ALEXANDER: Hold on. Objection to
4 that last question. Are you referring -- you said
5 FirstEnergy or FirstEnergy Solutions. Are you
6 referring now at this point to discovery responses
7 from the companies in this case or FirstEnergy
8 Solutions' response to the Sierra Club topics 1 and
9 2?

10 MR. OLIKER: Both.

11 MR. FISK: His was asked for in 6, carbon
12 regulation impact, if there is an analysis of carbon
13 regulation impacts. That's topic 6 which was ordered
14 to --

15 MR. ALEXANDER: Incorporated into topics
16 1 and 2. Thank you for the clarification. So, I'm
17 sorry, Mr. Olikier, could you run that back one more
18 time?

19 MR. OLIKER: Sure.

20 Q. Did FES produce in discovery, either
21 FirstEnergy or the parties in this case, its own
22 projection of carbon price impact?

23 A. My response is I don't know.

24 Q. But you know that FES has done such a

1 projection.

2 A. They have.

3 Q. Okay.

4 MR. OLIKER: Trevor, we would appreciate
5 that being provided. It's been requested in
6 discovery by I believe IGS in discovery, and I think
7 it's also responsive to 1 and 2 in the subpoena.

8 MR. FISK: Yeah.

9 MR. ALEXANDER: I am not aware of that
10 from IGS, but you can take that up with FirstEnergy
11 Solutions and Mr. Hayden.

12 MR. OLIKER: Okay. This is just my
13 notice that it will either come up now or I will move
14 to compel further at the next prehearing conference.

15 MR. ALEXANDER: Again, you can take it up
16 with Mr. Hayden.

17 MR. OLIKER: Okay.

18 Q. Now, let's talk about some of the other
19 assumptions in the model. Do you know whether the
20 model included an assumption for energy efficiency in
21 each year over the next 15 years? For example, did
22 the model forecast reduced requirements from the
23 grid?

24 A. The model forecasts how a plant is going

1 to operate based on the inputs. Energy efficiency
2 has no impact on how a plant is going to generate
3 based on the inputs.

4 Q. Okay. Is one of the inputs demand of the
5 grid?

6 A. What do you mean by demand of the grid?

7 Q. For example, does the model include an
8 assumption of total demand within PJM for each hour?

9 A. That -- that's not a direct input into
10 the model but I don't know if that's an input into
11 one of the other relevant assumptions associated with
12 an actual input into the model.

13 Q. Like what other assumption could possibly
14 incorporate the demand within PJM?

15 A. I will give you one example is does that
16 have an impact on energy prices. Energy prices, as I
17 previously discussed, are an input into the model.

18 Q. Okay. So the way the model works is so
19 long as variable costs is below the energy price, it
20 assumes that there are outputs in the model.

21 A. That is a very oversimplified way to
22 describe the model but that is correct.

23 Q. Okay. Do you know whether --

24 MR. OLIKER: Trevor, feel free to

1 interrupt if this is proprietary.

2 Q. Does the model include a forecast of
3 transmission upgrades within PJM for each year?

4 MR. ALEXANDER: Let's save that level of
5 detail for the confidential section.

6 MR. OLIKER: Okay.

7 Q. Does -- and I think this question
8 probably will be confidential as well, but does the
9 model assume a level of generation developed within
10 PJM?

11 A. I prefer we talk about all these during
12 the confidential.

13 Q. Okay. That's fine. Your title says you
14 are in charge of technical accounting; is that
15 correct?

16 A. Not in my current role but previously,
17 that's correct.

18 Q. Okay. Which individuals report directly
19 to you?

20 A. When I was in technical accounting or in
21 my current position?

22 Q. In your current position.

23 A. You asked me who reports to me?

24 Q. Yes.

1 A. I have -- I have a manager of accounting,
2 I have an administrative assistant, and I have a
3 couple managers and director associated with the
4 accounting forecasting budgeting associated with our
5 generation plants.

6 Q. Can you identify those individuals'
7 names?

8 A. Is that really relevant?

9 Q. Yes.

10 A. Okay.

11 MR. ALEXANDER: Objection to relevance.
12 Go ahead and answer.

13 A. All right. My administrative assistant's
14 name is Deborah Flowers. My manager of accounting is
15 Mike Falen. The directors and managers of business
16 services, their names are Robin Zablocky, Darrell
17 Converse, and Jackie Manalaris.

18 Q. Okay. Has Sharon Noewer ever reported to
19 you?

20 A. No.

21 Q. How about Roger Ruff?

22 A. No.

23 Q. Do you know those people?

24 MR. ALEXANDER: Objection, relevance.

1 A. Do I know them? What do you mean do I
2 know them?

3 Q. Do you work with those people on a normal
4 basis?

5 A. No.

6 Q. Going back to your accounting background,
7 do you know what an impairment is?

8 A. Yes.

9 Q. Do you agree that an impairment is a
10 writeoff in value of an asset in order to bring the
11 value of the asset on the books in line with the
12 estimated market value?

13 A. It's not completely the correct
14 definition under accounting rules but generally
15 speaking, that's correct.

16 Q. Can you provide the correct definition,
17 please.

18 A. So there's many different types of
19 impairments of assets that you could have. Generally
20 speaking it's when the realizable value of an asset
21 is less than the carrying value of that asset on the
22 books in accordance with US GAAP.

23 Q. Okay. And are you familiar with
24 Accounting Standard Codification 980 or also known as

1 ASC 980?

2 A. I don't memorize all the accounting rules
3 and numbers.

4 Q. Okay. Would you agree that when certain
5 regulatory events happen, it triggers a requirement
6 that a company perform an impairment analysis?

7 A. Depending on the regulatory decision,
8 that's possible.

9 Q. Okay. And I don't think this is
10 confidential, but do you know whether FES has
11 undertaken an impairment analysis regarding Sammis,
12 Clifty Creek, Kyger Creek, or Davis-Besse in the last
13 three years?

14 A. I believe that's confidential. I have no
15 problem answering that question, but I would rather
16 it wait until the confidential section.

17 Q. Okay. That's fine. Likewise, the
18 results of that analysis would be confidential too,
19 right?

20 A. Absolutely.

21 Q. Okay. Are you familiar -- are you
22 familiar with the term installed capacity?

23 A. I don't know what that means.

24 Q. What about ICAP?

1 A. I've heard that term.

2 Q. Okay. Funny how people know the acronym
3 rather than the real words sometimes. Are you
4 familiar with PJM's rules related to ICAP or UCAP, or
5 unforced capacity?

6 A. I don't know all the rules associated
7 with that.

8 Q. Do you know any of them?

9 MR. ALEXANDER: Objection. We are
10 getting pretty far afield of his testimony. Go ahead
11 and answer, if you can.

12 A. I know ICAP is what determines the
13 capacity revenues that you could -- that a generation
14 station could earn if they cleared the capacity
15 auction.

16 Q. Do you mean UCAP, Mr. Lisowski? Isn't it
17 true that -- I'm sorry. Go ahead. I didn't mean to
18 interrupt you.

19 A. No, go ahead.

20 Q. Isn't it true that PJM uses unforced
21 capacity to determine the amount of capacity
22 compensation it can receive?

23 A. You are correct. This gets into the
24 competitively sensitive area but in my workpapers you

1 will see that I use the UCAP of each of the stations.

2 Q. Okay. Are you -- are you familiar with
3 how those unforced capacity levels were determined?
4 And I don't want you to divulge competitive
5 information. But are you familiar with the process
6 of determining a UCAP level?

7 A. I am not.

8 Q. Who would have performed that calculation
9 for purposes of your workpapers?

10 A. FES provided them.

11 MR. OLIKER: I'm sorry, did somebody else
12 speak?

13 MR. ALEXANDER: If everyone could mute
14 their lines, please.

15 Q. Mr. Lisowski, do you know who provided
16 that calculation within FES?

17 A. The specific individual, no.

18 Q. So if I were to ask you questions in the
19 confidential section about the UCAP levels and how
20 that may have been determined, would you be able to
21 answer those questions?

22 A. Like I said before, those were provided
23 to me by the FES so, no.

24 Q. Do you know if there -- which witness

1 would be the appropriate witness for asking those
2 questions to, if you know?

3 A. I don't know.

4 MR. ALEXANDER: Let's go off the record.

5 (Discussion off the record.)

6 MR. ALEXANDER: So let's go back on.

7 Q. This may be a question better for
8 Mr. Fisk later but is FirstEnergy Solutions offering
9 a witness to discuss the unforced capacity levels
10 that are contained in the model?

11 MR. ALEXANDER: Objection.

12 MR. OLIKER: Trevor, let's go off the
13 record. Let's talk about it there.

14 MR. ALEXANDER: Let's go off the record.

15 (Discussion off the record.)

16 Q. Mr. Lisowski, before we were talking
17 about PJM's rules as they relate to unforced capacity
18 and installed capacity. Have you read any of the PJM
19 manuals?

20 A. No.

21 Q. Do you know what the definition of
22 nominal capacity is?

23 A. No.

24 Q. So in that regard you don't know if

1 nominal capacity and installed capacity are
2 different?

3 A. No.

4 Q. Do you know the formula for determining
5 an unforced capacity level?

6 A. No.

7 Q. Do you know the installed capacity level
8 of Sammis or ICAP level?

9 MR. ALEXANDER: Objection, compound.

10 A. Can you repeat the question?

11 Q. Do you know Sammis's ICAP level?

12 A. I don't.

13 Q. Are you familiar with the impact of
14 higher environmental controls on Sammis from an
15 output perspective?

16 A. What do you mean by impact?

17 Q. In other words, is it your understanding
18 that the installation of environmental controls has
19 reduced the total potential output of Sammis?

20 A. I'm sorry, can you repeat the question?

21 Q. Maybe break it out, are you familiar with
22 the term parasitic load?

23 A. No.

24 Q. Do you know that Sammis has environmental

1 controls installed?

2 A. Yes.

3 Q. Do you know whether those environmental
4 controls are powered by the output of Sammis?

5 A. I don't know.

6 Q. And I apologize if I already said this,
7 but you said you don't know how PJM determines an
8 unforced capacity level?

9 A. I don't know.

10 Q. Do you know what a forced outage is?

11 A. In what context?

12 Q. In the context of, say, the Sammis plant.

13 A. I'm sorry, could you rephrase the
14 question?

15 Q. Can you -- would you agree that a
16 plant -- a generation plant can go offline from time
17 to time?

18 A. Yes.

19 Q. Would you agree that sometimes a plant
20 goes offline at an un -- unanticipated time?

21 A. Yes.

22 Q. Would you agree that's called a forced
23 outage?

24 Sorry. Did you answer the question?

1 A. No, no. I want to make sure I
2 understand. It's a plant that's coming offline
3 unanticipated would be called a forced outage. I
4 mean, are you calling it a forced outage, or is it a
5 defined term in the PJM manual?

6 Q. I am asking what is your understanding.

7 A. My understanding is if a plant came off
8 in an unplanned manner, it could be considered a
9 forced outage.

10 Q. Okay. And is it your understanding that
11 a plant's forced outage rate impacts the amount of
12 capacity compensation you can receive?

13 A. Yes.

14 Q. Did you evaluate historical forced outage
15 rates of Sammis, Davis-Besse, Kyger Creek, and Clifty
16 Creek?

17 A. Evaluated how?

18 Q. Did you look at it?

19 A. I guess what do you mean by looked at it?

20 Q. Well, for example, you have got a model
21 here. Would you agree that the model assumes a level
22 of unforced capacity for each of the generating
23 plants?

24 A. Yes.

1 Q. And you did not personally evaluate
2 whether those numbers were reasonable, correct?

3 A. I was provided those operating parameters
4 from the fossil and nuclear operations.

5 Q. And you did not undertake any analysis to
6 determine if those were reasonable, correct?

7 A. That's correct.

8 Q. And I'm sorry if you already answered
9 this and I forgot, but did you review the historical
10 forced outage rate for Sammis for the past six years?

11 A. I don't recall.

12 Q. And would your answer be the same for
13 Clifty Creek and Kyger Creek?

14 A. I don't recall.

15 Q. Would your answer be the same for
16 Davis-Besse?

17 A. I don't recall.

18 Q. Okay. A few more questions. Are you
19 familiar with the PJM capacity performance proposal?

20 A. How would you define familiar?

21 Q. Maybe you can correct my question and
22 just tell me what is your understanding of PJM's
23 capacity performance proposal.

24 A. I've seen the news articles about it

1 coming out but that's about the extent to it.

2 Q. Did you read about the penalties in the
3 performance proposal?

4 A. I am not familiar with the details of
5 them.

6 Q. So would you agree that your model does
7 not assume that Sammis, Clifty Creek, or Kyger Creek
8 are forced to pay penalties for not performing?

9 MR. ALEXANDER: Objection to form. Go
10 ahead.

11 A. My model takes the FES projected amount
12 of megawatts that are available to clear the capacity
13 auction with the capacity revenue forecast provided
14 by Mr. Rose. That was my forecast for capacity
15 revenue.

16 Q. Okay. So let's break it down. There's
17 an unforced capacity level assumed in the model,
18 correct?

19 A. Well, what -- which model are we talking
20 about?

21 Q. Talking about the model that was used in
22 the cash flow projections in your testimony.

23 A. I'm sorry, can you repeat the question?
24 Someone chimed in and you got cut off.

1 MR. ALEXANDER: Actually before you do
2 that, Mr. Oliker, could whoever chimed in identify
3 themselves, please?

4 MS. BRADY: Hi. This is Cynthia Brady
5 from Exelon.

6 MR. ALEXANDER: Okay. Good morning.
7 Go ahead, Mr. Oliker.

8 Q. Sure. Okay. Let's take it one step at a
9 time. You agree your testimony has a projection of
10 the cash flow of four FES plants.

11 A. My projections are not a cash flow
12 projection.

13 Q. Okay. Would you agree it compares the
14 costs and revenues associated with those plants?

15 A. Which plants are we talking about?

16 Q. Would you agree there are four plants
17 that are the subject of this application, Clifty
18 Creek, Kyger Creek, Davis-Besse, and Sammis?

19 A. We didn't project out the OVEC plants
20 separately.

21 Q. Okay. But would you agree your testimony
22 provides an analysis of whether or not the RRS will
23 be a charge or a credit in each year?

24 A. I did not do any projections related to

1 the RRS.

2 Q. Okay. What would you call your
3 testimony, Mr. Lisowski?

4 MR. ALEXANDER: Argumentative.
5 Objection, argumentative.

6 MR. OLKER: I am just asking what did he
7 do. If he is not going to answer my questions, this
8 is going to take hours.

9 MR. ALEXANDER: I haven't heard a
10 question pending so could you please reask your
11 question?

12 Q. What is your testimony, Mr. Lisowski?
13 What did it do?

14 MR. ALEXANDER: Objection, argumentative.
15 What is his testimony?

16 MR. OLKER: I am asking him at a high
17 level.

18 MR. ALEXANDER: If you can answer that
19 question, go ahead.

20 A. My testimony on pages 1 and 2 lay out
21 what my testimony is referring to.

22 Q. Okay. So you projected the output of
23 four plants, correct?

24 A. No.

1 Q. Okay. So it says, "I then calculate the
2 projected revenues which will be created by the
3 output of the plants." Is that not your testimony?

4 A. That is my testimony.

5 Q. Okay. Would you agree that your
6 projected revenues include an assumption of unforced
7 outage rate?

8 A. My forecast that I've laid out in my
9 testimony does include an assumption for operating
10 parameters that dictate how the plants will perform.

11 Q. And one of those operating parameters is
12 unforced outage rates, correct?

13 A. That's correct.

14 Q. Okay. So in every instance where the
15 unforced outage rate where the number is greater than
16 zero it means this is a projection that FirstEnergy
17 Solutions' plants may go offline at an unanticipated
18 time; is that correct?

19 A. That's correct.

20 Q. So you would agree that in the event
21 there are penalties for going offline for an unforced
22 outage, those would not be picked up in your
23 analysis.

24 A. That's correct.

1 Q. Thank you. Are you familiar with the
2 date the model was run?

3 A. I don't know the specific date. I don't
4 recall.

5 Q. Do you know the month?

6 A. It would have been in the May, June, July
7 time period of this year.

8 Q. You don't know anything more specific on
9 that?

10 A. I don't remember the specific date that
11 we pushed the button to get the model output.

12 Q. Okay. Just a few more questions. You
13 talked about the price assumptions provided by Judah
14 Rose. Were you involved at all in the retention of
15 Judah Rose?

16 A. No.

17 Q. Do you know whether any assumptions were
18 provided to Judah Rose?

19 A. No.

20 MR. OLIKER: Can I have just a minute? I
21 think I might be done.

22 (Discussion off the record.)

23 Q. Mr. Lisowski, just one or two more
24 questions. We talked a little bit about projections

1 of the impact of regulations on CO-2. How familiar
2 are you with proposed environmental regulations?

3 A. Not -- not familiar at all.

4 Q. Are you familiar with the term called
5 environmental dispatch?

6 A. No.

7 Q. Would you agree that the model does not
8 incorporate any potential constraints on
9 carbon-intensive resources' ability to dispatch
10 besides a carbon impact?

11 MR. ALEXANDER: Could I have that
12 question reread, please?

13 (Record read.)

14 MR. ALEXANDER: Objection to form. Yeah.
15 Could you repeat the question?

16 Q. Sure. Would you agree the model does not
17 contain any restraints on carbon-intensive resources
18 besides a carbon impact?

19 A. I don't understand that question.

20 Q. Okay. You agree the model has a
21 projection of costs of CO-2.

22 A. Yes.

23 Q. Okay. There are no other carbon-related
24 restrictions in the model, correct?

1 A. What do you mean by restrictions?

2 Q. For example, the model doesn't impose any
3 artificial limitations on the amount of full
4 requirement resources through dispatch, correct?

5 A. I don't know.

6 Q. Do you know who would be able to answer
7 that question?

8 A. I don't know.

9 MR. OLIKER: Okay. I think that's all
10 the questions I have in the public record. Thank
11 you, Mr. Lisowski.

12 MR. ALEXANDER: Okay. Would -- I believe
13 OMA, Ms. Hussey, would you like to go next?

14 MS. HUSSEY: I would but my questions for
15 the public record have already been taken care of so
16 thank you for the opportunity though.

17 MR. ALEXANDER: Okay. Ms. Fleisher?

18 MS. FLEISHER: Sure, I'll go ahead.

19 - - -

20 CROSS-EXAMINATION

21 By Ms. Fleisher:

22 Q. Mr. Lisowski, my name is Madeline
23 Fleisher. I represent the Environmental Law & Policy
24 Center. Thank you for being here today -- or there

1 rather.

2 You mentioned before that you work with
3 this FES model on a somewhat regular basis; is that
4 correct?

5 A. That's correct.

6 Q. And can you provide me a couple of
7 examples of other situations in which you would be
8 using this model?

9 A. Really any time FES has needed to use --
10 to have a long-term forecast for its generation
11 stations.

12 Q. Okay. Have you used this model in
13 connection with any other proposed or finalized
14 purchase power agreement?

15 A. FES doesn't have any other proposed
16 purchase power agreements associated with its
17 generation assets, so no.

18 Q. Okay. And just to make sure we're clear
19 on the record, no prior purchase power agreements
20 that are no longer in effect.

21 MR. ALEXANDER: Objection to form.

22 A. Could you repeat the question?

23 Q. Sure. I am happy to clarify it. Are you
24 aware of any prior purchase power agreements with

1 respect to which FES has used this model?

2 A. I don't know.

3 Q. Okay. And in the other context in which
4 you've used the model, do you -- have you ever tried
5 alternative assumptions, inputs into the model to see
6 if you get different results?

7 A. I guess under what -- under what
8 circumstances?

9 Q. Any circumstances in which you are
10 relying on the model.

11 A. Are you referring to specifically the
12 attachments in my testimony, or are you saying just
13 in the normal course of FES's business?

14 Q. I'm saying -- maybe it would help if we
15 talk about a specific -- can you give me just one
16 specific example of a time when you would rely on the
17 model?

18 A. In this pending PPA.

19 Q. Besides this PPA.

20 A. If we were going to look at one plant in
21 particular, if we wanted to look at how that plant
22 was performing based on our assumptions, it could be
23 any of FES plants, we could run this to see how it
24 was performing from a financial perspective in a

1 long-term forecast.

2 Q. Are there any business decisions where
3 you use this model?

4 A. Yes.

5 Q. Okay. Can you give me an example of one
6 of those?

7 A. Could be a lot of different things from
8 FES. It could be any type of strategic decision
9 associated with the generation plants.

10 Q. Okay. If your -- putting aside this
11 purchase power agreement for one second, if you're
12 using this model as you say you have in making a --
13 some other business decision, would you just do one
14 run of the model?

15 A. I mean, that's a -- I mean, that's such a
16 vague question. It depends on so many factors. It
17 depends on, you know, what the business decision was
18 related to. It depends on the asset. It's -- it
19 just depends on so many factors but I would say --

20 Q. Have you ever -- have you ever in making
21 a business decision done more than one run of this
22 model?

23 A. I don't recall.

24 Q. You don't recall.

1 A. I can't think of an example.

2 Q. Have you ever -- have you ever put
3 different assumptions into the model?

4 A. Different from what?

5 Q. From -- have you ever run the model twice
6 in any situation using different assumptions to see
7 how it came out?

8 A. Not that I recall.

9 Q. So for every -- every time you've used
10 the model that you can recall, you have input a
11 single set of assumptions, come out with a result,
12 and that's the result you've used.

13 A. In every case that I can recall, that's
14 correct.

15 Q. Can you recall any other instances in
16 which you've accepted input for the model from a
17 third party?

18 A. Not that I recall.

19 Q. And when you received the inputs from
20 Mr. Rose, you said that you accepted those and
21 plugged them into the model; is that correct?

22 A. Into the model that was used for this --
23 for my testimony, that's correct.

24 Q. Okay. Is there some other model that you

1 would have plugged them into?

2 A. I'm sorry. I am not following you. Can
3 you repeat the question?

4 Q. Sorry. You seem to be specific that it
5 was into the model that you used for your testimony.
6 I just was wondering if there is some other model
7 that you had in mind.

8 A. No. We -- we have one model that -- that
9 we use for long-term forecasting and that was the
10 same model used in my testimony.

11 Q. Okay. Great. That was my understanding
12 as well. And is your understanding that Mr. Rose was
13 working for FirstEnergy Solutions?

14 A. I don't know.

15 Q. Give me one second here. I think one
16 more question. So when -- do you know with respect
17 to the projected costs for the Sammis plants whether
18 that incorporated any potential for required heat
19 rate improvements?

20 MR. ALEXANDER: Could I have that
21 question reread, please?

22 MS. FLEISHER: Sorry. Do you want me to
23 repeat or?

24 MR. ALEXANDER: I was asking the reporter

1 to repeat. I didn't catch it. I want to make sure I
2 heard it all.

3 MS. FLEISHER: Sure.

4 (Question read.)

5 MR. ALEXANDER: Objection. Go ahead.

6 A. I don't know. I don't know the answer to
7 that.

8 MS. FLEISHER: Okay. I think that's all
9 I have. Thanks.

10 MR. ALEXANDER: Thank you. Would anyone
11 else like to ask questions of Mr. Lisowski in the
12 public portion of the transcript?

13 MR. SETTINERI: Yes. This is Mike
14 Settineri with RESA. I don't know if anybody else
15 also has questions.

16 MR. ALEXANDER: Okay. Mike, go ahead.

17 MR. SETTINERI: Thank you, Trevor.

18 - - -

19 CROSS-EXAMINATION

20 By Mr. Settineri:

21 Q. Good morning, Mr. Lisowski. My name is
22 Mike Settineri on behalf of the Retail Energy Supply
23 Association. How are you?

24 A. I am doing well. Good morning to you as

1 well.

2 Q. I want to just cover a few areas here but
3 going -- following up on some of the questions that
4 were just asked regarding the model, I think you had
5 mentioned that you -- at any time FES needs a
6 long-term forecast that that model would be used; is
7 that correct? This is the proprietary dispatch model
8 that's referenced in your testimony.

9 A. That's correct.

10 Q. Okay. And in comparing those modeling
11 runs to the modeling run that you did using
12 Mr. Rose's energy prices, what forecast for energy
13 prices did you use or, I should say, were used for
14 those prior modeling runs?

15 MR. ALEXANDER: Just a clarification
16 point, are you asking for who provided those
17 forecasts, or are you asking for the numbers?

18 MR. SETTINERI: I am not asking for the
19 numbers. I am just asking who -- who provided those
20 and getting to the essence of it is what company.

21 MR. ALEXANDER: Go ahead.

22 A. I want to make sure I understand the
23 question. You are asking in prior to this proposed
24 PPA in the forecasts in my testimony when FES has

1 used this forecast, you are asking me where did those
2 inputs come from?

3 Q. Yes. When FES has used this proprietary
4 dispatch model previously, where did the energy
5 pricing forecasts come from?

6 A. It came from FES, FirstEnergy Solutions.

7 Q. And, now -- and specifically did that
8 come from a department in FES?

9 A. It came from the FES organization.

10 Q. Do you know what part of the
11 organization?

12 A. I don't know the specific department
13 within the group.

14 Q. Do you know the individual?

15 A. I do not.

16 Q. Okay. Do you have any involvement in
17 reviewing the accuracy of those forecasts?

18 A. Which forecasts?

19 Q. In the energy pricing forecasts that were
20 provided by FES from prior runs of the proprietary
21 dispatch model.

22 A. I want to make sure I clarify. Are you
23 asking about the accuracy of the energy forecasts?

24 Q. Yes. I want to know if you had any

1 involvement in reviewing the accuracy of those
2 forecasts for energy prices that were used as inputs
3 to those prior modeling runs.

4 A. No, no, I did not.

5 Q. Okay. And how far out were those
6 forecasts for energy pricing?

7 A. I don't recall how far out they go.

8 Q. Okay. Thank you. More than one year?

9 A. Yes.

10 Q. More than two years?

11 A. Yes.

12 Q. More than five years?

13 A. Yes.

14 Q. More than 10 years?

15 A. Yes.

16 Q. More than 15?

17 A. Yes.

18 Q. More than 20?

19 A. Yes.

20 Q. More than 30?

21 A. I don't know.

22 Q. So at least over 20 years?

23 A. Yes.

24 Q. Okay. And were -- for the prior model

1 runs that you are aware of in regards to the pricing
2 energy forecast, did all of those forecasts that were
3 used as inputs use the same term, the same timeframe,
4 for the forecast?

5 A. I don't recall.

6 Q. Is it fair to say FES has maintained
7 forecasts on energy prices at least out 20 years?

8 A. Yes.

9 Q. Okay. And, now, turning -- the work that
10 you did in your testimony and the fact that you used
11 the proprietary dispatch model to come up with the
12 tables that are attached to the -- to your testimony,
13 why didn't you use the FES forecasts to prepare your
14 testimony? And this is in regards to the FES
15 forecast of energy pricing.

16 A. That's because I was requested to use the
17 energy forecasts and price forecasts that was
18 provided by Witness Rose. I was not requested to use
19 the FES forecasts.

20 Q. Did you have any conversations with
21 anyone that you felt that you would prefer to use the
22 FES energy pricing forecasts?

23 A. No.

24 Q. Did you feel like you had the option to

1 use those forecasts for the FES energy pricing
2 forecasts versus Mr. Rose's energy pricing forecasts?

3 A. I guess what -- can you rephrase the
4 question?

5 Q. Sure. You were told to use the --
6 Mr. Rose's energy pricing forecasts for your input to
7 your model, correct?

8 A. In the request that originated from Jim
9 Haney it was requested that I run the dispatch model
10 using Witness Rose's assumptions and inputs.

11 Q. And did you feel you could ignore that
12 request and use FES's energy pricing forecast
13 instead?

14 A. I was requested to use Witness Rose's, so
15 I don't know why I would have ignored that because
16 that wouldn't have met the request of Mr. Haney.

17 Q. Okay. Now, going back to the FES
18 forecast, the FES energy pricing forecast, has FES
19 conducted any forecast on capacity prices on a
20 going-forward basis?

21 A. Yes.

22 Q. And in regards to prior work that you've
23 done with this proprietary dispatch model, did -- am
24 I correct that the forecasted capacity prices would

1 not be an input to that model?

2 A. Correct.

3 MR. SETTINERI: And, Mr. Alexander, if I
4 veer into an area you would like me to defer to the
5 confidential, let me know.

6 Q. But I am just confirming here then,
7 Mr. Lisowski, then you would take the outputs from
8 your model and you would apply the capacity pricing
9 as part of your overall summary of project -- cost
10 projection -- revenue projection; is that correct?

11 A. No.

12 Q. What did I state that was wrong?

13 A. I heard you say I took the outputs from
14 the model and multiplied that by the capacity rates
15 to derive the capacity revenues or expenses.

16 Q. Okay. That's not correct, is it? You
17 take the capacity revenues and you develop a revenue
18 figure based -- based on -- you take the capacity
19 pricing forecast and you use that to develop your
20 capacity revenues; is that correct?

21 A. Yes.

22 Q. And, now, so does -- forgive me if I
23 already asked this, but FES maintains capacity price
24 forecasts, correct?

1 A. Yes.

2 Q. And how far out are those forecasts?

3 A. I don't know exactly how long they go
4 out.

5 Q. Okay. And same exercise as last time but
6 work backwards, over 20 years?

7 A. I don't know if it goes beyond 20 years.

8 Q. All right. Beyond 15?

9 A. It does go beyond 15.

10 Q. Okay. And didn't you use the FES
11 capacity forecast to develop your testimony versus
12 Mr. Rose's capacity forecasts?

13 A. I was requested through the request from
14 Mr. Haney to use the capacity revenue -- excuse me,
15 the capacity rates forecasted by Mr. Rose.

16 Q. Do you anticipate running any future --
17 using your priority dispatch model for any future
18 forecasting?

19 A. For what purpose?

20 Q. Well, let me rephrase that. Do you
21 anticipate using your proprietary dispatch model to
22 develop forecasts for revenues?

23 MR. ALEXANDER: Objection. Forecasts for
24 FES or forecasts for the companies in this

1 proceeding?

2 Q. Fair clarification. For let's start with
3 FES.

4 A. Yes.

5 Q. Okay. And will you use Mr. Rose's energy
6 price input for those modeling runs?

7 A. No.

8 Q. Why not?

9 A. If FES has an internal projection that is
10 needed, they are going to use FES's assumptions.

11 Q. Well, I will ask you again though why use
12 FES's internal assumptions versus Mr. Rose's
13 assumptions?

14 A. If FES is coming up with an internal
15 forecast, they are going to use their own
16 assumptions.

17 Q. Do you feel FES's internal assumptions
18 are more accurate than Mr. Rose's assumptions?

19 A. I don't know.

20 Q. In regards to the forecasts are they
21 based by unit?

22 A. Are we talking about the -- you are
23 talking about generically the model?

24 Q. Yeah, I apologize. Generically with the

1 model the output -- let me back up.

2 Generically the proprietary dispatch
3 model is each run done on a unit basis?

4 A. Yes.

5 Q. So in order to model the Sammis, the
6 Davis-Besse unit, and the OVEC entitlement -- or the
7 OVEC units, you would have to do a number of runs of
8 the proprietary dispatch model, correct?

9 A. Hold on a second. I want to back up
10 something. You did state it correctly. OVEC is run
11 in the model not by individual units. OVEC is run as
12 one essentially unit, if you want to talk -- think of
13 it that way. But the Sammis units and Davis-Besse
14 are on individual unit. So I want to make sure
15 that's clear in the record. And, I apologize, can
16 you repeat the question you just asked me?

17 Q. Sure. And let me just -- for my own how
18 many units are with the Sammis plant?

19 Did you hear that Mr. Lisowski?

20 A. Oh, you are asking me that question?

21 There are seven units at Sammis.

22 Q. All right. And Davis-Besse is one?

23 A. That's correct.

24 Q. And OVEC entitlement counts as one unit,

1 correct?

2 A. In our model, that's correct.

3 Q. Okay. So you would run nine runs of the
4 model -- let me back up. For your testimony you ran
5 nine runs of that model to develop your testimony,
6 correct?

7 A. Well, technically, no. The model can run
8 multiple units at the same time as part of one run.

9 Q. Okay. That helps, thank you. Another
10 question I had is on the output of the model. We
11 discussed the inputs. What output -- what are the
12 primary outputs that you get from this model that
13 help you -- that you use to develop -- that you
14 developed -- helped you develop the table in your
15 testimony?

16 MR. ALEXANDER: Objection to form. Go
17 ahead, if you can.

18 A. Could you repeat the question?

19 Q. It was pretty butchered. What are the
20 primary outputs of the model?

21 A. There's a number of outputs of the model.
22 And I'll answer the question. I think we are getting
23 pretty close to the confidential side of it though.
24 But actually I believe there was a discovery response

1 where we did provide the output of the model.

2 Q. Okay. Well, I'll just table that and
3 we'll ask that. Some other questions, Mr. Lisowski,
4 you had mentioned earlier you are named as an officer
5 in various entities.

6 A. That's correct.

7 Q. Okay. Just so I understand what do you
8 mean by named?

9 A. I'm considered an officer of those legal
10 entities within FirstEnergy Corp.

11 Q. Okay. So you have -- I am just trying to
12 drill down just to understand, so you have -- there
13 has been a resolution or some action taken by those
14 entities naming you or designating you as an officer;
15 is that correct?

16 A. That's correct.

17 Q. Thank you. Let me ask this question. I
18 guess -- I think at this point if you don't mind
19 looking at I think what was marked earlier as I
20 believe it's Sierra Club Exhibit 1, the
21 organizational chart that's in black and white.

22 A. Okay. I have it.

23 Q. Let me ask you this question, does
24 FirstEnergy Corp. have any employees?

1 A. I don't know.

2 Q. Okay. And let's just kind of walk
3 through the org chart then, if you don't mind. Does
4 FirstEnergy Solutions have employees?

5 A. Yes.

6 Q. Okay. Does FirstEnergy Nuclear
7 Generation have employees?

8 A. You are talking FirstEnergy Nuclear
9 Generation, LLC?

10 Q. That's correct.

11 A. No.

12 Q. And does FirstEnergy Generation, LLC,
13 have any employees?

14 A. Yes.

15 Q. And FirstEnergy Nuclear Operating
16 Company, does that have employees?

17 A. Yes.

18 Q. And do you know the form of corporate
19 entity for FirstEnergy Nuclear Operating Company?

20 A. I don't know if I understood the
21 question.

22 Q. Is it an LLC?

23 A. I don't know.

24 Q. Okay. And what about FirstEnergy

1 Solutions Corp.?

2 A. I don't know.

3 Q. Okay.

4 MR. OLIKER: Mike, I apologize. I need
5 to drop off the call for a minute. You will hear my
6 tone, so I will be back in a little bit. Sorry to
7 interrupt.

8 Q. Okay. And another question you may not
9 know the answer to, Mr. Lisowski, do you know who
10 the -- do you know who the managing member of -- is
11 for FirstEnergy Generation, LLC?

12 MR. ALEXANDER: Objection, relevance.
13 Answer if you know.

14 A. What do you mean by managing?

15 Q. I am just trying to understand the
16 corporate structure, the structure, and so, for
17 instance, is FirstEnergy Generation, LLC, is it a
18 single member LLC where the only member is
19 FirstEnergy Solutions Corp.?

20 MR. ALEXANDER: Same objection.

21 A. I don't understand the question.

22 Q. Okay. Let me ask you this question, it's
23 my understanding -- let me ask you this, what's your
24 understanding of the cost recovery or what will

1 FirstEnergy Solutions Corp. recover not in terms of
2 dollar amounts but generally conceptually through
3 the -- through the PPA from FirstEnergy -- or from
4 the EDUs?

5 MR. ALEXANDER: Objection. Beyond the
6 scope of his testimony. Go ahead.

7 A. I believe Mr. Ruberto's testimony lays
8 that out.

9 Q. Would that be a cost of service plus
10 return on investment?

11 MR. ALEXANDER: Objection. Beyond the
12 scope of his testimony. Go ahead.

13 A. I think you need to look at Mr. Ruberto's
14 testimony for that.

15 Q. Okay. Well, let me -- I just want to
16 walk through this then. So, first of all, under the
17 PPA, do you know who will be making payments to
18 FirstEnergy Solutions for the energy and capacity for
19 the units? And when I say units, that includes
20 Sammis, Davis-Besse, and OVEC entitlement.

21 MR. ALEXANDER: Again, objection. It's
22 beyond the cope of his testimony.

23 A. I don't know who is going to be paying
24 the energy capacity revenues. I don't know.

1 Q. All right. Let me ask you this then,
2 let's assume though that there are payments coming
3 into FirstEnergy Solutions Corp. for energy and
4 capacity, all right? Now, does FirstEnergy Solutions
5 Corp. as part of its cost have to make payments to
6 FirstEnergy Generation?

7 MR. ALEXANDER: Objection. The witness
8 has said he doesn't know how the flow of funds is
9 going to work.

10 MR. SETTINERI: No, that wasn't it.
11 Let's see if he can answer it.

12 A. I don't -- I don't understand the
13 question.

14 Q. All right. Let's start am I correct that
15 FirstEnergy Generation houses the fossil assets?

16 A. FirstEnergy Generation, LLC, does own
17 fossil assets.

18 Q. Right. And Davis-Besse would be owned by
19 FirstEnergy Nuclear Generation, LLC, correct?

20 A. That's correct.

21 Q. Okay. And then First Nuclear -- sorry,
22 FirstEnergy Nuclear Operating Company, that would be
23 the operator for Davis-Besse; is that correct?

24 A. That's correct.

1 Q. Okay. Does FirstEnergy Solutions make
2 any payments to FirstEnergy Nuclear Operating Company
3 for the operation of the Davis-Besse plant?

4 A. FirstEnergy Solutions, no.

5 Q. Okay. Who -- does any entity make
6 payments to FirstEnergy Nuclear Operating Company for
7 operating the Davis-Besse plant?

8 A. FirstEnergy Nuclear Operating Company
9 will allocate IGS costs to the owner of the nuclear
10 generation assets.

11 Q. Okay. And how -- how many nuclear
12 generation assets are there under the FirstEnergy
13 Nuclear Operating Company?

14 A. Could you rephrase the question?

15 Q. How many nuclear assets are under
16 FirstEnergy Nuclear Operating Company?

17 A. There's a number of assets that FENOC
18 is -- nuclear assets that FENOC is operating.

19 Q. And so -- so there's an allocation done
20 on the cost incurred by FirstEnergy Nuclear Operating
21 Company and then that allocation gets assessed among
22 the assets; is that correct?

23 A. That's correct.

24 Q. And where does the assessment for

1 Davis-Besse end up?

2 A. It would show up -- I guess what do you
3 mean where does it show up?

4 Q. I assume that assessment is going to be
5 incurred by some entity and go on some entity's
6 books.

7 A. Would show up as an operating cost to
8 that generation plant.

9 Q. Whose books would it be on?

10 A. That expense would be shown on the books
11 of whoever owns that generation asset.

12 Q. So that would -- that would show on the
13 books of FirstEnergy Nuclear Generation, correct?

14 A. For the assets that FirstEnergy Nuclear
15 Generation, LLC, owns.

16 Q. Okay. All right. Is that allocation
17 subject to change?

18 A. I guess what do you mean?

19 Q. Let's say we have 100 percent and 20
20 percent of the costs for FirstEnergy Nuclear
21 Operating Company are assessed against the
22 Davis-Besse unit as of 2014. Is there a chance that
23 in 2015 that allocation could change?

24 A. FirstEnergy Nuclear Operating Company

1 charges their time to the generation assets based on
2 the activities that FirstEnergy Nuclear Operating
3 Company is doing, so if allocation changed, it's
4 because the activities changed.

5 Q. What kind of activities would drive a
6 change?

7 A. If -- I mean, there could be a number of
8 reasons on why the allocations could go up or down.
9 I mean, there is all kinds of different reasons that
10 could occur.

11 Q. Let me ask you a question. You mentioned
12 earlier about the proprietary dispatch model is run
13 by a group called business development, correct?

14 A. That's correct.

15 Q. What is the role of the business
16 development group?

17 A. Well, one item is they run the
18 proprietary dispatch model, but they also will look
19 at other strategic initiatives as a service company
20 group within FirstEnergy.

21 Q. So you said they look at strategic
22 initiatives within the FirstEnergy companies; is that
23 what you said?

24 A. I said across -- I said they -- I'm

1 sorry. Could you repeat that question?

2 MR. SETTINERI: Actually if the court
3 reporter doesn't mind, if she could just or he could
4 just read the answer back for me on that from
5 Mr. Lisowski.

6 (Record read.)

7 MR. SETTINERI: Okay. Thank you.

8 Q. And when you use the phrase "strategic,"
9 what do you mean?

10 A. It could mean a lot of different things.
11 It could look at asset divestitures. It could look
12 at asset acquisitions. They could look at a
13 multitude of long-term strategic opportunities that
14 reside within the company.

15 Q. Okay. Now, you had mentioned that you --
16 that this modeling was done under your supervision.
17 What do you mean by under your supervision?

18 A. I requested business development to run
19 the model based on the inputs I provided them. They
20 then provided me the outputs. I reviewed the
21 outputs. If I had any questions, I discussed it with
22 business development. That's what I meant by
23 supervision.

24 Q. Okay. Thank you. When you provide the

1 inputs, do you provide those electronically or in
2 writing?

3 A. Electronically.

4 Q. And then what happens -- the person that
5 receives those inputs electronically from you, what
6 do they do with that -- those -- that information?

7 A. They will input it into the modeling
8 dispatch system.

9 Q. Okay. And you mentioned previously that
10 the modeling system, at least part of it, consists of
11 an Excel spreadsheet, correct?

12 A. It's -- it's a Microsoft Excel-based
13 program.

14 Q. Okay. The inputs are keyed in; is that
15 correct?

16 A. They could be keyed in.

17 Q. Okay. Were they keyed in in the case of
18 the modeling that was done for your testimony?

19 A. I don't know if they were keyed in.

20 Q. Well, how -- how -- what's the other
21 method to enter inputs into the model?

22 A. They could take an electronic file I sent
23 them and copied it and pasted it right into the
24 input.

1 Q. Okay. You don't know whether that
2 occurred in this case.

3 A. I don't know what occurred.

4 Q. Okay. You don't know if someone typed in
5 the inputs, whether they transposed a number or made
6 any other kind of mistake in entry; is that correct?

7 A. I reviewed the inputs that were loaded
8 into the model.

9 Q. Was that -- that was a printout from the
10 model?

11 A. It would have been a -- one of the input
12 sections of the model that the model relies on is
13 what I reviewed.

14 Q. Okay. And what did -- and in terms of
15 the inputs, is that something you typically do? Do
16 you review the inputs when you run the models?

17 A. Yes.

18 Q. Okay. And did your review of the inputs
19 include the energy pricing forecasts for Mr. Rose?

20 A. Yes.

21 Q. Okay. And did that -- your review of the
22 inputs include all 15 years' forecasts?

23 A. Yes.

24 Q. Okay. You mentioned, I believe, that

1 there are other inputs to the model besides energy
2 prices and generation capabilities. And correct me
3 if I'm wrong, but I also believe that you mentioned
4 that this model has been used for a number of years.
5 Is there -- do the -- let me ask this question, do
6 the -- do the formulas contained within the model,
7 are they updated or have they been updated since you
8 have been involved with the modeling?

9 A. I'm sorry, can you rephrase the question?

10 Q. It was really clunky. Let me ask again.
11 First of all, am I correct you stated this model has
12 been used for a number of years for internal
13 projections at FES?

14 A. That's correct.

15 Q. Okay. And that it is Microsoft Excel
16 based; that's correct, right?

17 A. That's correct.

18 Q. Okay. And am I correct that there are
19 certain formulas that are contained within this model
20 that are able to generate the output for the model?

21 A. Oversimplified but that's correct.

22 Q. Okay. And if I understand, again maybe
23 oversimplified, but I believe previously that you
24 stated or implied that those formulas have not been

1 updated since you have been working with -- since you
2 have been involved with this model.

3 MR. ALEXANDER: Objection. I think that
4 misstates prior testimony but go ahead.

5 A. You're asking have the -- the formulas,
6 the calculations within the software system, has that
7 been -- has that changed over the last several years;
8 that's your question?

9 Q. Yes, sir.

10 A. I believe I responded previously also
11 that I'm not aware of those formulas changing. They
12 are certainly not updated routinely.

13 Q. Okay. Are you aware of any studies or
14 analyses to determine the accuracy of the proprietary
15 dispatch model?

16 A. I'm sorry, can you repeat that question?

17 Q. Sure. Are you aware of any studies or
18 analysis that has been done by any entity to
19 determine the accuracy of the dispatch model?

20 A. FES routinely uses this forecast in its
21 internal projections. It's constantly relying on it.
22 It's constantly, you know, updating inputs if things
23 are known on the operational side. It uses it a lot.
24 So as part of just constantly using it and

1 understanding it, I would say that is constantly
2 being reviewed for accuracy in that regard.

3 Q. Okay. Have you -- has FES or anyone done
4 a study to actually go back and do a his -- take
5 historic -- I should say actual results and compare
6 those to what the forecasts were?

7 A. I don't know.

8 Q. You mentioned earlier that -- a minute
9 ago you mentioned FES regularly updates inputs and
10 things of that nature, but my question is do you
11 believe the proprietary dispatch model is an accurate
12 model?

13 A. Yes, I do.

14 Q. Okay. What do you base that on?

15 A. Based on the fact that we've used it to
16 project dispatch results in modeling for a number of
17 years and we continue to believe it's accurate. We
18 make decisions off of it. The business utilized it
19 and relies on it. That's why.

20 MR. SETTINERI: Okay. Thank you.

21 If we can go off the record,
22 Mr. Alexander, I can give you a flavor for what I
23 have left.

24 MR. ALEXANDER: Yeah, that would be

1 great. Let's go off the record for a moment.

2 (Discussion off the record.)

3 MR. ALEXANDER: Let's go back on the
4 record, please.

5 Q. Mr. Lisowski, if you could please turn to
6 page 4 of your prefiled testimony.

7 A. Okay.

8 Q. Do you have that?

9 A. Yes.

10 Q. Okay. Thank you. On line 12 and 13, you
11 use the phrase "will be dispatched economically."
12 What do you mean by that phrase?

13 A. It means the plants will operate when
14 their energy revenues are in excess of their variable
15 costs.

16 Q. Okay. And this is in -- that would be a
17 direct result from your -- or a -- that would be part
18 of your model; is that correct?

19 A. I guess I want to make sure I understand.
20 What do you mean it's a part of the model?

21 Q. Well, let's look at the entire phrase.
22 "I used a dispatch modeling system to project how the
23 plants will be dispatched economically and the amount
24 of energy revenues that will be generated by each of

1 the plants." All right? Now, the model is, in
2 essence, a mathematical calculation, correct?

3 A. I'm sorry. Say that word again.

4 Q. The model is a mathematical calculation
5 based on certain inputs.

6 A. Oversimplified but that's correct.

7 Q. Okay. So in looking at the phrase
8 dispatched economically, are you referencing that --
9 that reference relates back to the model or is that
10 how you believe the units will be dispatched going
11 forward under this program?

12 A. No. That's how the model calculates how
13 the dispatch will be. That's a part of the
14 calculation of the model.

15 Q. All right. So the model will consider
16 each unit available to dispatch so long as the unit's
17 variable costs are less than the forecasted and
18 inputted energy price for that period, correct?

19 A. Oversimplified but that's correct.

20 Q. Would it be more accurate in that
21 sentence to state "I used a dispatch modeling system
22 to project how the plants will be dispatched and the
23 amount of energy revenues"? So, in other words,
24 strike the word "economically"?

1 A. No. I believe the way my testimony reads
2 is -- is correct and accurate.

3 Q. All right. I just want to confirm though
4 you stated earlier, I believe, that you are not
5 familiar with -- how the units are dispatched; is
6 that correct?

7 MR. ALEXANDER: Objection. I think that
8 misstates the prior testimony. Go ahead.

9 A. What I said before was that I am not
10 involved in the day-to-day actual decision making of
11 dispatching FES's generation assets.

12 Q. Okay. And you don't know whether going
13 forward these units will be dispatched on a variable
14 cost basis or a must-run basis; is that correct?

15 MR. ALEXANDER: Objection. Are you
16 asking what does the model do or how the plants will
17 actually be run? Which are you asking?

18 MR. SETTINERI: If the court reporter
19 doesn't mind just rereading the question, I would
20 appreciate it.

21 (Record read.)

22 MR. ALEXANDER: Same objection.

23 A. Yeah. Are you referring to the model, or
24 are you referring to how FES is actually going to

1 dispatch?

2 Q. I would be glad -- I am referring to how
3 these units would be dispatched in the future under
4 this program if it's approved.

5 A. I don't know.

6 Q. Okay. Let me ask you this, does the
7 model that you used to develop your testimony, did it
8 include any assumptions that would relate to an
9 operator's or generator assets owner's lack of
10 incentive to reduce variable costs?

11 A. Could you rephrase the question? I don't
12 understand.

13 Q. Sure. Did your model that you used to
14 develop your testimony when you provided the inputs,
15 was there any consideration given in the inputs or
16 with the model itself of any lack of incentive by an
17 operator or generation asset owner to reduce variable
18 costs?

19 MR. ALEXANDER: Objection to form. Go
20 ahead.

21 A. I'm sorry. I still don't understand what
22 question you're asking me.

23 Q. Well, let me just make it simpler,
24 assuming this program goes forward and assuming we

1 have an entity has a guarantee -- a guarantee to
2 recover its costs and assume it's guaranteed to
3 receive a return on equity or investment and assume
4 that that operator would have a disincentive to
5 reduce variable costs, would that have -- did you
6 consider any inputs like that or assumptions like
7 that in your model?

8 A. I don't know whether this proposed PPA
9 would have any impact on how the plants get
10 dispatched going forward.

11 Q. Okay. If you could turn quickly to page
12 5 of your testimony, please, line 15.

13 A. Okay.

14 Q. You state there in line 14 "The model
15 incorporates the generation capabilities of each FES
16 generation facility." When you refer to "generation
17 facility," is that a reference to the overall plant,
18 for example, the Sammis plant or to each unit?

19 A. It's to each unit.

20 Q. Okay. And, likewise, on line 17 and 18,
21 "the forecasting model generates a projection of when
22 the Plants will be operating," when you refer to
23 "Plants" there -- let me back up.

24 When the forecasting model generates a

1 projection of when, is it more accurate to say the
2 units will be operating?

3 A. I wouldn't change the word in my
4 testimony, but the forecasting model would generate a
5 projection by unit.

6 Q. Okay. So any of the units of the Sammis
7 plant, Davis-Besse, or the OVEC, are there any
8 existing capacity contracts in place for those units?

9 MR. ALEXANDER: Yeah. Let's save that
10 for the confidential portion of the transcript.

11 MR. SETTINERI: Thanks, Trevor.

12 Q. Just a quick question, Mr. Lisowski, you
13 have direct staff, correct?

14 A. I guess what do you mean by direct staff?

15 Q. You have direct reports.

16 A. I do.

17 Q. Do you set performance goals for those
18 direct reports?

19 A. I guess just to make sure I'm clear, what
20 do you mean by performance goals?

21 Q. Do you have any written goals for those
22 direct reports?

23 A. Yes.

24 Q. Okay. And do you yourself have written

1 performance goals or written goals?

2 A. Yes.

3 Q. Okay. Do any of your goals relate to the
4 economic stability program or any -- any component of
5 this proceeding?

6 A. No.

7 Q. Okay. Thank you. Do you understand how
8 the OVEC units are dispatched?

9 A. In terms of how the forecast was modeled
10 or in terms of how they actually do dispatch?

11 Q. How they actually do dispatch given the
12 different member interests in the OVEC output.

13 A. No. I don't know.

14 Q. Who -- do you know -- I may have asked
15 you this, and I apologize if I did, who at FES is
16 responsible for dispatching units today?

17 A. There's a dispatch department.

18 Q. If this program is approved as sought in
19 the application and the PPA goes into effect, who
20 will then be doing the dispatching?

21 A. I don't know.

22 Q. Are you aware of any conversations to
23 that effect?

24 A. I don't recall.

1 Q. You had also mentioned that there was
2 some additional for -- you -- let me back up.

3 If I recall, you stated May, June, or
4 July of 2014 was the -- you ran the proprietary
5 dispatch model to help you develop your -- that
6 information was used to develop your testimony. You
7 also mentioned that in August of 2014 there was
8 additional modeling done. Am I correct on the
9 additional modeling in August?

10 A. FES had done additional modeling in
11 August.

12 Q. Okay. And am I correct that that
13 additional modeling in August covered all of -- all
14 generating assets available to FES?

15 A. Yes.

16 Q. And what was the -- what was the -- how
17 far out were the results of the model meaning what
18 term did the model results cover?

19 A. I don't recall the specific year.

20 Q. Well, I am just -- was it for a 15-year
21 period?

22 A. No. It went further out than that, but I
23 don't recall the specific year that it ended on.

24 Q. Okay. And when that modeling was

1 conducted, did you use the FES energy pricing
2 forecasts as an input or Mr. Rose's?

3 A. FES's internal projections.

4 Q. Okay. And when you ran those models, did
5 you develop a table similar to what was attached to
6 your testimony?

7 A. Yes.

8 Q. Okay. And when -- and assuming that you
9 used capacity pricing forecasts to develop that
10 table, did you use FES's capacity forecasts or
11 Mr. Rose's capacity forecasts?

12 A. I used FES's capacity forecasts.

13 Q. And why was that modeling done in August?

14 A. FES is constantly reforecasting long-term
15 projections on all of its fleet as just part of
16 normal course of just understanding the generation
17 and financials of each of its plants.

18 Q. Okay. And why didn't you use Mr. Rose's
19 projections as inputs for that model?

20 A. Since it was an FES forecast, we used
21 FES -- strike that. Since it was an FES forecast, it
22 was decided we needed to use FES's internal
23 projections.

24 MR. SETTINERI: I have no further

1 questions at this time. Thank you for your patience,
2 Mr. Lisowski, Mr. Alexander.

3 MR. ALEXANDER: Thank you.

4 Mr. Fisk, would you like to ask your
5 follow-up questions?

6 MR. FISK: Sure. Thank you.

7 - - -

8 FURTHER CROSS-EXAMINATION

9 By Mr. Fisk:

10 Q. First, I just wanted to clarify, I
11 believe your questions from Mr. Olikar you stated
12 that the coal price projections were provided by
13 Mr. Rose; is that correct?

14 A. That's correct.

15 Q. Okay. And I just wanted to make sure was
16 that only for the Sammis plant? Was the OVEC ones
17 provided by OVEC?

18 A. That's correct.

19 Q. Okay.

20 A. That's correct.

21 Q. Okay. And then following up on the last
22 set of questioning about the new -- the modeling that
23 you did for FES in August that looked out at least 15
24 years, did you use any capital cost projection for

1 FES's plants in that modeling?

2 A. Yes.

3 Q. Okay. And was that capital cost
4 projection different than the one you used in this
5 modeling for this proceeding?

6 A. Maybe you should wait until the
7 confidential section since we are starting to get
8 close to numbers and comparisons.

9 MR. ALEXANDER: Okay. If you think the
10 answer --

11 THE WITNESS: I can answer but.

12 Q. I'll ask about the numbers later.

13 MR. ALEXANDER: If you think the answer
14 would require you to give a confidential response.

15 Q. I am not asking for numbers now.

16 A. I'm sorry, could you repeat the question
17 or make sure I am clear?

18 MR. FISK: Sure. Can you read it back?

19 (Record read.)

20 A. No.

21 Q. Okay. And did the -- did the modeling
22 that you did in August include a projection of
23 environmental compliance costs outside of the carbon
24 costs that was already discussed?

1 A. I'm sorry, could you repeat the question?

2 Q. The modeling that you did in August.

3 A. Yep.

4 Q. I believe you testified earlier that it
5 included an FES carbon price projection; is that
6 correct?

7 A. That's correct.

8 Q. Okay. Did it include a projection of any
9 other environmental compliance costs?

10 MR. ALEXANDER: Objection, just the
11 phrase "environmental compliance costs." Go ahead,
12 if you can answer.

13 A. Yeah. That's why I hesitated. What do
14 you mean by environmental compliance cost?

15 Q. Compliance with potential future
16 environmental regulations for coal ash or 316(b) or?

17 A. So assuming additional O&M or capital
18 costs, there was no additional costs that were
19 projected in there.

20 Q. Okay. And is that -- that's consistent
21 with the -- how you did the modeling for this
22 proceeding?

23 A. That's correct.

24 MR. FISK: Okay. That's all I have on

1 the public record. I believe Madeline.

2 MR. ALEXANDER: Ms. Fleisher, would you
3 like to -- excuse me, Ms. Fleisher, I didn't mean to
4 misspeak there, would you like to go next?

5 MS. FLEISHER: Sure, yes, no problem. I
6 think I have just a couple of questions.

7 - - -

8 FURTHER CROSS-EXAMINATION

9 By Ms. Fleisher:

10 Q. So I wanted to ask you about the August
11 projections you did that you have been discussing
12 with Mr. Fisk regarding all the FES generation units.
13 So when you get the -- I will try to make this quick.
14 But when you are getting the inputs for that, did any
15 of them come from different sources than the input
16 for the projections you did in this case? And I am
17 happy to go through them as type of input, if that
18 will be easier to break it down.

19 A. The inputs used in the FES forecast that
20 was done in August that we just referred to used
21 FES's internal energy price forecasts. The forecast
22 in my testimony used energy price forecasts from
23 Mr. Rose. So there's one difference. Same thing
24 with carbon. My testimony we used carbon costs

1 provided by Witness Rose. The FES forecast that was
2 run in August I ran was using FE's projections.

3 Q. Okay. And in terms of just the basic
4 variable costs for the plants and any capital
5 costs --

6 A. I'm sorry. I cut you off. I didn't hear
7 that last part.

8 Q. Just going to repeat are those from the
9 same sources for each set of projections?

10 A. Yes. So I heard you ask where did the
11 O&M costs and some of the other costs enter in there.
12 Under both forecasts they were provided by FES.

13 Q. And when you say provided from FES, is
14 there a particular -- is that the business
15 development unit, or is that some other entity within
16 FES?

17 A. Business development is not in FES. It's
18 FirstEnergy Service Company group.

19 Q. And do those -- so I guess just as
20 follow-up, so is there some particularly --
21 particular entity within or group within FES that
22 provides the cost projection?

23 A. If you look at page 3 of my testimony, on
24 row 18 and 19, we talk about not just the operation

1 levels, but we do talk about that the O&M expenses,
2 for example, operation and maintenance expenses, were
3 provided by, you know, FES internal cost projections
4 which was also provided in connection with the fossil
5 and nuclear operations.

6 Q. Okay. You know, are there personnel for
7 each plant that keep track of those? Is there some
8 particular group of people that keep track of it for
9 all plants?

10 A. We have -- we develop the forecasts at
11 each site level and there are persons that are
12 responsible for development of those budgets and
13 forecasts at that site level.

14 Q. And do you know what those people who are
15 developing the cost forecasts, what, if anything,
16 they do to -- to test the accuracy of the forecasts?

17 A. That's part of their core
18 responsibilities and their performance is going to be
19 measured in terms of the accuracy of those forecasts.
20 Obviously if a site overspends, that's going to be an
21 issue for that site and it's going to be a reflection
22 on that person.

23 Q. So you don't know in particular how
24 they -- you know, aside from after the fact seeing if

1 it actually matches the projected costs, you don't
2 know if they do anything beforehand to verify their
3 projection?

4 A. I guess I am not understanding your
5 question now then. Would you rephrase it?

6 Q. Sure. I will do my best. Apologies. So
7 you said, if I understand you correctly, and sorry to
8 paraphrase here, that one way they check the accuracy
9 of cost is -- one way the accuracy of the projections
10 is check to see after the fact if they don't actually
11 match the expenditures. And what I am asking is do
12 you know if they do anything before that, before
13 the -- before the actual expenditures are made to
14 verify the projections?

15 A. Those individuals are going to go through
16 a number of quality checks. They are going to work
17 with the site operations. They are going to ensure
18 that their forecasts are as accurate as they possibly
19 can be.

20 Q. And if I -- I guess, first, I am just
21 going to verify my understanding of one of your
22 previous answers. Is it correct that you stated that
23 when you were running your audited -- August
24 projections, that environmental compliance costs were

1 not considered except for the carbon costs?

2 A. No. That's not what I said. I said that
3 the O&M and capital costs other than carbon were held
4 consistent with that FES projection in August with
5 the assumption for those O&M and capital costs in the
6 attachments of my testimony.

7 Q. Okay. So, again, just to make sure I'm
8 understanding you, what you are saying is they
9 were -- environmental compliance costs are
10 incorporated into the cost projections to the same
11 extent they are in your testimony here?

12 A. The underlying assumptions are consistent
13 in both the FES forecast that was developed
14 internally and the testimony, my attached -- the
15 attachments in my testimony, excuse me.

16 Q. And to the best of your knowledge, did
17 that include any costs for compliance with future
18 ozone regulations?

19 MR. ALEXANDER: Let's save discussion of
20 specific costs for the confidential portion.

21 MS. FLEISHER: Sure. Happy to do it.

22 Q. I guess my one last question is you
23 referred to the FES internal price forecasts. Who
24 within FES comes up with those?

1 A. I don't know who the specific person is.

2 Q. Okay. But you -- so your role is you get
3 the FES internal price forecast, and you plug them
4 in?

5 A. I'll take the FES price forecast and I'll
6 use that to put as the input into the model.

7 Q. Okay. But you have no role in FES's
8 process of coming up with those forecasts; is that
9 correct?

10 A. When you say these forecasts, I assume
11 you mean the energy and capacity forecasts and that's
12 correct.

13 MS. FLEISHER: Yes. Thank you for
14 clarifying. Appreciate it.

15 Okay. That's it for me. Thanks.

16 MR. ALEXANDER: Okay. Any other
17 questions for Mr. Lisowski in the public portion of
18 the transcript?

19 Hearing none, we will be back with the
20 confidential portion on the confidential phone number
21 at 1:30. And fair warning to all, only parties who
22 have signed the confidentiality agreement will be
23 allowed to participate. That will be tracked and we
24 will be monitoring who's on that call very closely so

1 please don't call in unless you are allowed to do so.

2 With that let's go off the record.

3 (Thereupon, at 12:28 p.m., a lunch recess
4 was taken.)

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Friday Afternoon Session,

December 19, 2014.

- - -

(Confidential Portion Excerpted.)

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(Open Record.)

9

MR. FISK: I would like to mark --
actually I believe this morning we concluded it was
confidential, and it is not marked confidential.

12

MR. ALEXANDER: Okay.

13

MR. FISK: But we are in confidential
session. So I am going to mark it nonconfidential.
It's not a confidential document.

16

MR. ALEXANDER: Yeah. If it's not marked

18

MS. DUNN: Draft term sheet? Oh, yeah, I
don't think it is.

20

MR. FISK: So this is Exhibit 8.

21

MR. SETTINERI: If I could interrupt,
this is Mike Settineri with RESA, are we going to
mark this section of the transcript as
nonconfidential then?

24

1 MR. ALEXANDER: Yes. So let's now go --
2 we will mark this section and put it in the public
3 record from the introduction of the exhibit.

4 MR. FISK: Okay.

5 (EXHIBIT MARKED FOR IDENTIFICATION.)

6 Q. Okay. Mr. Lisowski, you have been handed
7 an exhibit labeled Exhibit 8; is that correct?

8 A. That's correct.

9 Q. And it is Attachment 1 to the companies'
10 response to IEU Set 1 Interrogatory 25; is that
11 correct?

12 A. That's what it states on the top.

13 Q. Okay. And is that -- does this appear to
14 be a draft term sheet between FES and the companies?

15 A. That appears to be correct.

16 Q. Okay. Have you seen this document
17 before?

18 A. I saw a number of draft term sheets. I
19 may or may not have seen this specific one.

20 Q. Okay. And what -- what involvement have
21 you had in the drafting or the negotiating of the
22 term sheet?

23 A. I was on the FES team.

24 Q. Okay.

1 A. That helped discuss the proposed -- or
2 the -- excuse me, the term sheet associated with the
3 proposed PPA.

4 Q. Okay. And how did you come to -- come to
5 be on the FES team?

6 A. I was asked to join the team.

7 Q. By whom?

8 A. Sharon Noewer.

9 Q. And who does she work for?

10 A. Who does she work for now?

11 Q. At the time.

12 A. At the time I believe -- strike that.
13 She worked for Kelley Mendenhall.

14 Q. Which entity? Which corporate entity?

15 A. She was FirstEnergy Solutions.

16 Q. Okay. And who does she work for now?

17 A. I don't know who she works for now.

18 Q. Okay. Is it common for you to be asked
19 to do things by people who are not your direct
20 employers?

21 A. I guess what do you mean?

22 Q. Well, you are not directly employed by
23 FirstEnergy Solutions, correct?

24 A. That's correct.

1 Q. Okay. So is it common for staff from
2 FirstEnergy Solutions to be asking you to do specific
3 tasks?

4 A. As my testimony outlines, I support,
5 among other things, FES in regards to accounting and
6 financial reporting matters including forecasting.

7 Q. And do people at FES have any input in
8 your -- the evaluation of your employment
9 performance?

10 A. My boss is the one -- my boss being John
11 Taylor is the one that gives me my performance
12 evaluation and review.

13 Q. Okay. Do you know if people at FES have
14 input into that?

15 A. I don't know.

16 Q. Okay. And when Miss Noewert?

17 A. Noewer, Sharon Noewer.

18 Q. Noewer, when she asked you to be on the
19 FES team, did she provide you with any instructions
20 on what you should be doing on the team?

21 A. No.

22 Q. Okay. And what was your -- as a member
23 of the FES team, what was your role in assessing
24 this -- this term sheet?

1 A. I attended meetings that were primarily
2 to discuss the term sheet on the proposed PPA.

3 Q. Okay. How many meetings did you attend?

4 A. I don't recall.

5 Q. More than five or?

6 A. I don't remember how many exact meetings
7 I attended.

8 Q. Okay. Do you recall any of the meetings
9 you attended?

10 A. What -- I recall attending meetings,
11 being there.

12 Q. Can you recall any issues that were
13 discussed at those meetings?

14 A. I don't recall the nature and specific
15 discussions that we had on specific items related to
16 the term sheet, no.

17 Q. Okay. And in those meetings were you
18 representing FES?

19 A. What do you mean was I representing FES?

20 Q. Well, these meetings were negotiating a
21 term sheet, correct?

22 A. That's correct.

23 Q. Okay. And the term sheet is between FES
24 and the companies, correct?

1 A. That's correct.

2 Q. Okay. Did -- you were there on behalf of
3 the FES team, correct?

4 A. I was there to discuss the terms and to
5 ensure I understood the terms and how it would impact
6 FES.

7 Q. Were you advocating for FES's position in
8 those negotiations?

9 A. What do you mean advocating FES's
10 positions?

11 Q. Well, I assume -- is it your opinion that
12 the term sheet was negotiated at arm's length?

13 A. Yes.

14 Q. Okay. And what -- in your mind what does
15 arm's length mean?

16 A. That could mean a lot of different
17 things. I think it means that it was negotiated fair
18 and reasonable between two parties, that's not more
19 advantageous to one party versus the other.

20 Q. Okay. And would that also mean that the
21 two parties are advocating for their own positions?

22 A. I think that would be a fair statement,
23 yes.

24 Q. Okay. So were you advocating for FES's

1 positions in negotiations of the term sheet?

2 A. I would say that I was there to ensure
3 that the transaction made economic sense for FES.

4 Q. Okay. And what did you do to ensure
5 that?

6 A. I participated in the discussions on the
7 term sheet for the proposed PPA.

8 Q. Okay. And were there any provisions of
9 the PPA that -- check that.

10 Were there any provisions of the term
11 sheet that were -- over which there was disagreement?

12 MR. ALEXANDER: Objection. Asked and
13 answered. Go ahead.

14 A. I don't recall the specific discussions
15 related to what was discussed and what was -- had
16 more discussion. I don't recall the specific
17 meetings and what was discussed.

18 Q. Do you recall taking a viewpoint on any
19 issue in any of these meetings on the term sheet?

20 MR. ALEXANDER: Objection, asked and
21 answered.

22 A. I don't recall the specific discussions
23 of everything that we had in terms of the term sheet.

24 Q. Do you recall any specific discussion?

1 MR. ALEXANDER: Objection, asked and
2 answered. Go ahead.

3 A. I can't improve on the answer I have
4 given you.

5 Q. So you don't know how many meetings you
6 attended, and you don't know anything that was
7 discussed at those meetings, correct?

8 MR. ALEXANDER: Objection, argumentative.

9 Q. Is that correct?

10 A. What's correct?

11 Q. That you don't know how many meetings you
12 attended and you don't know anything that was
13 discussed at those meetings.

14 MR. ALEXANDER: Objection, compound
15 question.

16 A. Could you separate -- could you repeat
17 the question you are asking me?

18 Q. I was asking is it correct that you don't
19 know how many meetings you attended regarding the
20 term sheet?

21 A. I did not state that.

22 Q. Okay. How many meetings did you attend?

23 A. I said I don't recall the number of
24 meetings that I attended.

1 Q. Okay. And you don't recall any
2 substantive issue that was discussed at those
3 meetings?

4 A. I don't recall the details of every
5 single meeting we talked about the term sheet.

6 Q. Okay. Can you identify any substantive
7 issue that was discussed about the term sheet in any
8 meetings that you attended?

9 A. Not that -- no, I cannot.

10 Q. In any of your work related to the
11 proposed PPA, was there ever any discussion as to
12 whether FirstEnergy Solutions would be able to
13 terminate the PPA before the 15-year period had
14 ended?

15 A. I'm sorry, could you repeat the question?

16 MR. FISK: Could you read the question
17 back.

18 (Record read.)

19 A. I don't recall being involved in any of
20 those discussions.

21 Q. Okay. Do you have any opinion as to
22 whether FirstEnergy Solutions would commit to not
23 canceling the PPA before the 15 years has run?

24 A. I don't have an opinion on that.

1 Q. Okay. Do you know who might know that?

2 A. I don't know who would.

3 Q. Okay. And do you know who else -- who
4 else was at the meetings regarding the term sheet?

5 A. Other members of the FES team.

6 Q. Okay. Anyone else?

7 A. Members of the EDU team would have been
8 there.

9 Q. Okay. Do you know anybody specifically?

10 A. Specifically on which team?

11 Q. On the EDU team that were at these
12 meetings.

13 A. I know Jay Ruberto was at several of the
14 meetings.

15 Q. Okay. Anyone else?

16 A. I know Tracy Ashton I recall being at
17 some of the meetings.

18 Q. Anyone else?

19 A. No one specifically. I can't recall.

20 Q. And who is Tracy Ashton?

21 A. Tracy Ashton at the time of the meetings
22 was the manager of financial reporting and technical
23 accounting.

24 Q. For who?

1 A. FirstEnergy Service Company.

2 Q. That's the same company you work for?

3 A. That's correct.

4 Q. Do you recall anyone on the EDU team
5 being at these meetings who actually works for any of
6 the companies?

7 A. I don't know that.

8 Q. Okay, okay. So are you offering any
9 opinions regarding any of the provisions in the draft
10 term sheet?

11 MR. ALEXANDER: Beyond his written
12 prefiled testimony?

13 MR. FISK: Right, which doesn't mention a
14 term sheet, so yes.

15 A. Do I have any opinions about the term
16 sheet?

17 Q. About any provision in the term sheet.
18 Do you have any opinions?

19 A. I guess I don't understand what you mean
20 do I have any opinions on the term sheet.

21 Q. Well, is there any provision in this term
22 sheet that you are planning to offer an opinion
23 about, for example, at the hearing?

24 A. Oh, no.

1 Q. No, okay. And you testified earlier that
2 you thought that the term sheet -- well, let me not
3 put words in your mouth. Do you have an opinion
4 about the term sheet as a whole?

5 MR. ALEXANDER: Objection, legal opinion.
6 What are you asking him?

7 Q. Not legal, you are not a lawyer, but
8 any -- you know, you were part of the FES team that
9 helped negotiate this term sheet. Do you have any
10 opinion about the draft term sheet that's come out of
11 those negotiations?

12 A. Could you clarify what you mean by
13 opinion? Do I think it's a well written document?
14 Do I --

15 Q. Do you think it's fair to all the parties
16 involved?

17 A. Yes.

18 Q. Okay. And why?

19 A. There's a number of reasons why --

20 Q. Okay.

21 A. -- outlined in other witnesses in this
22 case and why it's a fair contract for the utilities.

23 Q. But I am asking your opinion as to you --
24 you just stated that you believe it's a fair contract

1 for the utilities, and I am asking you the reasons
2 why you believe that.

3 MR. ALEXANDER: Objection. You asked him
4 if he was going to offer an opinion of the term sheet
5 two questions ago. He said no and then you circled
6 back now at this point to what he thinks about the
7 document itself. He testified he is not going to
8 offer an opinion as to the terms of the term sheet,
9 so I am going to object to this being well beyond the
10 scope of his testimony.

11 MR. FISK: So he is not going to testify
12 at the hearing that he thinks this term sheet is a
13 fair document to the companies.

14 MR. ALEXANDER: He is going to testify to
15 his prefiled direct testimony. You asked him on
16 clarification was he offering anything in addition to
17 his prefiled direct testimony on this point. He
18 testified the answer was no. So does that solve our
19 problem?

20 MR. FISK: Let me make sure he didn't say
21 anything about this in his testimony. If he is not
22 going to testify with regards to the term sheet at
23 the hearing, then that's fine.

24 MR. ALEXANDER: You have got his prefiled

1 written direct testimony so.

2 MR. OLIKER: Trevor, cross is available
3 on any matter relevant to the proceedings. It
4 doesn't have to be related to his direct testimony.

5 MR. ALEXANDER: Thank you.

6 Q. You just stated you believe that the term
7 sheet is fair and that you have a number of reasons
8 for that, correct? That was your testimony, correct?

9 A. I believe it's a fair contract for all
10 parties involved for the many reasons that I already
11 outlined in other people's testimony. I agree with
12 all of those items they have brought out and pointed
13 out in their testimony.

14 Q. Do you know what those items -- those
15 reasons are?

16 A. There's a large number of reasons.

17 Q. And can you name any of them?

18 A. There is \$2 billion in projected benefits
19 to the Ohio ratepayers based on this ESP that is
20 outlined in others' testimonies.

21 Q. Okay.

22 A. There is one example.

23 Q. Okay. Any other reasons you believe this
24 is fair?

1 MR. ALEXANDER: Objection. Go ahead.

2 A. You asked me for an example. I gave you
3 an example.

4 Q. And I am asking if you have any other
5 reasons. You said you had many reasons, and I am
6 wondering what your reasons are that you believe this
7 purchase power agreement is fair to the company.

8 A. This ensures the plants provide power in
9 Ohio. It provides economic benefits to the state of
10 Ohio, the regions, those cities and states. I mean,
11 many different levels. There's two more reasons.

12 Q. Do you have any other reasons?

13 MR. ALEXANDER: Okay. We are asking him
14 to summarize the witnesses that are going to be
15 testifying in this proceeding. You can ask them
16 based on their testimony. We have gotten well beyond
17 anything in his prefiled written direct testimony on
18 a document you asked him to clarify he wasn't going
19 to testify on. So I don't understand the point of
20 asking him to summarize another witness's testimony.
21 So is this going to lead somewhere soon or?

22 MR. FISK: Well, I am asking -- he has
23 now opined, I believe, the purchase power agreement
24 itself is a fair deal for the companies. It's

1 different than the term sheet. It's the purchase
2 power agreement itself. He said he has many reasons
3 he believes this. I am asking him what his reasons
4 are. That's a perfectly legitimate and relevant
5 issue to explore what his reasons are.

6 MR. ALEXANDER: But you said over --
7 objection, well beyond the scope of his testimony so
8 you have asked him a question. He's answered it
9 summarizing another witness's testimony.

10 So at this point could we take a 5-minute
11 break, and during that break I will follow up on your
12 document issue?

13 MR. FISK: Sure.

14 MR. ALEXANDER: All right. Thank you.

15 (Recess taken.)

16 Q. (By Mr. Fisk) Okay. In the interest
17 of -- in the interest of time I wanted to try to
18 clarify something, I hope. Did you have any
19 involvement with any evaluation of the proposed
20 agreement -- the proposed power purchase agreement
21 done by the EDU team?

22 A. No.

23 Q. Okay. And did you provide the EDU team
24 with any data for their analyses?

1 A. I provided them my attachments in my
2 testimony and then any other information that they
3 had requested of me during -- during those couple of
4 months that the analyses and model was being run.

5 Q. Okay. So did -- they did request other
6 information from you?

7 A. A good example Jim Haney had requested
8 some information. My understanding that went to the
9 EDU team.

10 Q. Okay. So -- so information that Jim
11 Haney requested from you you gave to Jim Haney, and
12 he may have sent it to the EDU team.

13 A. That's correct.

14 Q. You personally didn't send any other
15 information to the EDU team?

16 A. No.

17 Q. Modeling input files or?

18 A. I don't -- I don't recall if I gave them
19 the output files like -- like we've provided for you.

20 Q. Okay.

21 A. I don't recall if we have or not.

22 Q. Or the input files.

23 A. Or the input files.

24 Q. Okay. And you -- you had no role in any

1 modeling they may or may not have done, the EDU team?

2 A. That's correct, that's correct.

3 Q. Okay, okay. That should clear out some
4 stuff. Okay.

5 (Confidential Portion Excerpted.)

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State of Ohio

County of Summit

I, Jason Lisowski, do hereby certify that I have read the foregoing transcript of my deposition given on Friday, December 19, 2014; that together with the correction page attached hereto noting changes in form or substance, if any, it is true and correct.

Jason Lisowski
Jason Lisowski

I do hereby certify that the foregoing transcript of the deposition of Jason Lisowski was submitted to the witness for reading and signing; that after he had stated to the undersigned Notary Public that he had read and examined his deposition, he signed the same in my presence on the 31st day of December, 2014.

Debra S. Flowers
Notary Public

My commission expires



Debra S. Flowers
Notary Public, State of Ohio
My Commission Expires 12-03-2019

Jason Lisowski Errata Sheet

TO THE REPORTER:

I have read the entire transcript of my deposition taken on the 19th day of December, 2014. The same has been read to me. I request that the following changes be entered upon the record for the reasons indicated. I have signed my name to the signature page and authorize you to attach the same to the original transcript.

Page	Line	Change	Reason
12	13	Replace "A" with "And"	Transcription error
13	15	Replace "John" with "Jon"	Transcription error
13	17	Replace "John" with "Jon"	Transcription error
48	16	Replace "JJR" with "JJI."	Transcription error
51	10	Replace "JJ" with "JJI."	Transcription error
97	17	Replace "Manalaris" with "Manoleras"	Transcription error
97	21	Replace "Ruff" with "Ruch"	Transcription error
112	14	After objection, phrase "Yeah. Could you repeat the question" was from witness not Mr. Alexander.	Transcription error
135	9	Replace "IGS" with "its"	Transcription error
157	2	Replace "FE's" with "FES's"	Transcription error
210	10	Replace "John" with "Jon"	Transcription error
210	16	Replace "Noewert" with "Noewer"	Transcription error

Date: December 31, 2014

Signature:

Jason Lisowski

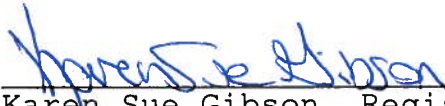
1 CERTIFICATE

2 State of Ohio :
3 County of Franklin : SS:

4 I, Karen Sue Gibson, Notary Public in and for
5 the State of Ohio, duly commissioned and qualified,
6 certify that the within named Jason Lisowski was by
7 me duly sworn to testify to the whole truth in the
8 cause aforesaid; that the testimony was taken down by
9 me in stenotypy in the presence of said witness,
afterwards transcribed upon a computer; that the
foregoing is a true and correct transcript of the
testimony given by said witness taken at the time and
place in the foregoing caption specified and
completed without adjournment.

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

13 IN WITNESS WHEREOF, I have hereunto set my
14 hand and affixed my seal of office at Columbus, Ohio,
on this 21st day of December, 2014.

15 
16 Karen Sue Gibson, Registered
17 Merit Reporter and Notary Public
in and for the State of Ohio.



18 My commission expires August 14, 2015.

19 (KSG-5978)

20 - - -

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

Summary: Deposition (Public) of Jason Lisowski electronically filed by Mr. Tony G. Mendoza
on behalf of Sierra Club