

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 - VOLUME II

of Eileen M. Mikkelsen, taken before me, Carolyn D.
Ross, Registered Professional Reporter, and a
Notary Public in and for the State of Ohio, at the
offices of FirstEnergy Corporation, 76 South Main
Street, Akron, Ohio, on Wednesday, March 11, 2015,
at 10:00 a.m.

- - -

ARMSTRONG & OKEY, INC.
222 East Town Street, Second Floor
Columbus, Ohio 43215-4620
(614) 224-9481 - (800) 223-9481
FAX - (614) 224-5724

- - -

1 APPEARANCES:

2 FirstEnergy Corp.
3 By Mr. James W. Burk
4 and Ms. Carrie M. Dunn (via speakerphone)
5 76 South Main Street
6 Akron, Ohio 44308

7 Calfee, Halter & Griswold LLP
8 By Mr. David A. Kutik
9 The Calfee Building
10 1405 East Sixth Street
11 Cleveland, Ohio 44114

12 On behalf of the Applicants.

13 Bruce E. Weston, Ohio Consumers' Counsel
14 By Mr. Larry Sauer
15 and Mr. Michael Schuler
16 Assistant Consumers' Counsel
17 10 West Broad Street, Suite 1800
18 Columbus, Ohio 43215-3485

19 On behalf of the Residential Consumers
20 of Ohio Edison Company, The Cleveland
21 Electric Illuminating Company, and The
22 Toledo Edison Company.

23 Bricker & Eckler, LLP
24 By Mr. Dane Stinson (via speakerphone)
100 South Third Street
Columbus, Ohio 43215-4291

On behalf of the NOPEC.

Ohio Partners for Affordable Energy
By Ms. Colleen Mooney (via speakerphone)
231 West Lima Street
Findlay, Ohio 45846

On behalf of the Ohio Partners for
Affordable Energy.

1 APPEARANCES: (Continued)

2 McNeese, Wallace & Nurick, LLC
3 By Mr. Frank Darr (via speakerphone)
4 21 East State Street, 17th Floor
5 Columbus, Ohio 43215

6 On behalf of the Industrial Energy
7 Users of Ohio.

8 Taft, Stettinius & Hollister, LLP
9 By Mr. Mark S. Yurick (via speakerphone)
10 65 East State Street, Suite 1000
11 Columbus, Ohio 43215

12 On behalf of The Kroger Company.

13 IGS Energy
14 By Mr. Joseph Olikier (via speakerphone)
15 6100 Emerald Parkway
16 Dublin, Ohio 43016

17 On behalf of the IGS Energy.

18 Vorys, Sater, Seymour & Pease, LLP
19 By Ms. Gretchen Petrucci (via speakerphone)
20 52 East Gay Street
21 Columbus, Ohio 43215

22 On behalf of RESA, EPSA, and the PJM
23 Power Providers Group.

24 Carpenter Lipps & Leland LLP
By Ms. Rebecca Hussey (via speakerphone)
and Ms. Kimberly W. Bojko (via speakerphone)
280 North High Street, Suite 1300
Columbus, Ohio 43215

On behalf of the Ohio Manufacturers'
Association Energy Group.

Environmental Law & Policy Center
By Ms. Madeline Fleisher (via speakerphone)
1207 Grandview Avenue, Suite 201
Columbus, Ohio 43212

On behalf of the Environmental Law &

1 APPEARANCES: (Continued)

2 Brickfield, Burchette, Ritts & Stone, PC
3 By Mr. Michael Lavanga (via speakerphone)
4 1025 Thomas Jefferson Street, N.W.
5 8th Floor West
6 Washington, D.C. 20007

7 On behalf of Nucor Steel Marion, Inc.

8 Law Offices of Joseph P. Meissner & Assoc.
9 By Mr. Joseph P. Meissner (via speakerphone)
10 5400 Detroit Avenue
11 Cleveland, Ohio 44102

12 On behalf of Citizens Coalition.

13 ALSO PRESENT:

14 Ms. Doris McCarter, Staff (via speakerphone)
15 Mr. Don Howard, Staff (via speakerphone)
16 Ms. Barbara Bossart, Staff (via speakerphone)
17 Mr. Eric Wittine, AEP Service Corp.
18 (via speakerphone)

19 - - -
20
21
22
23
24

INDEX

- - -

WITNESS:

PAGE

Eileen M. Mikkelsen

Cross-Examination by Mr. Sauer 261

Cross-Examination by Mr. Olikar 346

Cross-Examination by Ms. Bojko 417

- - -

MIKKELSEN DEPOSITION EXHIBITS

IDENTIFIED

5 - Stipulation and Recommendation 261

6 - Response to Request IEU Set 3-INT-35 314

7 - Response to Request IEU Set 3-INT-33 315

8 - Response to Request OMAEG Set 3-INT-55 329

9 - Response to Request OMAEG Set 3-INT-56 330

10- Response to Request OMAEG Set 3-INT-57 332

- - -

1 Wednesday Morning Session,
2 March 11, 2015.

3 - - -

4 MS. MOONEY: Colleen Mooney with Ohio
5 Partners for Affordable Energy, and I am on for the
6 deposition of Eileen Mikkelsen.

7 MS. FLEISHER: This is Madeline Fleisher
8 with the Ohio Environmental Law & Policy Center.

9 MR. WITTINE: This is Eric Wittine.

10 MR. KUTIK: Do you want to say that
11 again, please?

12 MR. WITTINE: Eric, W-i-t-t-i-n-e, with
13 AEP Service Corp.

14 MR. KUTIK: Eric Levine? You broke up.

15 MR. WITTINE: I apologize, Eric Wittine
16 with AEP Service.

17 MR. KUTIK: Who's -- we didn't hear that
18 last name.

19 MS. HUSSEY: This is Rebecca Hussey.

20 MR. KUTIK: Thank you. Did someone just
21 join?

22 MR. OLIKER: This is Joe Oliker.

23 MR. KUTIK: Good morning.

24 MR. OLIKER: Good morning.

1 MR. KUTIK: So I have Colleen, Madeline,
2 Eric, Rebecca and Joe. Is there anyone else who
3 wishes to identify themselves at this point?

4 MR. STINSON: Dane Stinson, NOPEC.

5 MR. KUTIK: Good morning. Anyone else?

6 MR. OLIKER: Just a quick question, this
7 is Joe. I don't know if it's just my line, but it
8 sounds like there's a little bit of interference. I
9 don't know if it's the conference call number or not.

10 MR. KUTIK: Not much I can do about
11 either.

12 MR. OLIKER: Just curious if it's my
13 phone or if others are experiencing it as well.

14 MR. KUTIK: Eric was -- we couldn't
15 really hear him very well, but I think we've been
16 able to hear everybody else.

17 MR. OLIKER: Okay.

18 MS. HUSSEY: It's very difficult to hear
19 you, though.

20 MR. KUTIK: Again, it's not something I
21 can do something about.

22 All right. We can stipulate that she's
23 still under oath.

24 (Discussion held off the record.)

1 MR. KUTIK: Who just joined?

2 MR. DARR: Frank Darr is on the line.

3 MR. KUTIK: Good morning.

4 MR. DARR: This line is pretty garbled.

5 Is anyone else having any problem?

6 MR. KUTIK: Apparently everyone is
7 having that problem except for us.

8 (EXHIBIT MARKED FOR IDENTIFICATION.)

9 - - -

10 EILEEN M. MIKKELSEN,
11 being previously sworn, as hereinafter certified,
12 deposes and says as follows:

13 CROSS-EXAMINATION

14 BY MR. SAUER:

15 Q. Good morning, Ms. Mikkelsen.

16 A. Good morning.

17 Q. My name's Larry Sauer, I'm representing
18 the Office of the Ohio Consumers' Counsel in this
19 deposition. And this is a continuation from your
20 previous deposition, and you're under oath as
21 Mr. Kutik had explained.

22 I have handed to you what was marked as
23 Mikkelsen Deposition Exhibit No. 5, which is the
24 Stipulation. Are you familiar with this document?

1 MR. KUTIK: Just note that the last page
2 of this document is the filing indicator, so that's
3 officially not part of the document.

4 MS. McCARTER: Doris McCarter, PUCO.

5 THE WITNESS: Yes.

6 BY MR. SAUER:

7 Q. Okay. If you turn to Page 7, there's a
8 heading called "A. Rate Design." And that section
9 goes from Page 7 to the top half of Page 10, correct?

10 A. Yes.

11 Q. To your knowledge, do any of the rate
12 design provisions of the Stipulation modify any
13 provisions of the PPA term sheet between the
14 companies and FES?

15 A. May I see the term sheet, please? No.

16 Q. Okay. The term sheet that has been
17 marked with a draft watermark on it, to your
18 knowledge have there been any changes to the term
19 sheet since it was in draft form?

20 A. I am not aware of any changes from this
21 draft.

22 Q. Okay. The rate design provisions in the
23 Stipulation that you were just looking at, do those
24 provisions of the Stipulation modify the Economic

1 Stability Program in any way as part of FirstEnergy's
2 ESP IV plan?

3 A. Yes.

4 Q. And can you explain in what way the
5 Economic Stability Program is modified by the
6 Stipulation by the rate design provisions?

7 A. The Stipulation modifies the Rider RRS
8 rate design.

9 Q. Uh-huh. And is that Section
10 A.(9)(d)(iv)?

11 A. No.

12 Q. Is there another way it modifies the
13 Economic Stability Program other than (9)(d)(iv)?

14 MR. KUTIK: I'll object. She said
15 (9)(d)(iv) doesn't modify, but go ahead.

16 BY MR. SAUER:

17 Q. Okay. Can you explain?

18 MR. KUTIK: Objection.

19 THE WITNESS: May I ask you to restate
20 the question, please, sir?

21 BY MR. SAUER:

22 Q. You answered the question that the rate
23 design provisions in the Stipulation modify the
24 Economic Stability Program in a certain way, correct?

1 A. I said that the Stipulation modified the
2 Rider RRS rate design.

3 Q. Okay. And how does it do that?

4 A. It modified the rate design for rate
5 schedules GS, GP, GSU and GT, such that the customers
6 would be billed based on billing demand.

7 Q. What provision are you referring to?

8 A. A.

9 Q. Uh-huh.

10 A. A.1.(iv).

11 Q. A.1.(iv). Is that the provision that
12 says, "The Rider RRS rate for GS, GP, GSU and GT
13 customers will be based on billing demand. The Rider
14 RRS rate for residential and lighting schedules will
15 be a kilowatt hour charge"?

16 A. Yes.

17 Q. That's the provision I thought I was
18 referring to. Okay, A.1.(iv).

19 Is that the only way that Rider RRS is
20 modified by the rate design provisions of the
21 Stipulation?

22 A. May I ask you to restate that question,
23 sir?

24 Q. Are there any other ways that the rate

1 design provisions of the Stipulation modify Rider
2 RRS?

3 A. No.

4 Q. Okay. Do the rate design provisions of
5 the Stipulation modify the companies' ESP IV proposal
6 in any way?

7 A. May I ask you to restate the question,
8 sir?

9 Q. Yes. The rate design provisions that
10 we've been talking about in the Stipulation under
11 Section A, do they modify the -- in your opinion, the
12 companies' ESP IV proposal in any way?

13 A. The rate design elements included in the
14 Stipulation are part of the companies' ESP IV
15 application.

16 Q. Okay.

17 A. Or proposal, pardon me, to use your
18 words, part of the proposal.

19 Q. Okay. While the economic -- or, while
20 Rider RRS is part of your ESP plan, those provisions
21 aren't affecting -- strike that. Strike that.

22 Do any of the rate design provisions in
23 the Stipulation go beyond the three-year term of the
24 ESP?

1 THE WITNESS: May I ask you to read that
2 question back, please, ma'am?

3 (Record read back as requested.)

4 MR. HOWARD: Don Howard.

5 THE WITNESS: Yes.

6 BY MR. SAUER:

7 Q. Can you point me to the provisions that
8 would extend beyond the three-year term of the ESP IV
9 plan?

10 A. Provision A.1.(iv).

11 Q. The same provision we were talking about
12 earlier?

13 A. We discussed that provision earlier.

14 Q. Okay. Is that the only provision that
15 would extend beyond the three-year term of the ESP
16 IV?

17 A. To the extent that riders don't have
18 expiration dates explicitly stated, they may continue
19 beyond the ESP IV term.

20 Q. When you say "riders," are you -- for
21 example, under A.1.(i), there's Rider ELR that has a
22 specific term from June 1st, 2016 through May 31st,
23 2019. That would be a hard cutoff then for that
24 rider?

1 A. That rider has an expiration date, yes.

2 Q. Okay. Any other rider that doesn't have
3 such an expiration date could continue beyond the
4 term of the ESP then?

5 A. Yes.

6 Q. Are there any commitments outside of the
7 Stipulation with parties who might have interest in
8 Rider ELR continuing beyond the three-year period
9 that's listed in the Stipulation to go beyond that
10 three-year term?

11 MR. KUTIK: May I have the question
12 read, please?

13 (Record read back as requested.)

14 THE WITNESS: May I ask you to restate
15 that question, sir, please?

16 BY MR. SAUER:

17 Q. Are there any -- for lack of a better
18 term I'll call them side deals that might exist that
19 aren't part of the Stipulation with a signatory party
20 to the Stipulation that would commit to continuing
21 Rider ELR beyond the term -- the three-year term
22 that's listed in the Stipulation?

23 A. No.

24 Q. Okay. Beginning on Page 10, there's a

1 letter B, Energy Efficiency and Demand Response
2 heading. Do you see that?

3 A. I do.

4 Q. And those provisions, would you agree,
5 continue from Page 10 to the middle of Page 13 where
6 then there's a letter C.

7 A. Yes.

8 Q. Do the provisions in the Stipulation
9 under letter B, Energy Efficiency/Demand Response, do
10 any of those provisions of the Stipulation modify any
11 provisions of the PPA term sheet between the
12 companies and FES?

13 A. No.

14 Q. Would any of those provisions under the
15 Energy Efficiency and Demand Response provisions of
16 the Stipulation modify the Economic Stability Program
17 in any way?

18 A. No.

19 Q. And by not modifying the Economic
20 Stability Program, would they also not modify Rider
21 RRS in any way?

22 A. The provisions contained in Section B
23 starting on 10 and continuing through 13 do not
24 modify Rider RRS.

1 Q. Okay. Thank you.

2 MR. OLIKER: I'm sorry, before you go
3 on, Larry, I just want to ask is there somebody in
4 the room that has a laptop or something that's
5 beeping? I don't expect that it's you, but I just
6 want to make sure that it's not the case. It's
7 probably the line, but I just want to clarify that
8 issue.

9 MR. KUTIK: Let's go off the record.

10 (Discussion held off the record.)

11 MR. KUTIK: Let's go back on the record.

12 BY MR. SAUER:

13 Q. Ms. Mikkelsen, do any of the Energy
14 Efficiency and Demand Response provisions of the
15 Stipulation continue beyond the proposed three-year
16 term of the ESP IV?

17 A. There are Energy Efficiency provisions
18 that call for payments in 2019, and the ESP ends in
19 2019. The payments would be made prior to the end of
20 the ESP, but '19 is a split year.

21 Q. And that's -- the only continuation
22 beyond the designated term of the ESP would be for
23 overlap payments that would extend beyond the term,
24 is that what you're saying?

1 A. No. I think I'm just pointing out the
2 payments made in 2019, that the ESP period ends in
3 May of 2019, and those payments are just called for
4 2019, the calendar year.

5 Q. Oh, okay. But the programs themselves
6 wouldn't continue beyond that term?

7 MR. KUTIK: Objection.

8 BY MR. SAUER:

9 Q. The Energy Efficiency Programs
10 themselves would not continue within -- beyond the
11 three-year term identified as the Stipulation term?

12 A. May I ask you to be more specific, sir?

13 Q. Yeah. The Energy Efficiency/Demand
14 Response Programs under Section B of the Stipulation,
15 while payments from those programs may go beyond the
16 three-year term, the programs themselves aren't
17 intended to go beyond the three-year term of the ESP
18 IV?

19 A. Correct.

20 Q. Okay. On Page 13, there's a Section C
21 called Other Issues. Do you see that? It starts on
22 Page 13 and goes through the top half of Page 15.

23 A. Yes.

24 Q. Do the Other Issues provision of the

1 Stipulation modify the term sheet between the
2 companies and FES in any way?

3 A. No.

4 Q. And do the other issues modify the
5 Economic Stability Program in any way?

6 A. No.

7 Q. And do they modify Rider RRS in any way?

8 A. No.

9 Q. Are any of the other issues -- the
10 provisions of the Stipulation under Other Issues
11 funded by shareholder dollars?

12 A. May I ask you to reread that question,
13 please?

14 Q. Yes. Under the Stipulation Provision C,
15 Other Issues, are any of those provisions funded by
16 shareholder dollars?

17 A. Yes.

18 Q. And which provisions are those?

19 A. C.1 and C.2.

20 Q. And the remainder of the other issues
21 under Section C.3, 4 and 5 are funded by the
22 companies' customers; is that correct?

23 MR. KUTIK: Objection.

24 THE WITNESS: No.

1 BY MR. SAUER:

2 Q. What's incorrect? I'll restate. Under
3 Section C, Provisions 3, 4 and 5, are there costs
4 associated with those provisions?

5 A. May I ask you to be more specific with
6 respect to costs, sir?

7 Q. Under -- well, let's take Provision 3 as
8 an example.

9 Material Sciences Corporation agree they
10 will bill and collect from -- that Toledo Edison will
11 bill to and collect from Material Sciences Company a
12 charge of \$4 per kVa, a billing demand under Rider
13 EDR(d). Do you see that?

14 A. I do.

15 Q. Is that \$4 per kVa, is that less than
16 the kVa rate they would be paying under their general
17 service transmission rate?

18 A. May I ask you to restate the question,
19 please, sir?

20 Q. How does the \$4 per kVa billing demand
21 that they're agreeing to -- Material Sciences is
22 agreeing to pay Toledo Edison under the Stipulation
23 there, how does that compare to what their standard
24 rate under the general service transmission rate

1 would be, rate GT?

2 A. That charge is not related to their base
3 GT rate.

4 Q. What is that charge related to?

5 A. It is a charge under Rider EDR(d).

6 Q. What would a customer on general service
7 transmission rate GT typically pay per kVa under
8 Rider EDR(d)?

9 A. May I ask you to explain what you mean
10 by "typically pay"?

11 Q. That the -- well, Material Sciences, are
12 they on general service transmission rate GT?

13 MR. KUTIK: I caution you about
14 discussing specific customers and anything that might
15 be confidential to a specific customer.

16 THE WITNESS: Yeah. Material Sciences
17 Corporation does take GT service.

18 BY MR. SAUER:

19 Q. Okay. Today what would a rate GT
20 customer pay per kVa of billing demand?

21 A. I don't know. I don't remember.

22 Q. Is it more than \$4?

23 A. The \$4 provision doesn't relate to
24 the -- to the GT rate --

1 Q. Okay.

2 A. -- for base distribution service.

3 Q. What does a GT customer pay per kVa as
4 part of their GT service for Rider EDR(d)?

5 THE WITNESS: May I have that question
6 reread, please?

7 (Record read back as requested.)

8 THE WITNESS: Today EDR(d) customers pay
9 a charge of \$8 per kVa of billing demand, with the
10 exception of Material Sciences Corp.

11 BY MR. SAUER:

12 Q. Okay. And going back several questions
13 earlier, I was asking about costs. So that
14 difference between the \$8 per kVa and the \$4 that
15 Material Sciences is paying under the Stipulation,
16 that difference is made up by other customers?

17 MR. KUTIK: Objection; assumes facts
18 about her testimony which are incorrect.

19 THE WITNESS: May I ask you to restate
20 the question, please, sir?

21 BY MR. SAUER:

22 Q. The cost difference -- or the rate --
23 revenue difference between the \$8 per kVa and the \$4
24 per kVa that Material Sciences would otherwise pay

1 but for the Stipulation creates a revenue deficiency
2 or a revenue difference, correct?

3 MR. KUTIK: Objection.

4 THE WITNESS: May I ask you to restate
5 the question with respect to revenue deficiency or
6 revenue difference?

7 BY MR. SAUER:

8 Q. Yeah. What I'm focusing on is the \$8 --
9 what you testified as the \$8 per kVa charge for a GT
10 customer today for their Rider RDR -- EDR(d), I'm
11 sorry, and the \$4 that Material Sciences has
12 negotiated for in the Stipulation. That \$4
13 difference I am calling a revenue difference; is that
14 fair?

15 A. I'm having trouble syncing up the terms
16 with what they have today versus what's proposed for
17 a future period --

18 Q. Uh-huh.

19 A. -- in your question.

20 Q. Well, going forward, do you envision the
21 EDR(d) rate will charge for GT customers?

22 A. Yes.

23 Q. That \$8 per kVa will change during the
24 ESP IV term?

1 A. Yes.

2 Q. How will that change?

3 A. As described in the Stipulation in
4 Section A.1.(i)(9), (a) through (d).

5 Q. Okay. So if we focus on A.(9)(a), the
6 first year of the term, June 1st, 2016 through May
7 31st, 2017, GT customers will pay \$8 per kVa billing
8 demand under Rider EDR(d); is that correct?

9 A. Yes.

10 Q. Okay. And Material Sciences during that
11 same period will pay \$4 per kVa during that period;
12 is that correct?

13 A. Yes.

14 Q. Okay. So during that one-year period
15 where all the GT customers are paying \$8, but
16 Material Sciences is paying \$4, that \$4 per kVa
17 difference is a -- like, a delta revenue, correct?
18 There's a difference between what you're collecting
19 from other customers and what you're collecting from
20 Material Sciences?

21 MR. KUTIK: Objection.

22 THE WITNESS: May I ask you to restate
23 the question, please?

24 BY MR. SAUER:

1 Q. Between June 1st, 2016 and May 31st,
2 2017, there will be an \$8-per-kVa billing demand
3 charge to GT customers except for Material Sciences,
4 correct?

5 A. Yes.

6 Q. Okay. And Material Sciences will not be
7 paying \$8, Material Sciences will be paying \$4 per
8 kVa for Rider EDR(d), correct?

9 A. Yes.

10 Q. And if they have one kVa of billing
11 demand, you will -- the companies will collect \$4
12 less from Material Sciences than they would otherwise
13 collect but for the Stipulation, correct?

14 MR. KUTIK: Objection.

15 THE WITNESS: The companies don't
16 collect and retain any dollars associated with this
17 provision. It is a self-funded provision where the
18 credits -- the charges to the customers are returned
19 to those same customers via credits.

20 BY MR. SAUER:

21 Q. Then what's the benefit for Material
22 Sciences?

23 A. May I ask you to restate the question,
24 please?

1 Q. You said the program is self-funded and
2 the charges are returned as a credit to the
3 customers. I'm just asking what's the benefit for
4 Material -- what benefit did Material Sciences get
5 from this Stipulation provision that we were looking
6 at earlier under C.3?

7 A. They will pay a charge of \$4 per kVa of
8 billing demand under Rider EDR(d) instead of \$8 per
9 kVa.

10 Q. So for each kVa, they're paying \$4 less
11 than they otherwise would?

12 A. In the period May -- or, pardon me,
13 June 1st of 2016 through May 31st of 2017?

14 Q. Right.

15 A. Yes.

16 Q. And that benefit is -- and is that
17 benefit reflected in fewer revenue dollars to the
18 companies?

19 MR. KUTIK: Objection.

20 THE WITNESS: May I ask you to restate
21 the question, sir?

22 BY MR. SAUER:

23 Q. That \$4 difference in kVa billing demand
24 charge under EDR(d), does that result in fewer

1 revenue dollars to the companies?

2 MR. KUTIK: Objection.

3 THE WITNESS: The dollars collected
4 under this provision are returned dollar for dollar
5 as credits to customers who take service under this
6 provision.

7 BY MR. SAUER:

8 Q. Okay. You mentioned that C.1 and 2 were
9 funded by shareholder dollars. If we look at the
10 provisions under Section A, the Rate Design section,
11 are there any of these provisions that would be
12 funded by shareholder dollars?

13 MR. KUTIK: Objection; assumes facts.

14 THE WITNESS: May I ask you to restate
15 the question, sir?

16 BY MR. SAUER:

17 Q. Yes. Let's look at Provision A.1.(i),
18 "Rider ELR will renew for service rendered beginning
19 June 1, 2016 and shall expire with service rendered
20 May 31, 2019, subject to the following
21 modifications."

22 Can you explain what Rider ELR is?

23 A. Yes.

24 Q. What is that?

1 A. Rider ELR is our Emergency Load Response
2 Rider.

3 Q. Uh-huh. And how does that work?

4 A. Rider --

5 Q. Can customers sign up to take service
6 under Rider ELR?

7 A. There are a number of criteria or
8 applicability criterias enumerated in the tariff that
9 dictate who is eligible to take service under Rider
10 ELR.

11 Q. Okay. And if you're eligible to take
12 service under Rider ELR, what as a customer are you
13 obligated to do, if anything?

14 A. Ask you to restate the question, sir.

15 Q. What -- for customers that are -- what
16 does Rider ELR provide for a customer?

17 MR. KUTIK: Objection.

18 THE WITNESS: May I ask you to restate
19 the question, sir?

20 BY MR. SAUER:

21 Q. What is -- let me ask it this way: What
22 is a company collecting through Rider ELR?

23 A. The company doesn't collect any dollars
24 through Rider ELR.

1 Q. What's the purpose of Rider ELR?

2 A. To provide the company interruptible
3 resources that can be used during times of system
4 stress.

5 Q. And so a customer will sign up for -- or
6 offer up service that they're willing to interrupt in
7 times of system distress, is that the case?

8 A. Again, there are a number of
9 applicability criterias and provisions in the tariff
10 that dictate what the criteria are for taking service
11 and the expectations when you take service under that
12 tariff.

13 Q. And if you're a customer who is -- has
14 met all the criteria and you're eligible for
15 interruptible service, then do you get a discount on
16 your -- on your charges from the companies?

17 A. Customers who take service under Rider
18 ELR receive a \$5-per-kW-per-month credit for their
19 curtailable load.

20 Q. Okay. And that \$5 credit that they get,
21 is that made up -- is that revenue deficiency then
22 made up from other customers?

23 A. Yes.

24 Q. Okay.

1 A. In part.

2 Q. And part from customers and part from
3 where else?

4 A. Revenues, if any, derived from
5 participation in the PJM RPM process.

6 Q. Okay. Do shareholders contribute in any
7 way to that revenue deficiency?

8 A. Ask you to restate the question, please.

9 Q. Yeah. You were talking that there is a
10 revenue deficiency associated with customers that
11 take service under Rider ELR, the \$5-per-kW discount
12 that they get. I asked if that deficiency is made up
13 in any way from shareholders.

14 A. I apologize. I thought I testified that
15 these customers were provided a credit for
16 participation in exchange for their commitment to
17 curtail services.

18 Q. Okay. That credit that they get, is
19 that credit made up -- that cost of that credit, is
20 that made up from shareholders in any way?

21 A. No.

22 Q. Okay. Similarly, any of the other rate
23 design provisions under Section A, to the extent
24 there are costs associated with those provisions, do

1 shareholders in any way share in -- in the cost of
2 those programs?

3 MR. KUTIK: Objection.

4 THE WITNESS: May I ask you to restate
5 that question, sir?

6 BY MR. SAUER:

7 Q. Yeah. Next one down is -- there's -- it
8 looks like under A.1.(1)(ii), the ELR program is
9 being expanded for an additional 75,000 kW. Do you
10 see that?

11 A. Yes.

12 Q. That expansion, do those customers that
13 are eligible for that expansion, will they also
14 receive the \$5 credit per kW?

15 MR. KUTIK: Objection.

16 THE WITNESS: Ask you to restate the
17 question as it relates to expansion.

18 BY MR. SAUER:

19 Q. Well, is there a better word I can use
20 for the additional 75,000 kW that's being made
21 available for ELR customers?

22 A. The Stipulation limits participation in
23 Rider ELR to customers currently taking service and
24 up to 75 kW of additional curtailable load.

1 Q. Okay. That additional curtailable load,
2 will that -- will those customers that are part of
3 that additional curtailable load, would they be
4 eligible for that same \$5 credit per kW?

5 A. They will be eligible for the Rider ELR
6 credit of \$5 per kW per month per unit of curtailable
7 load.

8 Q. Okay. And that -- that credit will be
9 recovered from other customers, correct?

10 A. No.

11 Q. How will those -- how will those
12 credits -- will those credits be collected through a
13 rider from other customers?

14 A. Those credits will be collected from
15 other customers in part, as well as revenue, if any,
16 received from participation in the RPM process.

17 Q. Okay. And will there be any
18 contribution from shareholders towards the cost of
19 those credits?

20 A. No.

21 Q. Okay. And as you look through the other
22 rate design provisions, are there costs associated
23 with these provisions that are -- well, let me just
24 ask you that: Are there costs associated with other

1 provisions under the rate design provisions under
2 Section A in the Stipulation?

3 A. May I ask you to restate the question as
4 it relates to costs?

5 Q. Looking under A.1.(i)(3), the
6 Interruptible Credit Provision, EDR(b). Do you see
7 that?

8 A. I do.

9 Q. Rider ELR credit will be \$5 per kW per
10 month by unit of Curtailable Load. This credit will
11 be recovered through the DSE component of Rider DSE.
12 Do you see that?

13 A. It reads, "This credit will be recovered
14 through the DSE 1 component of Rider DSE," yes.

15 Q. Okay. Will that DSE 1 component of
16 Rider DSE collect all the costs associated with any
17 interruptible credit provisions under Rider EDR(b)?

18 A. No.

19 Q. Except for if they're a PJM --

20 A. No.

21 Q. -- collection?

22 How else will costs associated with that
23 program be collected?

24 A. May I ask you to be more specific with

1 respect to that program?

2 Q. The customers that participate under the
3 interruptible credit provision of Rider EDR(b), the
4 \$5 per kW per month by unit of curtailable load
5 credit?

6 THE WITNESS: May I have the question
7 reread? Is there a question?

8 (Record read back as requested.)

9 BY MR. SAUER:

10 Q. How will that credit be collected?

11 A. The Rider EDR(b) credit will be
12 recovered in Rider EDR(e).

13 Q. Okay. And does that -- does that Rider
14 EDR(e) collect all costs associated with that
15 \$5-per-kW credit, that provision -- that rate design
16 provision in the Stipulation?

17 A. May I ask you to restate that question
18 for me, please, sir?

19 Q. Does Rider EDR(e) collect from customers
20 all the credits associated with customers that are
21 taking service and receiving that credit under the
22 interruptible credit provision of Rider EDR(b)?

23 A. Yes.

24 Q. And, again, there are no shareholder

1 contributions to that provision, correct?

2 A. Yes.

3 Q. Okay. Looking under Energy
4 Efficiency/Demand Response, Section B, are there --
5 looking at, like, the City of Akron's provision under
6 there, there is companies -- the companies are
7 providing \$100,000 during the first year of the ESP,
8 \$100,000 during the second year of the ESP, and
9 \$100,000 during the third year of the ESP. Do you
10 see that?

11 A. I do.

12 Q. Would that be company shareholders
13 providing those dollars?

14 A. It's noted here in the Stipulation these
15 amounts would be recovered through Rider DSE.

16 Q. So those amounts would be recovered from
17 other customers; is that correct?

18 A. Yes.

19 Q. Similarly under No. 2, Council of
20 Smaller Enterprises Ohio Efficiency Resource Program,
21 do you see that?

22 A. Yes.

23 Q. The dollar amounts that are provided
24 under that provision also noted they're collected

1 through Rider DSE, correct?

2 A. It's -- all the costs that the company
3 incur associated with the COSE program would be
4 recovered through Rider DSE.

5 Q. Okay. Could there be other costs
6 associated with the program other than the dollar
7 amounts that are listed here in the Stipulation?

8 A. I don't know.

9 Q. What could lead to the incurrence of
10 additional costs?

11 A. May I ask you to restate the question,
12 please?

13 Q. Yeah. There are specific dollar amounts
14 that are listed under Section 2 of this Stipulation
15 proposal for COSE. And I asked if there were
16 additional dollar -- or additional costs that could
17 be associated with this program, and you said you
18 didn't know.

19 I'm just asking what -- what about this
20 program could lead to additional costs or the
21 incurrence of different costs -- of additional costs?

22 A. As it relates to B.2?

23 Q. Uh-huh.

24 A. I don't know.

1 Q. Well, it says, "The Companies will
2 contribute \$170,000 in 2016."

3 What could happen in 2016 that might
4 lead to costs beyond the \$170,000 that you have
5 agreed to contribute --

6 MR. KUTIK: Objection.

7 MR. SAUER: -- in the Stipulation?

8 MR. KUTIK: Objection; asked and
9 answered.

10 THE WITNESS: May I have that question
11 reread, please, ma'am?

12 (Record read back as requested.)

13 THE WITNESS: I don't know.

14 BY MR. SAUER:

15 Q. In the event that costs are incurred
16 beyond the \$170,000, would it be the companies'
17 intention to collect those as well through Rider DSE?

18 A. Yes.

19 Q. Okay. Would that also go for this --
20 the program we were talking earlier, the City of
21 Akron Energy Efficiency Program where you have some
22 specific dollar amounts listed under that provision
23 as well? Is it possible that those programs could
24 cost more than the \$300,000 that are listed under

1 Provision 1 of the Stipulation?

2 MR. KUTIK: Objection; calls for
3 speculation.

4 THE WITNESS: May I have that question
5 reread, please, ma'am?

6 (Record read back as requested.)

7 THE WITNESS: No.

8 BY MR. SAUER:

9 Q. Provision 5, the Association of
10 Independent Colleges and Universities of Ohio, there
11 are specific dollar amounts the companies have agreed
12 to contribute in 2016, '17, '18 and '19, do you see
13 that, \$200,000 in total?

14 A. Yes.

15 Q. And those also are proposed to be
16 recovered through Rider DSE. Do you see that?

17 A. Yes.

18 Q. So those are also collected from other
19 customers, no shareholder contributions?

20 MR. KUTIK: Objection.

21 THE WITNESS: Those dollars would be
22 recovered through Rider DSE.

23 BY MR. SAUER:

24 Q. Okay. And that's from other customers,

1 correct?

2 A. Yes.

3 Q. There's also a Provision 6, a
4 Partnership with AICUO: The Companies will partner
5 with AICUO to bring greater awareness of their Energy
6 Efficiency Program, including the Companies'
7 aforementioned \$1 million commitment towards the
8 program. Do you see that?

9 A. I'm sorry, sir, your voice trailed off
10 there.

11 Q. There's a million dollar commitment
12 under Provision 6. Do you see that?

13 A. No. I think the Provision 6 references
14 an aforementioned provision.

15 Q. Okay. That -- will that commitment be
16 recovered through Rider DSE as well?

17 A. May I ask you to be more specific with
18 respect to commitment, that commitment?

19 Q. The million dollar commitment that's
20 referenced under Section 6 of the Section B, Energy
21 Efficiency/Demand Response provisions of the
22 Stipulation.

23 MR. KUTIK: Objection.

24 THE WITNESS: Section 6 references an

1 aforementioned provision.

2 BY MR. SAUER:

3 Q. Uh-huh. The million dollar commitment
4 that's been -- where is it mentioned prior to
5 Section 6, are you aware?

6 A. Section 5.

7 Q. Section 5.

8 A. I would add, it's an up-to commitment.

9 Q. And that up-to-a-million-dollar
10 commitment will be recovered through Rider DSE; is
11 that correct?

12 A. Yes.

13 Q. Okay. Do you have your supplemental
14 testimony with you today?

15 MR. KUTIK: Before you get to that, why
16 don't we take a break.

17 MR. SAUER: Okay.

18 (Recess taken.)

19 BY MR. SAUER:

20 Q. And you have your supplemental testimony
21 with you today?

22 A. I do.

23 Q. All right. If you look at Page 2,
24 Lines 9 to 17, you discuss the Stipulation is a

1 comprehensive plan that is designed to do a variety
2 of things. Do you see that?

3 MR. KUTIK: I'm sorry, Page 2, line --

4 MR. SAUER: 9 through 17.

5 MR. KUTIK: So you're referring to the
6 language that's on 10 and 11?

7 MR. SAUER: Yes.

8 THE WITNESS: I see the language.

9 BY MR. SAUER:

10 Q. Okay. You said it provides more stable
11 and predictable electric prices than would otherwise
12 have been put in place during the ESP IV and beyond.
13 Do you see that?

14 A. Yes.

15 Q. And do you mean stable and predictable
16 electric prices for the companies' customers?

17 A. Yes.

18 Q. And in your opinion, does stable and
19 predictable equate to lower electricity prices?

20 A. No.

21 Q. So prices could be stable at a rate that
22 reflects higher electricity prices than currently
23 experienced?

24 A. I'm sorry, I'm going to ask you to

1 restate that question, please.

2 Q. Do you mean that prices could be stable
3 at a rate that reflects higher electricity prices
4 than currently experienced?

5 MR. KUTIK: Objection.

6 THE WITNESS: May I ask you to restate
7 the question, please?

8 BY MR. SAUER:

9 Q. I asked you if in your opinion stable
10 and predictable equate to lower electricity prices,
11 and you said no. So does that mean that prices could
12 be stable and predictable at a rate that is higher
13 than currently experienced?

14 A. May I ask you to restate the question,
15 please?

16 Q. Do you consider providing stable and
17 predictable electricity prices to be a benefit for
18 customers?

19 A. I think providing more stable and
20 predictable electric prices is a benefit to
21 customers.

22 Q. You have attached to your supplemental
23 testimony a chart, EMM-1 is an attachment to your
24 supplemental testimony. At the top of that chart you

1 have "Estimated RRS Revenue Requirement by Company,"
2 and those revenue requirements are provided for the
3 years 2016 through 2031. Do you see that?

4 A. Yes.

5 Q. And under 2016 there's 76.2 for Ohio
6 Edison. Do you see that? And those are in millions
7 of dollars, correct?

8 A. Yes.

9 Q. And 60.2 for CEI, and 30.8 for Toledo
10 Edison, correct?

11 A. Yes.

12 Q. And totalling 167.2?

13 A. Yes.

14 Q. And then the -- you get to 2019, the
15 numbers are in parenthesis. Do you see that?

16 A. Yes.

17 Q. So does that mean in 2016, '17 and '18,
18 the revenue requirement by company is a positive
19 number?

20 A. May I ask you to restate the question,
21 please, sir?

22 Q. What's the difference between numbers in
23 parenthesis and numbers that are not in parenthesis?

24 A. Numbers not in parenthesis represent a

1 positive revenue requirement; numbers in parenthesis
2 represent a negative revenue requirement.

3 Q. So the positive numbers, 2016, '17 and
4 '18, will represent a charge to customers?

5 MR. KUTIK: Objection.

6 THE WITNESS: May I ask you to reread
7 the question, please, ma'am?

8 (Record read back as requested.)

9 THE WITNESS: Yes.

10 BY MR. SAUER:

11 Q. And for those 2016, '17 and '18, those
12 three-year periods, if I add that up, I get
13 465.3 million, subject to check. Would you agree
14 with that?

15 MR. KUTIK: What was the number? What
16 was the number?

17 MR. SAUER: 465.3.

18 THE WITNESS: Yes.

19 BY MR. SAUER:

20 Q. Okay. Are these calendar years or are
21 these -- well, yeah, are these calendar years? 2016,
22 is that a calendar year 2016 number?

23 A. No.

24 Q. No. So the three-year, 2016, '17, '18,

1 does that cover the ESP period?

2 THE WITNESS: I'm sorry, may I have the
3 question reread please, ma'am?

4 (Record read back as requested.)

5 THE WITNESS: No.

6 BY MR. SAUER:

7 Q. So is there a way to determine from this
8 schedule what the revenue requirement would be for
9 the ESP IV period?

10 A. No.

11 Q. If 2016 is not a calendar year, what
12 period does 2016 cover?

13 A. June 1st of 2016 through December 31st
14 of 2016.

15 Q. Okay. 2017, is that a calendar year?

16 A. May I ask you to restate the question,
17 please, sir?

18 Q. 2017 on Attachment EMM-1, is that a
19 calendar year?

20 A. Yes.

21 Q. 2018 on Attachment EMM-1, is that a
22 calendar year?

23 A. Yes.

24 Q. And 2019 on Attachment EMM-1 is a

1 calendar year?

2 A. Yes.

3 Q. And so in order to determine the ESP
4 term, I would need to know what part of 2019 would
5 represent January 1st through May 31st, 2019?

6 A. Yes.

7 Q. Okay. And that's not broken out here
8 anywhere on your schedule?

9 A. No.

10 Q. But 2019 in total, you have 107.3
11 million, correct?

12 A. No.

13 Q. On 2019 -- I'm sorry, 103.2, is that the
14 number?

15 MR. KUTIK: May I have the question
16 read? I thought you said 2019, and you just read the
17 number for 2018.

18 BY MR. SAUER:

19 Q. The credit represented on
20 Attachment EMM-1 for 2019 is 107.3; is that correct?

21 A. Yes.

22 Q. So the revenue requirement for the
23 entire ESP term would be a positive number, correct?

24 A. Yes.

1 Q. Do you know offhand approximately what
2 that number might be?

3 A. No.

4 Q. As you sit here today, can you
5 approximate what the revenue requirement for the
6 period January 1st, 2019 through May 31st, 2019 would
7 be?

8 A. No.

9 Q. If you look at Page 7 of your
10 supplemental testimony, you talk about in that
11 question and answer the Stipulation being a product
12 of serious bargaining with capable, knowledgeable
13 parties. Do you see that?

14 A. Yes.

15 Q. At Line 10 you talk about the signatory
16 parties had the opportunity to participate in the
17 extensive discovery served on the companies, over
18 2,250 questions including subparts, the vast majority
19 of which were responded to prior to this Stipulation.
20 Do you see that?

21 A. No.

22 Q. On Page 7, Lines 10 through 13.

23 A. I'm sorry, sir, is there a question
24 pending?

1 Q. Yes. I'll ask you a question about that
2 section I just pointed you to. Did you receive
3 discovery responses from any of the signatory parties
4 in the case -- any of the signatory parties to the
5 Stipulation?

6 MR. KUTIK: Objection.

7 THE WITNESS: May I ask you to restate
8 the question, please, sir?

9 BY MR. SAUER:

10 Q. Yes. Are you aware if any of the
11 signatory parties to the Stipulation submitted
12 written discovery to the companies prior to the
13 filing of the Stipulation?

14 MR. KUTIK: May I have the question
15 read?

16 (Record read back as requested.)

17 THE WITNESS: I don't remember.

18 BY MR. SAUER:

19 Q. Do you know if Ohio Power -- was Ohio
20 Power a signatory party to this Stipulation?

21 MR. KUTIK: I'll just object. I mean,
22 whether they're a signatory party or not is reflected
23 in the document; so whether she knows or doesn't know
24 or can remember or not remember is irrelevant. If

1 you want to point her to something, point her to
2 something.

3 BY MR. SAUER:

4 Q. Page 25 of the Stipulation, there's a
5 signature by a representative of the Ohio Power
6 Company, correct?

7 A. Yes.

8 Q. Did Ohio Power Company sign a protective
9 agreement?

10 A. I don't remember.

11 Q. Would Ohio Power Company have signed a
12 protective agreement that would have enabled them to
13 receive competitively sensitive information?

14 MR. KUTIK: Asked and answered.

15 THE WITNESS: I don't remember.

16 BY MR. SAUER:

17 Q. Who would know whether Ohio Power
18 Company signed a protective agreement?

19 MR. KUTIK: Objection to the extent it
20 calls for speculation.

21 THE WITNESS: The attorneys.

22 BY MR. SAUER:

23 Q. The Ohio Energy Group -- a
24 representative of the Ohio Energy Group on Page 21 of

1 the Stipulation signed. Do you know if Ohio Energy
2 Group signed a protective agreement in this case?

3 THE WITNESS: May I have that question
4 reread, please?

5 (Record read back as requested.)

6 THE WITNESS: I don't remember.

7 BY MR. SAUER:

8 Q. Do you know if any of the signatory
9 parties in this case signed a protective agreement
10 that would enable them to see confidential
11 information?

12 A. I don't remember who did or didn't sign
13 protective agreements.

14 Q. Do you know how many of the 2,250
15 questions that you reference in your testimony would
16 have contained confidential responses?

17 A. No.

18 Q. You don't know how many would have
19 referenced -- any of the 2,250 questions that would
20 have -- the responses to those 2,250 questions that
21 would have contained competitively sensitive
22 information?

23 A. No.

24 Q. Is it true that if a signatory party

1 hadn't signed the protective agreement to see
2 confidential information, they would not have
3 received all 2,250 responses?

4 MR. KUTIK: Is your question if the
5 signatory party had not?

6 BY MR. SAUER:

7 Q. Had not signed a protective agreement,
8 they would not have seen any responses that were
9 marked confidential or competitively sensitive,
10 correct?

11 MR. KUTIK: Objection; assumes facts.

12 THE WITNESS: The companies would not
13 have provided confidential or competitively sensitive
14 information to parties who hadn't executed
15 appropriate protective agreements.

16 MR. SAUER: Can we go off the record for
17 a minute?

18 (Discussion held off the record.)

19 BY MR. SAUER:

20 Q. Back on the record.

21 On Page 6 -- Page 7, Line 16 to 17 --

22 MR. KUTIK: We're on her testimony
23 again?

24 MR. SAUER: Supplemental testimony

1 still.

2 BY MR. SAUER:

3 Q. You have a statement that nearly all of
4 the signatory parties to the Stipulation fully
5 participated in prior MRO and ESP cases, correct?

6 A. Yes.

7 Q. What would you characterize as the --
8 would you characterize there to be a significant
9 change between the ESP III and the ESP IV case?

10 MR. KUTIK: Objection.

11 THE WITNESS: May I ask you to restate
12 the question, please, sir?

13 BY MR. SAUER:

14 Q. Yeah. What -- between -- what changed
15 between -- what changes are included in the ESP IV
16 case that was not in the ESP III case?

17 A. There are a number of changes that have
18 been articulated in the application, as well as the
19 Stipulation.

20 Q. Uh-huh. What -- is there a single
21 change that you would note as being one of the
22 most -- the most significant change between the two
23 cases?

24 A. May I ask you to restate the question,

1 please, sir?

2 Q. If I was to characterize the Economic
3 Stability Program as a significant change between the
4 ESP IV and the ESP III case, would you disagree with
5 that statement?

6 MR. KUTIK: Objection.

7 THE WITNESS: May I ask you to restate
8 the question, please, sir?

9 MR. SAUER: Is there a -- can I have the
10 question reread?

11 (Record read back as requested.)

12 BY MR. SAUER:

13 Q. Is there something about that question
14 that you don't understand?

15 A. Your use of the word "significant."

16 Q. Okay. On page -- on Page 7, Line 19,
17 you talk about -- go up to 17, I'm reading from your
18 testimony, "For these reasons the Signatory Parties
19 are very familiar with and knowledgeable about most
20 of the provisions of the Stipulation. This coupled
21 with the recent negotiations, particularly regarding
22 the Economic Stability Program, enabled the Signatory
23 Parties to gain familiarity with and knowledge of the
24 various components of the Stipulation."

1 Why did you pull out on Line 19 and
2 specify specifically the Economic Stability Program?

3 A. Because prior ESPs did not include an
4 Economic Stability Program.

5 Q. But you don't want to characterize that
6 as a significant change between the two ESP --
7 between the ESP III and the ESP IV?

8 A. No.

9 Q. How would you characterize that program?

10 MR. KUTIK: Objection.

11 MR. SAUER: Comparing the ESP III to the
12 ESP IV.

13 MR. KUTIK: Objection.

14 THE WITNESS: Ask you to restate the
15 question, please, sir.

16 BY MR. SAUER:

17 Q. I'll strike that.

18 If you look at Page 8 of your
19 supplemental testimony, there is some language
20 beginning on Line 5 and that runs through Line 9, do
21 you see that, beginning with "In particular"?

22 A. Yes.

23 Q. How does the Economic Stability Program
24 relate to bypassibility?

1 A. It relates to bypassibility because it
2 is applicable to customers shopping, as well as
3 customers who aren't shopping and, therefore, it's
4 applicable to bypassibility.

5 Q. When you're -- let me ask you: Is the
6 economic -- do you equate the Economic Stability
7 Program to Rider RRS?

8 MR. KUTIK: Well, I'll object to the
9 extent that this question has already been asked and
10 answered in the deposition, but she can go ahead and
11 answer again.

12 THE WITNESS: No.

13 BY MR. SAUER:

14 Q. Okay. But when you were talking about
15 bypassibility, are you speaking specifically about
16 Rider RRS?

17 A. I'm going to ask you to restate the
18 question, please, sir.

19 Q. Yeah. We were asking about how the
20 Economic Stability Program relates to bypassibility.
21 And you said -- I believe you said it was because
22 it's charged to both customers who shop and customers
23 who don't shop; is that right?

24 A. Yes.

1 Q. And so when you're talking about
2 charging customers who shop and customers who don't
3 shop, the charge you're referring to is the charge
4 that is levied through Rider RRS?

5 A. Charge or credit through Rider RRS, yes.

6 Q. For the first -- okay. How does the
7 Economic Stability Program relate to default service?

8 A. It has the effect of stabilizing,
9 providing certainty, with respect to retail electric
10 service for default customers.

11 Q. How exactly does it do that?

12 A. Rider RRS is designed to provide a
13 charge or a credit to the customers that moves in the
14 opposite direction of market prices; therefore -- or,
15 thereby providing or having the effect of stabilizing
16 the prices that customers pay, as well as providing
17 certainty with respect to retail electric service and
18 the price the customers pay for that retail electric
19 service.

20 MR. SAUER: Can I have that answer read
21 back?

22 (Record read back as requested.)

23 BY MR. SAUER:

24 Q. When you say it moves in the opposite

1 direction of market prices, is that an absolute?

2 MR. KUTIK: Objection.

3 THE WITNESS: Rider RRS is designed such
4 that when market prices exceed the costs associated
5 with producing generation from the plants included in
6 the proposed transaction, to the extent that market
7 revenues are greater than costs, it would be a credit
8 to the customers, and to the extent that market
9 revenues are less than the costs, it would be a
10 charge to the customers; so as market prices go up,
11 customers would see a credit, thereby stabilizing the
12 price.

13 BY MR. SAUER:

14 Q. But if costs rise faster than market
15 prices, is it possible that the Rider RRS would never
16 be a credit?

17 MR. KUTIK: Objection.

18 THE WITNESS: May I ask you to restate
19 the question, please?

20 BY MR. SAUER:

21 Q. Yes. I believe you testified that if --
22 as market rates go up and exceed costs, then
23 customers would get a credit. My question was:
24 Isn't it possible that costs could rise -- rise

1 faster than market prices such that customers may
2 never see a credit through Rider RRS?

3 MR. KUTIK: Objection.

4 THE WITNESS: I think I would -- that
5 calls for speculation, or I would need more
6 information to answer that question.

7 BY MR. SAUER:

8 Q. Okay. What factors go into the costs
9 side of the equation?

10 A. May I ask you to restate the question,
11 please?

12 Q. Yeah. We were -- your testimony you
13 were comparing market prices to costs, and you said
14 if market prices exceed costs then customers would
15 get a credit. I'm just asking what -- when you're
16 looking at costs, what are the costs that you are
17 considering when you made that statement?

18 A. The payments that the EDUs make in order
19 to receive the output from the plants.

20 Q. And the payments that the EDUs are
21 making, is that for operating and maintaining the
22 plants that are part of the purchase power agreement?

23 A. The payments as proposed are laid out in
24 the term -- the term sheet between the EDUs and FES.

1 Q. And the costs of the plants aren't
2 fixed, are they?

3 A. May I ask you to restate the question,
4 please, sir?

5 Q. Were -- the purchase power agreement
6 involves Sammis and Davis-Besse plants, correct, as
7 well as OVEC -- a couple plants at OVEC?

8 A. The proposed transaction includes
9 Sammis, Davis-Besse, and a portion of the OVEC
10 plants.

11 Q. Okay. And in exchange for the output --
12 the generation output of those plants, the companies
13 agreed to pay FirstEnergy Solutions' costs, correct?

14 A. No.

15 Q. What's wrong about that statement?

16 A. "Agreed to pay." To my knowledge, there
17 is no agreement at this point.

18 Q. Under the term sheet, they've agreed to
19 pay those costs, correct?

20 A. No.

21 Q. That's not the agreement in principle?

22 A. The term sheet identifies the proposed
23 terms for the transaction.

24 Q. Okay. I'm going back to your statement

1 that as market prices exceed costs, then customers
2 get a credit. Is there any circumstance that you can
3 imagine that customers wouldn't get a credit -- well,
4 for example, the first three years of the -- of the
5 Economic Stability Program customers are getting a
6 charge, correct?

7 MR. KUTIK: Objection.

8 THE WITNESS: May I ask you to restate
9 the question, please, sir?

10 BY MR. SAUER:

11 Q. Looking at EMM-1, the first three years
12 of your schedule -- or, the first -- I'd say the
13 first two-and-a-half years of your schedule, 2016,
14 '17, '18, customers are getting a charge, correct?

15 A. From June 1st --

16 Q. Uh-huh.

17 A. -- of 2016 through December 31st of
18 2018.

19 Q. Customers are getting a charge. So
20 during that period of time, costs --

21 MR. KUTIK: Have you finished your
22 answer?

23 THE WITNESS: Yes.

24 MR. KUTIK: Okay.

1 BY MR. SAUER:

2 Q. Oh, I'm sorry. You weren't finished?

3 A. I'm done.

4 Q. Oh, I'm sorry. Okay.

5 So during that period of time that you
6 just identified, 2016 through -- June 1st, 2016
7 through December 31st, 2018, costs are exceeding
8 revenues -- costs were exceeding market prices; is
9 that correct?

10 MR. KUTIK: Objection.

11 THE WITNESS: May I ask you to restate
12 the question, please, sir?

13 BY MR. SAUER:

14 Q. In order for the revenue requirement to
15 show a positive number as it does on Attachment
16 EMM-1, would you agree that the costs exceeded market
17 prices during that period of time?

18 A. No.

19 Q. And what's incorrect about that
20 statement?

21 A. Market prices.

22 Q. Okay. Earlier wasn't your testimony
23 that when market prices exceed costs, customers will
24 get a credit? Was that your testimony?

1 A. I don't recall, but the situation --
2 what I thought I testified to was to the extent that
3 market revenues exceed costs.

4 Q. Okay. So during the period of June 1st,
5 2016 through December 31st, 2018, would you agree
6 that costs exceeded market revenues during that
7 period of time?

8 MR. KUTIK: Objection.

9 THE WITNESS: May I have the question
10 reread, please, ma'am?

11 (Record read back as requested.)

12 THE WITNESS: Costs are projected to
13 exceed market revenues during that time.

14 MR. SAUER: Okay. If I could have this
15 marked Exhibit 6.

16 (EXHIBIT MARKED FOR IDENTIFICATION.)

17 BY MR. SAUER:

18 Q. I'm handing the witness a discovery
19 response to IEU Set 3-Interrogatory No. 35. Are you
20 familiar with this one-page document, Ms. Mikkelsen?

21 A. Yes.

22 Q. Okay. The last sentence of the response
23 states that, "These credits promote the economic
24 development of Rider ELR customers"; is that correct?

1 MR. KUTIK: Just so we're clear, because
2 I'm not sure you've said it, it does refer to Rider
3 ELR and credits under Rider EDR(b). Go ahead.

4 BY MR. SAUER:

5 Q. Is that correct?

6 A. The document reads that, "Rider ELR
7 provides participating customers economic development
8 credits on their electric bills through Rider EDR(b).
9 These credits promote the economic development of
10 Rider ELR customers."

11 Q. Okay. I think earlier when you were
12 talking about ELR customers, you had mentioned there
13 were some eligibility criteria I believe that the
14 customers had to achieve in order to qualify for
15 taking service as an interruptible customer; is that
16 correct?

17 A. Yes.

18 Q. Okay. Any of those criteria include
19 commitments to job retention or job creation?

20 A. No.

21 Q. No, okay.

22 MR. SAUER: Can I have this marked as
23 Mikkelsen Deposition Exhibit 7?

24 (EXHIBIT MARKED FOR IDENTIFICATION.)

1 MR. KUTIK: Do you want the Post-It Note
2 on there, too?

3 MR. SAUER: Yeah. I'll take that.

4 BY MR. SAUER:

5 Q. Thank you. There you go.

6 A. Thank you, sir.

7 Q. What I've handed the witness is IEU
8 Set 3-Interrogatory No. 33. Are you familiar with
9 this discovery response, Ms. Mikkelsen?

10 A. Yes.

11 Q. Okay. Do you know if during the polar
12 vortex in 2014 any of the companies' ELR customers
13 interrupted?

14 THE WITNESS: May I have that question
15 reread, please?

16 (Record read back as requested.)

17 THE WITNESS: May I ask you to restate
18 the question, please?

19 BY MR. SAUER:

20 Q. Do you know if -- well, are you familiar
21 with the polar vortex in 2014?

22 A. Yes.

23 Q. And during that time, were any of the
24 companies' customers interrupted?

1 MR. KUTIK: Objection.

2 THE WITNESS: May I ask you to restate
3 the question with respect to customers?

4 BY MR. SAUER:

5 Q. Any of the customers -- any of the
6 companies' large industrial or commercial customers
7 interrupted, was their service interrupted during the
8 polar vortex in 2014?

9 A. Yes.

10 Q. And were those customers interrupted
11 under provisions of the ELR tariff?

12 A. Yes.

13 Q. And do you know how many customers?

14 A. How many customers what, sir?

15 Q. How many ELR customers were interrupted
16 during the 2014 polar vortex?

17 MR. KUTIK: Could you read the question,
18 please?

19 (Record read back as requested.)

20 THE WITNESS: Yes.

21 BY MR. SAUER:

22 Q. And how many customers were
23 interrupted -- ELR customers were interrupted?

24 A. Thirty-three.

1 Q. And how many ELR customers in total are
2 there?

3 A. May I ask you to restate the question?

4 Q. How many ELR -- how many customers --
5 how many of the companies' ELR customers are there?

6 A. Twenty-seven.

7 Q. So I have more customers interrupted
8 than were on the ELR tariff; is that correct?

9 A. No.

10 Q. Okay. What does the first number you
11 gave, the 33 number, represent?

12 MR. KUTIK: Objection; asked and
13 answered. Go ahead.

14 THE WITNESS: The number of ELR
15 customers interrupted during the polar vortex.

16 BY MR. SAUER:

17 Q. And I thought your last answer was there
18 are 27 ELR customers in total.

19 MR. KUTIK: Objection; asked and
20 answered.

21 BY MR. SAUER:

22 Q. What's the difference between 33 and 27?

23 MR. KUTIK: Objection.

24 THE WITNESS: Six.

1 MR. KUTIK: I knew you were going to say
2 that.

3 MR. SAUER: I knew she was going to say
4 it, too. I knew she was, too.

5 (Laughter.)

6 BY MR. SAUER:

7 Q. All right. Were there 33 ELR customers
8 during the polar vortex?

9 A. Yes.

10 Q. And there are -- are there six fewer
11 customers today than there were then?

12 A. Yes.

13 Q. Okay. It doesn't have to be this hard.

14 I have a document that is marked
15 confidential, so I'm going to try to ask questions
16 without introducing it. If I have to, we can put
17 this off till next session, but I'll take a stab at
18 it.

19 MR. KUTIK: So you're not going to mark
20 it?

21 MR. SAUER: I'm not going to mark it
22 yet.

23 MR. KUTIK: All right. Do you want to
24 show it to her at least?

1 MR. SAUER: I can do that.

2 MR. KUTIK: Okay. That will help.

3 BY MR. SAUER:

4 Q. What I have is a document that I have
5 not marked, but it is a response to OCC Set
6 12-Interrogatory -- Interrogatory 304. It identifies
7 for the years 2010, '11, '12, '13 and '14 dollars
8 associated with the Automaker Credit. Do you see
9 that?

10 THE WITNESS: May I have the question
11 reread, please, ma'am?

12 (Record read back as requested.)

13 THE WITNESS: No.

14 MR. KUTIK: Well --

15 BY MR. SAUER:

16 Q. Under the response, there are dollars
17 for various years. Do you see that?

18 A. Yes.

19 Q. What do those dollars represent?

20 A. Dollars recovered under the Automaker
21 Charge Provision.

22 Q. Okay.

23 A. Rider EDR(i).

24 Q. And that provision is part of the

1 Stipulation, correct, specifically A.1.(i)(7)?

2 A. There is an Automaker Credit Provision
3 in the Stipulation.

4 Q. And you -- in the response you say:
5 These are costs recovered under the Automaker Charge
6 Provision through Rider EDR(i), correct?

7 A. Yes.

8 Q. And similarly would this rider recover
9 all the costs associated with that provision of the
10 Stipulation?

11 MR. KUTIK: Well, I'll object as the
12 response says, that the request that we're looking at
13 is vague and ambiguous as there are no costs under
14 the Automaker Credit Provision, Rider EDR(h); so your
15 question assumes facts that are directly contrary to
16 the response itself.

17 BY MR. SAUER:

18 Q. But the response goes on to say: Below
19 are the annual costs recovered under the Automaker
20 Charge.

21 To your knowledge, does this represent
22 all the costs associated with the Automaker Credit
23 Provision under the Stipulation?

24 MR. KUTIK: Objection.

1 THE WITNESS: No.

2 BY MR. SAUER:

3 Q. Would there be -- to the extent it's not
4 confidential, what other costs would be associated
5 with the Automaker Provision that aren't included in
6 the costs included in the response to --

7 MR. KUTIK: Objection.

8 BY MR. SAUER:

9 Q. -- OCC Set 12-Interrogatory 304?

10 MR. KUTIK: Objection; assuming there
11 are costs.

12 THE WITNESS: May I ask you to restate
13 that question, please, sir?

14 BY MR. SAUER:

15 Q. Okay. I asked you if these costs
16 included in the response were all the costs
17 associated with the Automaker Credit Provision of the
18 Stipulation, and you said no. And I asked you to the
19 extent it's not confidential, what other costs could
20 be associated with the Automaker Provision of the
21 Stipulation that aren't included in your response to
22 OCC Interrogatory Set 12-No. 304?

23 MR. KUTIK: I'll object on that basis,
24 and I'll also object that this is talking about

1 historical costs, and you've just asked a question
2 about the Stipulation. Go ahead.

3 THE WITNESS: I was struggling with the
4 exact same issue, sir.

5 BY MR. SAUER:

6 Q. Okay. I'm sorry. That wasn't clear.

7 Will there be costs associated with the
8 Automaker Credit going forward through the ESP IV
9 period?

10 A. Stipulation includes a provision for the
11 continuation of the Automaker Charge Provision, Rider
12 EDR(i).

13 Q. Okay. And would those costs also be
14 recovered through provision Rider EDR(i)?

15 A. I'll ask you to restate the question,
16 sir.

17 Q. Would any costs associated with that
18 provision continuing through the Stipulation also be
19 recovered through the provision --

20 MR. KUTIK: Objection.

21 BY MR. SAUER:

22 Q. -- Rider EDR(i)?

23 MR. KUTIK: Objection.

24 THE WITNESS: Costs arising from the

1 Automaker Credit Provision, Rider EDR(h), would be
2 recovered in the Automaker Charge Provision,
3 Rider EDR(i), during the ESP IV term.

4 BY MR. SAUER:

5 Q. Okay. Thank you. I have another
6 discovery response that's confidential as well. I'll
7 try to do this without going into the confidential
8 session if we can. This is --

9 MR. KUTIK: Wait a minute. Let's go off
10 the record for a second.

11 (Discussion held off the record.)

12 BY MR. SAUER:

13 Q. I just handed the witness what was
14 marked -- not marked, but a document that has been
15 marked confidential. It's OCC Set 13-Interrogatory
16 No. 347. This has to do with the annual amount of
17 PJM revenues received for the Rider ELR curtailable
18 load, and the annual amount of PJM revenues related
19 to Rider ELR and curtailable load provided in
20 response to Subpart A that was provided to customers
21 as credit to Rider DSE 1. Do you see that? This was
22 a discovery response that you provided,
23 Ms. Mikkelsen.

24 A. Yes.

1 Q. So you're familiar with the document?

2 A. Yes.

3 Q. And my question is: If you look at the
4 years 2011 and 2012, there's a dollar-for-dollar, it
5 appears, revenue received and credit passed through
6 Rider DSE. Do you see that?

7 A. May I ask you to restate the question,
8 please, sir?

9 Q. Yes. Under 2011, the same dollar amount
10 appears in Response A and Response B, correct?

11 A. Yes.

12 Q. Can I interpret that to --

13 MR. KUTIK: Well, go ahead.

14 BY MR. SAUER:

15 Q. Can I interpret that to mean that the
16 revenue received equals the credit provided to
17 customers?

18 A. In Rider DSE 1, yes.

19 Q. All right.

20 MR. KUTIK: Before you ask your next
21 question, let me confirm with Mr. Burk for a second.

22 (Pause.)

23 MR. SAUER: We're off the record.

24 (Discussion held off the record.)

1 BY MR. SAUER:

2 Q. Similarly 2012 appears to be a
3 dollar-for-dollar revenue received, credit provided,
4 correct?

5 A. PJM revenues received in 2012 equal --

6 Q. Uh-huh.

7 A. -- the credits provided to customers in
8 Rider DSE 1 in 2012.

9 Q. And my next question is 2013 there's a
10 difference, the revenues received exceed the credit
11 that was provided through Rider DSE 1, correct?

12 A. Yes.

13 Q. Do you know what the difference is in
14 2013?

15 MR. KUTIK: Is your question why there's
16 a difference?

17 BY MR. SAUER:

18 Q. Why is there a difference?

19 MR. KUTIK: Okay. You don't want her to
20 tell you the number.

21 MR. SAUER: I don't want the number, no.
22 Thank you for that clarification.

23 THE WITNESS: Yes.

24 BY MR. SAUER:

1 Q. You can tell me why there's a
2 difference?

3 A. Yes.

4 Q. Why is there a difference?

5 A. There was a Commission order in July of
6 2013 that allowed the companies to return 80 percent
7 of the PJM revenues to the customers in Rider DSE 1
8 and retain 20 percent of the PJM revenues.

9 Q. And that explains the difference in 2014
10 as well?

11 A. Yes.

12 Q. Except for maybe the timing difference
13 that's footnoted at the bottom.

14 A. Correct.

15 Q. Okay. And in what case was that July
16 2013 one, do you know? Go off the record.

17 (Discussion held off the record.)

18 (Luncheon recess.)

19 - - -

20

21

22

23

24

1 Wednesday Afternoon Session,
2 March 11, 2015.

3 - - -

4 MR. STINSON: This is Dane Stinson.

5 MR. OLIKER: Joe Oliker.

6 MS. PETRUCCI: Gretchen Petrucci.

7 MR. SAUER: I have Dane Stinson, Joe
8 Oliker, Gretchen Petrucci. Who else has joined?

9 MR. YURICK: Mark Yurick.

10 MR. SAUER: Hi, Mark. Anyone else?

11 MS. BOSSART: Barb Bossart, PUCO.

12 MR. LAVANGA: This is Mike Lavanga for
13 Nucor.

14 MR. SAUER: Some new joinees.

15 MS. BOJKO: Hi. This is Kim Bojko.

16 MR. MEISSNER: This is attorney Joe
17 Meissner with the Citizens Coalition. Good
18 afternoon.

19 MR. SAUER: Colleen Mooney, did you
20 join?

21 (No response.)

22 MR. SAUER: Madeline Fleisher? Hello.
23 Somebody join?

24 MS. FLEISHER: This is Madeline

1 Fleisher. Sorry, I was on mute.

2 MR. SAUER: Eric Wittine?

3 MS. DUNN: Larry, Carrie Dunn on the
4 line.

5 MR. KUTIK: Before you continue,
6 Counsel, I just want the record to reflect at about
7 12:25 or so during the telephone deposition, or at
8 least of the fact we have a telephone on, some Muzak
9 started to play. Apparently someone put their phone
10 on hold, and we agreed to hang up and have our lunch
11 break starting back at 1:00.

12 When we called back, the Muzak was still
13 playing interfering with individuals' ability to hear
14 over the telephone. OCC provided a new bridge line,
15 and it's now 1:24. Go ahead.

16 MR. SAUER: Thank you.

17 (EXHIBIT MARKED FOR IDENTIFICATION.)

18 BY MR. SAUER:

19 Q. I'd like to have marked as Exhibit 8 a
20 one-page document that is a company response to OMAEG
21 Set 3-Interrogatory No. 55. Ms. Mikkelsen, are you
22 familiar with this document?

23 A. Yes.

24 Q. And the -- the question is, "Is

1 FirstEnergy seeking Commission approval of the energy
2 efficiency and peak demand reduction programs
3 recommended in ESP IV Stipulation Section V.B.7 as
4 new energy efficiency and peak demand reduction
5 programs?"

6 And over the objections, the companies'
7 response is, "No." Do you see that?

8 A. I do.

9 Q. And why is that? Why is the answer no?

10 A. I don't think Section V.B.7 of the
11 Stipulation recommends energy efficiency and peak
12 demand reduction programs.

13 Q. You mean it's a continuation of an
14 existing program, it's not a new program, is that
15 what you mean?

16 A. No.

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

18 (Discussion held off the record.)

19 MR. KUTIK: Back on the record.

20 MR. SAUER: Can I have a sticker for
21 Mikkelsen Exhibit 9?

22 (EXHIBIT MARKED FOR IDENTIFICATION.)

23 BY MR. SAUER:

24 Q. Marked a one-page document which is

1 OMAEG Set 3-Interrogatory No. 56. Are you familiar
2 with this document, Ms. Mikkelsen?

3 A. Yes.

4 Q. And the companies' response to this data
5 request, which is, "...the operation of the programs
6 approved by the Commission and FirstEnergy's Amended
7 Plan Case Nos. 12-2190 EL-POR, et al. is in any way
8 dependent upon the energy efficiency at peak demand
9 reduction programs recommended for approval in
10 Stipulation Section V.B.7?"

11 And the answer is, "No?"

12 MR. KUTIK: The question begins with the
13 word "is," but go ahead.

14 BY MR. SAUER:

15 Q. And why was the response to that
16 interrogatory no?

17 A. Because the operations of the programs
18 approved by the Commission and FirstEnergy's Amended
19 Plan Case No. 12-2190-EL-POR is not dependent upon
20 the energy efficiency and peak demand reduction
21 programs included in the Stipulation.

22 Q. Will the energy efficiency and peak
23 demand response programs included in the Stipulation,
24 is it your expectation those programs would be

1 approved by the Commission in the ESP IV case?

2 THE WITNESS: May I have that question
3 reread, please?

4 (Record read back as requested.)

5 THE WITNESS: Yes.

6 BY MR. SAUER:

7 Q. Is there any expectation that the
8 programs included in the ESP IV as part of the
9 Stipulation in this case be -- strike that. Strike
10 that. Let me mark one more document.

11 (EXHIBIT MARKED FOR IDENTIFICATION.)

12 BY MR. SAUER:

13 Q. Just handed the witness what is marked
14 as OMAEG Set 3-Interrogatory No. 57. Ms. Mikkelsen,
15 are you familiar with this document?

16 A. Yes.

17 Q. The question is, "How are the programs
18 identified and established in ESP IV Stipulation cost
19 effective using either the Total Resource Cost Test
20 (TRC) or the Utility Cost Test (UCT)?"

21 And the response is, "The Total Resource
22 Cost Test and the Utility Cost Test are not
23 applicable to the programs identified in the ESP IV
24 Stipulation." Do you see that?

1 A. Yes.

2 Q. And why would those tests not be
3 applicable to the Energy Efficiency and Demand
4 Response Programs that are included within the
5 Stipulation?

6 A. There is no requirement that programs
7 approved as part of an ESP Stipulation meet a TRC or
8 a Utility Cost Test.

9 Q. Okay. The programs that were included
10 within the portfolio that was evaluated by the
11 Commission in Case No. 12-2190-EL-POR, were those
12 energy efficiency or demand response programs
13 evaluated under either the Total Resource Cost Test
14 or the Utility Cost Test?

15 A. I don't know.

16 Q. How will the Energy Efficiency and
17 Demand Response Programs within the Stipulation be
18 evaluated for approval by the PUCO?

19 MR. KUTIK: Objection.

20 THE WITNESS: May I ask you to restate
21 the question, please?

22 BY MR. SAUER:

23 Q. How do you -- how would you expect the
24 Commission to evaluate the Energy Efficiency and

1 Demand Response Programs that are included within the
2 Stipulation for approval?

3 MR. KUTIK: Objection.

4 THE WITNESS: I don't think I can speak
5 to how the Commission intends to evaluate the
6 program.

7 BY MR. SAUER:

8 Q. Has the company provided the PUCO any
9 information relative to the costs of the programs
10 within the Energy Efficiency and Demand Response
11 Program?

12 MR. KUTIK: May I have the question
13 read, please?

14 (Record read back as requested.)

15 MR. KUTIK: Objection.

16 THE WITNESS: May I ask you to restate
17 the question, please, sir?

18 BY MR. SAUER:

19 Q. Has the company provided any analysis of
20 the costs associated with the Energy Efficiency and
21 Demand Response Programs included within the
22 Stipulation under Provision B?

23 A. There is cost information contained in
24 the provisions under Item B in the Stipulation.

1 Q. Okay. Has the companies provided the
2 Commission any associated benefits of the program --
3 Energy Efficiency and Demand Response Programs
4 included under Provision B of the Stipulation?

5 A. May I ask you to restate the question,
6 please?

7 Q. Has the company provided any associated
8 benefits with the Energy Efficiency and Demand
9 Response Programs that are included within the
10 Stipulation under Provision B?

11 A. Yes.

12 Q. And what are the identified benefits of
13 the programs that are included under Provision B of
14 the Stipulation?

15 A. B.1, making energy efficiency programs
16 available to Akron residents to enable the City of
17 Akron to achieve its energy efficiency and
18 sustainability goals.

19 Q. Is that a quantifiable benefit?

20 A. Excuse me. I wasn't done with my
21 answer, sir.

22 Q. Oh, sorry.

23 A. Under Item 2 --

24 Q. Uh-huh.

1 A. -- benefit would be to encourage the
2 advancement of energy efficiency for members of COSE;
3 to provide seed money for upfront loans to members of
4 COSE for energy efficiency programs.

5 Under Item 3, a benefit would be to
6 bring greater awareness of COSE's Ohio Energy --
7 pardon me, Ohio Efficiency Resource Program.

8 Item 4, a benefit would be Level II
9 ASHRAE Energy Efficiency Audits that were conducted.

10 Under Item 5, benefit would be the
11 encouragement -- or, to encourage the advancement and
12 education of energy efficiency for members of the
13 AICUO.

14 Item 6, benefit would be supporting
15 AICUO's educational efforts on the benefit of energy
16 efficiency.

17 Q. That was Item 6?

18 A. Yes.

19 Q. Supporting -- is that listed under Item
20 6?

21 MR. KUTIK: I'm sorry. Do you have a
22 question?

23 MR. SAUER: I was trying to find -- were
24 you reading from Section 6?

1 THE WITNESS: I was referring to
2 Section 6, which addresses supporting AICUO's
3 educational efforts on the benefits of energy
4 efficiency.

5 BY MR. SAUER:

6 Q. Okay. Those benefits that you just
7 spoke of under Section B, Items 1, 2, 3, 4, 5 and 6,
8 are those quantifiable benefits?

9 A. At this time, no. I guess I would
10 finish that answer to say but I think they will be in
11 the future.

12 Q. Okay. Under B.1 --

13 MR. KUTIK: Are you talking about the
14 Stipulation now?

15 BY MR. SAUER:

16 Q. The Stipulation, B.1, the City of Akron
17 Energy Efficiency Program, there are amounts
18 recovered through Rider DSE, correct?

19 A. Yes.

20 Q. Are residential customers charged Rider
21 DSE?

22 A. Yes.

23 Q. And would residential customers be
24 charged for each of -- for the programs under

1 Section B.1, 2 -- well, let's just -- you said 1 was.
2 How about under B.2, Council of -- the COSE Ohio
3 Efficiency Resources Program, are residential
4 customers charged for that program under Rider DSE?

5 A. No.

6 Q. They are not, okay.

7 Would that go for the million dollar
8 commitment that's referenced in B.3, the Partnership
9 with COSE provision that's spoken there, would
10 residential customers be charged for that portion of
11 that commitment?

12 A. Again, Item 3, as we discussed earlier,
13 really references an aforementioned commitment of a
14 million, which is addressed really in Provision 2,
15 and it is an up-to provision.

16 Q. Uh-huh. Okay.

17 A. No, residential customers would not be
18 charged.

19 Q. Okay. And Provision 4 -- B.4, the
20 Level II Energy Efficiency Audit, would residential
21 customers be charged through Rider DSE for that
22 program?

23 A. No.

24 Q. Similarly under Provision B.5, the AICUO

1 Efficiency Resource Program, would residential
2 customers be charged for that?

3 THE WITNESS: May I have that question
4 reread, please, ma'am?

5 (Record read back as requested.)

6 THE WITNESS: Residential customers
7 would not be charged for the Ohio Efficiency Resource
8 Program.

9 BY MR. SAUER:

10 Q. Thank you. Will the companies be
11 proposing to collect loss distribution revenues
12 associated with the programs that are included under
13 Section B of the Stipulation?

14 A. Yes.

15 Q. And which of these programs would be
16 programs that would involve loss distribution
17 revenues that the company may seek to collect?

18 A. I think that depends upon future
19 actions.

20 Q. Does the City of Akron Energy Efficiency
21 Program, would its -- will the design of that program
22 contribute to a situation where the companies could
23 lose distribution revenues as a result of
24 implementing that program?

1 A. It could.

2 Q. Okay. Similarly with provision -- the
3 COSE Ohio Efficiency Resource Program, is that a
4 program that could potentially cause the companies to
5 lose distribution revenues?

6 A. Yes.

7 Q. And Provision 5, the AICUO Ohio
8 Efficiency Resource Program, is that a program that
9 potentially could cause the companies to lose
10 distribution revenues?

11 A. Yes.

12 Q. How about under Provision B, the Energy
13 Efficiency and Demand Response section of the
14 Stipulation, is it possible the companies will be
15 trying to recover shared savings as a result of the
16 implementation of these programs?

17 A. Yes.

18 Q. Would that -- would the same programs
19 that potentially could cause the companies to lose
20 distribution revenues, are those the same programs in
21 which the companies would look to recover shared
22 savings from those programs as well?

23 MR. KUTIK: Objection.

24 THE WITNESS: Could you restate the

1 question, please, sir?

2 BY MR. SAUER:

3 Q. Is the program, B.1, the City of Akron
4 Energy Efficiency Program, is that one in which the
5 companies may seek to recover shared savings?

6 A. Yes.

7 Q. Under B.2, the COSE Ohio Efficiency
8 Resource Program, is that a program that the
9 companies might potentially seek to recover shared
10 savings?

11 A. Yes.

12 Q. The AICUO Ohio Efficiency Resource
13 Program, is that a program that the companies might
14 seek to collect shared savings if that program is
15 implemented?

16 A. Yes.

17 Q. If the programs under Provision B of the
18 Stipulation, Energy Efficiency and Demand Response
19 Programs, would be implemented, would the company be
20 able to count the savings of customers who opt out --
21 strike that. Strike that.

22 Does the company have in place a
23 Residential Load Control Program?

24 MR. KUTIK: Objection.

1 THE WITNESS: May I ask you to restate
2 the question, please?

3 BY MR. SAUER:

4 Q. As one of the -- does the company have
5 as an Energy Efficiency or Demand Response Program
6 currently a Residential Load Control Program?

7 A. The companies currently have a
8 Residential Direct Load Control Program.

9 Q. They do have currently.

10 And do -- are the costs associated with
11 that program recovered exclusively through -- from
12 residential customers?

13 A. Yes.

14 Q. Earlier in the deposition we were
15 talking about the -- if you turn to Page 10 of the
16 Stipulation, there is a Provision (iv) at the top of
17 the page, "The Rider RRS rate for GS, GP, GSU and GT
18 customers will be based on billing demand. The Rider
19 RRS rate for residential and lighting schedules will
20 be a kWh charge." Do you see that provision?

21 A. I do.

22 Q. Is that a -- is that a provision that
23 only affects nonresidential customers?

24 A. May I ask you to restate the question,

1 please, sir?

2 Q. Yeah. It wasn't a very good question.

3 MR. KUTIK: We'll stipulate to that.

4 MR. SAUER: We'll stipulate to that.

5 I'll take another stab at that.

6 BY MR. SAUER:

7 Q. What was the purpose of basing Rider RRS
8 rate for the GS, GP, GSU and GT customers on billing
9 demand?

10 A. It was to better align the costs and
11 benefits of the Economic Stability Program with
12 customers' unique load characteristics and capacity
13 charges.

14 Q. In better aligning the costs of the
15 program, was that done in a way that would be
16 considered revenue neutral?

17 A. May I ask you to restate the question,
18 please?

19 Q. In better aligning the costs of that
20 program, did that result in shifting any costs from
21 commercial and industrial customers to residential
22 customers?

23 A. No, sir.

24 Q. Okay. When we were talking about the

1 interruptible customers during the polar vortex and
2 you mentioned there were 33 customers that
3 interrupted during that time, do you recall that?

4 A. Yes.

5 Q. How do you measure the time period that
6 customers are interrupted? Is there a measure that
7 you use, like, customer minutes of interruption or --

8 MR. KUTIK: Objection.

9 THE WITNESS: Tariff requires that the
10 customers be at a firm service level as of the start
11 of an event.

12 BY MR. SAUER:

13 Q. Okay.

14 A. And we measure their attainment of that
15 firm service level on a continuous basis throughout
16 the event.

17 Q. Okay. Do you know how long the event
18 lasted that resulted in the customer being
19 interrupted?

20 MR. KUTIK: Objection.

21 THE WITNESS: May I ask you to restate
22 the question, please?

23 BY MR. SAUER:

24 Q. The 33 customers that were interrupted

1 during the polar vortex in 2014, were they all
2 interrupted at the same time?

3 THE WITNESS: May I have that reread,
4 please?

5 (Record read back as requested.)

6 THE WITNESS: Thirty-three ELR
7 customers.

8 BY MR. SAUER:

9 Q. Okay.

10 A. Were all interrupted at the same time.

11 Q. Okay. And do you know how long that
12 interruption -- interruption lasted?

13 MR. KUTIK: Objection.

14 THE WITNESS: I don't recall.

15 MR. SAUER: Okay. Can we go off the
16 record for a minute?

17 (Discussion held off the record.)

18 MR. SAUER: Back on the record.

19 Ms. Mikkelsen, I think I'm finished. I appreciate
20 your time today.

21 During the deposition, we had asked
22 about protective agreements and whether we could get
23 copies of all the protective agreements that were
24 signed by the signatory parties. We'd appreciate it

1 if we could get those at some point.

2 MR. KUTIK: Is that something you had
3 previously requested in discovery?

4 MR. SAUER: I'd have to go back and
5 check.

6 MR. KUTIK: Well, we'll both do that,
7 and then we'll provide our response.

8 MR. SAUER: Okay.

9 MR. KUTIK: All right. Pursuant to an
10 e-mail that I received from Mr. Sauer about the
11 continuation of this deposition, it appeared that
12 Mr. Stinson, or someone on behalf of NOPEC, has
13 questions. So Mr. Stinson, it's your turn.

14 MR. STINSON: My questions have been
15 asked. I have no questions.

16 MR. KUTIK: All right. Thank you. Next
17 is Mr. Olier from IGS.

18 MR. OLIER: Okay. Thank you,
19 Mr. Kutik.

20 - - -

21 CROSS-EXAMINATION

22 BY MR. OLIER:

23 Q. Ms. Mikkelsen, are you ready to continue
24 or do you need a break?

1 A. I'm ready to continue.

2 Q. I'm sorry. I had trouble hearing you.

3 A. I'm ready to continue.

4 Q. Okay. Sure. Well, good afternoon,
5 Ms. Mikkelsen. I'll try to make this as brief as
6 possible. A few questions today.

7 Let's start with Page 1 of your
8 testimony. This is your direct testimony. You
9 indicate that you subsequently worked in several
10 positions at FirstEnergy Solutions in various
11 Strategic Planning, Marketing and Regulatory areas
12 and FES's Energy Consulting Business.

13 Can you walk me through in chronological
14 order when you started working at FES, what your job
15 responsibilities were at that time?

16 A. I can try. I started working at FES in
17 the late 1990s, and at that time I was working in the
18 Strategic Planning area of FES.

19 Q. To start, what does Strategic Planning
20 do?

21 MR. KUTIK: Well, do you want her to
22 answer your first question or what? She hadn't
23 finished her answer.

24 BY MR. OLKER:

1 Q. Sure. If she'd like to continue and
2 then we can come back. Please continue,
3 Ms. Mikkelsen.

4 MR. KUTIK: Had you finished your
5 answer?

6 THE WITNESS: Well, I was -- no.

7 MR. KUTIK: Okay. Finish your answer.

8 THE WITNESS: I started working in the
9 Strategic Planning area in FirstEnergy Solutions.
10 Subsequent to that, I would have worked in the
11 Marketing area of FirstEnergy Solutions in differing
12 capacities over time.

13 Starting in 2006, I was responsible for
14 directing the operations of FirstEnergy Solutions's
15 Energy Consulting Business, and I continued in that
16 capacity through June of 2010.

17 BY MR. OLIKER:

18 Q. Okay. I guess let's take those one at a
19 time. In the Energy Consulting -- I'm sorry.

20 MR. KUTIK: Go ahead.

21 BY MR. OLIKER:

22 Q. I thought somebody was speaking. Go
23 ahead.

24 MR. KUTIK: We're waiting for your

1 question.

2 BY MR. OLIKER:

3 Q. In the Energy Consulting Business, what
4 does that group do?

5 A. That group no longer exists.

6 Q. What did it do at the time?

7 A. Provide energy consulting services.

8 Q. And to whom did it provide those
9 services?

10 MR. KUTIK: You can be very generic in
11 that answer. With respect to specific client
12 relationships, I would instruct you not to answer
13 that question. Go ahead.

14 THE WITNESS: National accounts,
15 communities.

16 BY MR. OLIKER:

17 Q. Okay. And I believe you said you were
18 in that position in 2006. When did you leave that
19 position?

20 A. June of 2010.

21 Q. Is that when you came over to
22 FirstEnergy, the utility?

23 MR. KUTIK: Objection.

24 THE WITNESS: No.

1 BY MR. OLIKER:

2 Q. Where did you go after -- in 2010?

3 A. FirstEnergy Service Company.

4 Q. Okay. In that capacity, who did you
5 provide services to?

6 A. Ohio Edison, The Cleveland Electric
7 Illuminating Company, and The Toledo Edison Company.

8 Q. Did you also provide services to
9 FirstEnergy Solutions in that capacity?

10 A. I have from time to time provided
11 services to FirstEnergy Solutions on matters not
12 related to -- matters not related to Ohio Edison, The
13 Cleveland Electric Illuminating Company or The Toledo
14 Edison Company.

15 Q. Okay. And sorry to take this a step
16 back again. In your testimony, you said in various
17 Strategic Planning, Marketing and Regulatory areas.
18 In which positions did you provide services in
19 Regulatory areas?

20 A. In the Strategic Planning, Marketing and
21 Consulting Business, I would have provided -- or
22 performed regulatory activities.

23 Q. And what type of activities did you
24 perform?

1 A. Analysis of various regulatory orders in
2 various states and service territories.

3 Q. In 1999 were you involved in Ohio
4 Edison, Toledo Edison, or Cleveland Electric
5 Illuminating Companies' electric transition plan in
6 any capacity?

7 A. No.

8 Q. Were you involved in -- just for ease of
9 our discussion, if I refer to FirstEnergy utilities,
10 would you understand that I'm speaking of the Ohio
11 Edison, Cleveland Electric Illuminating Company and
12 Toledo Edison?

13 A. FirstEnergy -- I'm sorry, could you
14 repeat that, please?

15 Q. For ease of discussion, if I refer to
16 the FirstEnergy Ohio utilities, would you know what
17 I'm talking about?

18 A. What are you talking about?

19 Q. For ease of our discussion, if I refer
20 to the FirstEnergy Ohio utilities, I'm going to be
21 referring to Toledo Edison Company, Ohio Edison, and
22 Cleveland Electric Illuminating Company. Do you
23 understand that?

24 A. I do.

1 Q. Okay. And between 1999 and 2010, were
2 you involved in any of the FirstEnergy Ohio
3 utilities' rate stabilization plans?

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

6 (Record read back as requested.)

7 THE WITNESS: No.

8 BY MR. OLIKER:

9 Q. Have you reviewed any of the testimony
10 that the FirstEnergy utilities filed in its electric
11 transition plan?

12 A. I may have. I don't recall.

13 Q. Okay. And your testimony indicates that
14 you have an accounting degree. Are you an expert on
15 Generally Accepted Accounting Principles, also known
16 as GAAP?

17 A. No.

18 Q. Okay. Are you aware that from time to
19 time the FirstEnergy Ohio utilities submit testimony
20 to the Ohio General Assembly?

21 MR. KUTIK: Objection.

22 THE WITNESS: I don't know.

23 BY MR. OLIKER:

24 Q. Okay. My follow-up question is: Have

1 you reviewed any of the testimony that FirstEnergy
2 Ohio utilities have submitted to the Ohio General
3 Assembly over the past 10 years?

4 MR. KUTIK: Objection.

5 THE WITNESS: It's difficult for me to
6 say without seeing what you're referring to, sir.

7 BY MR. OLIKER:

8 Q. Why is it difficult? I'm sorry, I'm
9 having trouble understanding.

10 MR. KUTIK: So your question is why is
11 it difficult?

12 MR. OLIKER: Yes. I'm trying to
13 understand her basis of her answer.

14 THE WITNESS: My answer is if you have a
15 question if I've reviewed a document from the
16 utilities, the FirstEnergy Ohio utilities, it would
17 be helpful for me to see the document in order to
18 answer the question as to whether or not I've seen
19 it.

20 BY MR. OLIKER:

21 Q. Well, are you aware that Mr. Alexander
22 previously submitted testimony to the General
23 Assembly in the 2007 period?

24 MR. KUTIK: Objection.

1 THE WITNESS: I saw the attachment to
2 testimony. I was not aware of the testimony prior to
3 that.

4 BY MR. OLIKER:

5 Q. And when you say "the testimony," are
6 you referring to the testimony submitted by Matthew
7 White?

8 A. Yes.

9 Q. So speaking of those attachments, and I
10 understand that you don't have them in front of you,
11 have you seen either the testimony of Mr. Alexander
12 or Mrs. Vespoli that was attached to Mr. White's
13 testimony?

14 MR. KUTIK: Objection.

15 THE WITNESS: I saw them attached to
16 Mr. White's testimony. I've not seen them prior to
17 that.

18 BY MR. OLIKER:

19 Q. Thank you. Have you seen any other
20 testimony submitted by Mr. Alexander or Ms. Vespoli
21 to the General Assembly in the past 10 years?

22 A. I don't recall.

23 Q. Okay. At the time of -- you understand
24 if I refer to FirstEnergy's ESP III, do you

1 understand that I am referring to the ESP that is
2 currently in existence?

3 A. It would be helpful if we referred to it
4 as the utilities' ESP, but, yes.

5 Q. Okay. At the time the FirstEnergy Ohio
6 utilities' last ESP case was filed, what was your
7 title?

8 A. Director of Rates and Regulatory
9 Affairs.

10 Q. Now, you testified in that case,
11 correct?

12 A. No.

13 Q. Would you agree that Witness Ridmann and
14 Stoddard did testify for FirstEnergy?

15 A. I agree with respect to Mr. Ridmann; I
16 don't recall with respect to Mr. Stoddard.

17 Q. Would you have reviewed all of the
18 testimony that the FirstEnergy Ohio utilities
19 submitted in that proceeding?

20 A. Yes.

21 Q. And could you explain your corporate
22 relationship with Mr. Ridmann? Does he report to you
23 or do you report to him?

24 MR. KUTIK: Objection. This has been

1 asked and answered and covered at length in the prior
2 deposition session. You can answer that question,
3 but we're not going to go too much further down this
4 line. Go ahead.

5 THE WITNESS: I report to Mr. Ridmann.

6 BY MR. OLIKER:

7 Q. Okay. And you participated in
8 FirstEnergy Ohio utilities' ESP II, correct, which is
9 Case No. 10-388?

10 MR. KUTIK: Objection.

11 THE WITNESS: May I ask you to restate
12 your question, please?

13 BY MR. OLIKER:

14 Q. What part of my question don't you
15 understand, Ms. Mikkelsen?

16 A. "Participate."

17 Q. Did you testify in FirstEnergy Ohio
18 utilities' second ESP case, which is Case No. 10-388?

19 A. No.

20 Q. Did you review the testimony that the
21 FirstEnergy Ohio utilities submitted in that
22 proceeding?

23 A. I would have reviewed it after it was
24 filed.

1 Q. What was your title at the time of that
2 proceeding?

3 A. I don't remember the exact title.

4 Q. But you had responsibilities related to
5 the Regulatory Department, correct?

6 MR. KUTIK: Objection.

7 THE WITNESS: No.

8 BY MR. OLIKER:

9 Q. What were your responsibilities at the
10 time of the second ESP case?

11 A. When that case was filed, I was working
12 for FirstEnergy Solutions.

13 Q. And what were your responsibilities for
14 FirstEnergy Solutions at the time of FirstEnergy Ohio
15 utilities' second ESP case?

16 A. I was responsible for the Energy
17 Consulting Business, as well as Regulatory oversight.

18 Q. Okay. And just so we can understand the
19 chronology, that case was filed in March of 2010, but
20 we didn't receive an order until much later than
21 that. So is that why you said you had reviewed the
22 testimony after it was filed?

23 MR. KUTIK: Objection.

24 THE WITNESS: I'm sorry, may I ask you

1 to restate that question, please?

2 BY MR. OLIKER:

3 Q. Sure. When exactly did you start
4 working for the FirstEnergy Services Company?

5 MR. KUTIK: Objection; asked and
6 answered. Answer it again.

7 THE WITNESS: June of 2010.

8 BY MR. OLIKER:

9 Q. Okay. So in June of 2010, you don't
10 remember the title that you were -- that you were
11 hired to?

12 MR. KUTIK: Objection; mischaracterizes
13 her testimony.

14 THE WITNESS: I do.

15 BY MR. OLIKER:

16 Q. What was that title?

17 A. Director of Rates and Regulatory
18 Affairs.

19 Q. Okay. Thank you. Ms. Mikkelsen, you
20 testified regarding the ESP's compliance with State
21 policy, correct?

22 A. Yes.

23 Q. But your testimony and no other
24 FirstEnergy witness describes FirstEnergy's corporate

1 separation plan, correct?

2 A. The companies' corporate separation plan
3 is addressed in our application at Page 10 -- or,
4 Page 19.

5 Q. And is there a -- I'm sorry. Were you
6 not done?

7 A. I was done.

8 Q. Is there a witness that addresses the
9 companies' corporate separation plan?

10 MR. KUTIK: Objection.

11 THE WITNESS: I'm going to ask you to
12 restate the question, please.

13 BY MR. OLKER:

14 Q. What part of my question don't you
15 understand?

16 A. I frankly don't remember the question
17 anymore; so may I have it reread, please?

18 Q. That's okay. I'll restate it for you.

19 Is there a witness that addresses
20 FirstEnergy's corporate separation plan?

21 MR. KUTIK: Objection.

22 THE WITNESS: I support the companies'
23 application, and the companies' application at
24 Page 19 addresses the corporate separation plan.

1 BY MR. OLIKER:

2 Q. Ms. Mikkelsen, would you agree that one
3 of the purposes of corporate separation requirements
4 is to prevent an unregulated entity from obtaining a
5 benefit through its affiliation with a regulated
6 entity?

7 MR. KUTIK: May I have the question
8 read, please?

9 (Record read back as requested.)

10 THE WITNESS: Yes.

11 BY MR. OLIKER:

12 Q. And you are also the witness that
13 testifies regarding the Stipulation, correct?

14 A. Yes.

15 Q. Would you agree that no competitive
16 retail electric service provider or wholesale
17 generator signed the Stipulation?

18 THE WITNESS: May I have that question
19 reread, please, ma'am?

20 (Record read back as requested.)

21 THE WITNESS: I would agree that there
22 were no competitive retail electric service providers
23 who signed the Stipulation. I am not clear of Ohio
24 Power Company's status as it relates to a wholesale

1 supplier relative to your question.

2 BY MR. OLIKER:

3 Q. Fair enough. Would you agree that
4 FirstEnergy did not send a draft of the Stipulation
5 to every party prior to filing it?

6 MR. KUTIK: Objection.

7 THE WITNESS: I'm going to ask you to
8 restate the question, please, sir.

9 BY MR. OLIKER:

10 Q. What part of my question don't you
11 understand?

12 A. Your reference to FirstEnergy.

13 Q. Would you agree that the FirstEnergy
14 Ohio utilities did not send a draft of the
15 Stipulation to every party prior to filing it?

16 A. Yes.

17 Q. Would you agree that the FirstEnergy
18 Ohio utilities broke off negotiations with CRES
19 providers and wholesale generators approximately two
20 months before the Stipulation was filed?

21 A. No.

22 Q. Could you please explain why you
23 disagree, and upon which facts you rely?

24 A. I think the company has expressed the --

1 the FirstEnergy utility companies have expressed
2 their interest in reaching a settlement in this
3 proceeding from the start, and reached out to all of
4 the parties in an effort to discuss settlement and
5 try to reach a mutual agreement. I do not recall any
6 instance where the FirstEnergy utilities, quote, cut
7 off, unquote, settlement discussions.

8 Q. Maybe I can rephrase my question. Can
9 you identify any point in time in the two months
10 prior to filing the Stipulation in which FirstEnergy
11 Ohio utilities had negotiations with any CRES
12 provider or wholesale generator?

13 THE WITNESS: May I have that question
14 reread, please, ma'am?

15 (Record read back as requested.)

16 THE WITNESS: I believe there were such
17 negotiations within that two-month period.

18 BY MR. OLIKER:

19 Q. Can you identify with which -- which
20 party?

21 A. We were talking to a number of parties
22 that produced renewable resources, and I recall
23 discussions occurring with a competitive retail
24 supplier, as well as potentially a wholesale

1 generator.

2 Q. And do you understand in that previous
3 question the wholesale generators that I'm referring
4 to would not include Ohio Power Company, Duke Energy
5 Ohio, or Dayton Power & Light?

6 MR. KUTIK: Objection.

7 BY MR. OLIKER:

8 Q. Does that change your answer?

9 A. My answer doesn't change with that
10 caveat.

11 Q. Let's try it a little narrower. Would
12 you agree that FirstEnergy Ohio utilities did not
13 contact IGS Energy in the two months leading up to
14 the Stipulation?

15 A. I know that the utilities did contact
16 and have discussions with IGS. I don't recall the
17 last date of those discussions.

18 Q. Okay. Shifting to a whole different
19 topic. I don't want to talk too much about this, but
20 just the actual mechanics of the way Rider ELR works.

21 With Rider ELR and EDR competition
22 together provides a total of \$10 per kilowatt per
23 month to an interruptible customer, correct?

24 A. No.

1 Q. Can you explain how you disagree with
2 me?

3 A. It's \$10 per kW per billing month for
4 curtailable load.

5 Q. Thanks for that clarification. Would
6 you agree that works out to about \$120,000 per
7 megawatt per year, I believe?

8 A. Yes, subject to check. I'm sitting
9 trying to do -- everyone's looking at me, like,
10 simple math.

11 Q. If my math is wrong, I will not hold you
12 to it, I promise.

13 MR. KUTIK: Well, she said it was
14 subject to check.

15 BY MR. OLIKER:

16 Q. Okay. And to find out the megawatt day
17 equivalent of that compensation, would you agree that
18 you would divide the \$120,000 by 365?

19 A. Yes.

20 Q. And would you agree, subject to check,
21 that that equals about \$329 per megawatt day?

22 A. Subject to check.

23 Q. And would you agree that that price is
24 higher than the capacity prices that cleared in the

1 ATSI zone for 2016-'17 and 2017-'18?

2 A. I don't think it's a relevant
3 comparison.

4 Q. But do you agree?

5 A. I agree that that nominal value is
6 higher than the nominal value that those referenced
7 auctions cleared at. Again, I don't think it's a
8 relevant comparison.

9 Q. Can you tell me why you don't think it's
10 relevant.

11 A. For a number of reasons; the Rider ELR
12 interruptible load can be called not only by PJM,
13 which would be comparable to what you're referring to
14 in terms of the auction clearing prices, but it can
15 also be called during periods of system stress by
16 ATSI, and those resources can also be called during
17 periods of system stress by the utility company.

18 Those customers also are subject to an
19 economic buy-through provision which is not
20 comparable to the numbers that you're comparing to,
21 and --

22 Q. The economic buy-through?

23 MR. KUTIK: Excuse me. Excuse me. Had
24 you finished your answer?

1 THE WITNESS: No.

2 BY MR. OLIKER:

3 Q. Keep going. I'm sorry. It's hard doing
4 this over the phone.

5 A. I appreciate it. Thank you for your
6 kindness.

7 MR. KUTIK: That's why I interrupted you
8 since I knew that you didn't understand that she
9 hadn't finished. Go ahead.

10 THE WITNESS: And as an additional
11 matter, the compensation that you referred to, the
12 \$10 per kW per billing month of curtailable load,
13 includes \$5 per kW per month per curtailable load
14 associated with economic development. So for those
15 reasons, I don't think the comparison is appropriate.

16 BY MR. OLIKER:

17 Q. You just mentioned -- I'm sorry. Are
18 you still going?

19 A. No.

20 Q. You just mentioned an economic
21 buy-through. Refresh my memory: Will the economic
22 buy-through still be in place if the Stipulation is
23 approved?

24 A. No.

1 Q. Okay. Because you would agree if the
2 economic buy-through was still in place, then that
3 capacity could not be utilized as a capacity resource
4 of PJM.

5 A. I ask you to restate that question,
6 please.

7 Q. What part of my question didn't you
8 understand?

9 A. The reference to why an economic
10 buy-through provision prohibits participation in PJM.

11 Q. If -- let me restate it this way: If an
12 interruptible resource has the opportunity to buy out
13 of its obligation to interrupt, does it qualify as a
14 capacity resource in PJM's capacity auction?

15 A. I guess to be clear, that's not the type
16 of economic buy-through provision that I was
17 referring to in our Rider ELR tariff.

18 Q. What type of economic buy-through
19 provision are you referring to?

20 A. This is a provision where if they had
21 LMP prices reach a certain level, customers are
22 notified, and they have -- the ELR customers are
23 notified on a day-ahead basis, and they have the
24 opportunity, but not the obligation, to either

1 curtail to their firm service level or to procure
2 service above their firm service level at the
3 day-ahead LMP prices rather than the SSO rate.

4 Q. Okay. Just so I'm clear, if the
5 Stipulation is approved, will the economic
6 buy-through option still exist?

7 MR. KUTIK: Objection; asked and
8 answered. Tell him again.

9 THE WITNESS: No.

10 BY MR. OLIKER:

11 Q. Okay. Thank you. And earlier you had
12 talked about the amount of interruptible or
13 curtailable load that qualifies for ELR compensation.
14 Is that curtailable load calculated based upon the
15 five CPs?

16 A. May I ask you to clarify that question,
17 please?

18 Q. Sure. Let's take one step at a time.
19 You understand what the five coincident peaks are,
20 correct?

21 A. It would be helpful to me if you would
22 explain to me what you mean by the five coincident
23 peaks.

24 Q. Are you familiar with PJM's capacity

1 market rules?

2 A. I am familiar; I am not an expert.

3 Q. Would you agree that PJM measures the
4 five highest hours of usage on its system between the
5 hours of June and September, and it deems those hours
6 the five coincident peaks?

7 A. I am aware that PJM sets customers' peak
8 load contribution levels based on the five peaks,
9 yes.

10 Q. And would you agree that for purposes of
11 the capacity market, the amount of unforced capacity
12 the demand response resource may bid into a capacity
13 auction is determined by their usage during the five
14 CP?

15 A. Yes.

16 Q. And my question to you is: With respect
17 to Rider ELR, in determining the amount of
18 curtailable load do you utilize a five CP
19 calculation?

20 A. The curtailable load by customer is
21 preset, and it's -- well, it's preset based on
22 contracts that were in existence or tariffs that
23 customers took service under as of February 2008.

24 Q. So you're saying it could be higher or

1 lower than the five CP value the customer actually
2 has?

3 MR. KUTIK: Objection.

4 THE WITNESS: I'm saying that the
5 maximum curtailable load that an ELR customer can be
6 compensated up to is a fixed number.

7 BY MR. OLIKER:

8 Q. If the customer's usage decreased from
9 what that number was in 2008, would they receive the
10 same amount of compensation?

11 MR. KUTIK: Objection.

12 THE WITNESS: May I ask you to restate
13 the question, please?

14 BY MR. OLIKER:

15 Q. Okay. Let's take it this way: Assuming
16 a customer had a 10-megawatt demand in 2008 and they
17 had an 8-megawatt demand in 2015, would they have a
18 different calculation of the amount of ELR revenue
19 received in 2015?

20 A. I don't think there's enough information
21 in that question to answer the question, sir.

22 Q. Let's assume their interruptible
23 capability is exactly the same.

24 A. May I ask you to restate the question,

1 please?

2 Q. Sure. Let's break it up even more.

3 Assume a customer has an 8-megawatt demand in 2008
4 when they entered the contract, they have a
5 6-megawatt interruptible capability. Now 2015 has
6 rolled around, their usage is down to 6 megawatts of
7 peak demand and they now only have a 3-megawatt
8 interruptible capability; so their total usage and
9 peak demand has decreased and their interruptible
10 capability has decreased. Will they be paid
11 different amounts in 2008 and 2015?

12 A. I can't answer that question without
13 additional information.

14 Q. What else would you need, Ms. Mikkelsen?

15 A. Firm service levels.

16 Q. Assume the firm service levels are
17 exactly the same.

18 A. May I ask you to set it up for me then,
19 please, or repeat the question?

20 Q. Let me ask you differently. Are there
21 circumstances that would cause their compensation to
22 be different?

23 A. Customers -- ELR customer compensation
24 varies based on their billing demand, max curtailable

1 load, and firm service levels.

2 Q. Okay. That's fine.

3 MR. KUTIK: Before you go onto your next
4 question, let's take a break.

5 MR. OLIKER: How long do you want to
6 take, Dave?

7 MR. KUTIK: Ten minutes.

8 MR. OLIKER: Okay.

9 (Recess taken.)

10 MR. KUTIK: Back on the record.

11 BY MR. OLIKER:

12 Q. Ms. Mikkelsen, are you familiar with
13 what has been titled the PJM Stop-Gap Proposal?

14 A. Yes.

15 Q. And you would agree that is a proposal
16 by PJM to preserve demand response in the capacity
17 market to the extent the Supreme Court of the United
18 States denies certiorari of EPSA, as well as removing
19 other existing provisions related to demand response
20 in the capacity market as a supply side resource?

21 MR. KUTIK: Objection.

22 THE WITNESS: May I ask you to break
23 that down? It's kind of a compound question.

24 BY MR. OLIKER:

1 Q. Maybe I'll kick it to you: Can you tell
2 me what the stop-gap proposal is?

3 A. Probably not to the level of specificity
4 it warrants.

5 Q. Okay. Well, from a high level, would
6 you agree that it is a proposal by PJM to continue
7 using demand response in the capacity market?

8 THE WITNESS: May I have that question
9 reread, please, ma'am?

10 (Record read back as requested.)

11 THE WITNESS: I don't know.

12 BY MR. OLIKER:

13 Q. Can you explain what you do know about
14 the stop-gap proposal, just to help our discussion?
15 I won't go down too far depending on your
16 understanding.

17 A. It is a proposal that includes -- it's a
18 wholesale load reduction proposal that would remove
19 demand response from the supply side of the capacity
20 markets, and seeks, I think in some fashion, to find
21 a role for it on the supply side.

22 MR. KUTIK: You said supply side twice.

23 THE WITNESS: Oh, pardon me, demand
24 side. I'm sorry.

1 BY MR. OLIKER:

2 Q. Great. I think we're on the same page.
3 Okay. So you would agree with the stop-gap proposal,
4 what you do, what you just described, you're no
5 longer paying a demand response resource for their
6 participation, you are then giving the load-serving
7 entity that serves a demand response resource an
8 avoided capacity cost?

9 A. That is my understanding of the
10 proposal, recognizing it is just that, a proposal.

11 Q. Agreed. This is fully contingent on
12 many things having to happen.

13 Now, let's take that a step further, and
14 let's assume that the stop-gap proposal is approved
15 without actually knowing what's going to happen.
16 Assuming it is approved, would you agree that changes
17 would have to be made to the current structure of
18 Rider ELR as proposed?

19 A. May I ask you to restate the question,
20 please?

21 Q. Okay. Let me say it differently.

22 First tell me what part of my question
23 didn't you understand.

24 A. The initial part of the question that

1 said the -- I think you said the stop-gap measure was
2 approved, I just -- after we had just discussed the
3 fact that it was, you know, just a proposal. There
4 was a lot of, you know, discussion and debate around
5 whether the proposal made sense, what elements of it
6 made sense, or how it would be implemented.

7 Q. Okay. Assuming the stop-gap proposal
8 was approved in its entirety without modification,
9 would you agree that if Rider ELR was not modified,
10 customers would effectively be paid twice for
11 interruption?

12 Just to clarify that question: A
13 customer would be getting paid through Rider ELR and
14 they would also receive an avoided -- a lower
15 capacity tag, correct?

16 A. Can I ask you to restate that question,
17 please?

18 Q. What part of my question didn't you
19 understand?

20 A. "Capacity tag."

21 Q. Do you understand what a capacity tag
22 is?

23 A. No. That's why I'm asking.

24 Q. Okay. Do you understand that a

1 customer's capacity charges are calculated based upon
2 their contribution to the five coincident peaks?

3 A. Yes.

4 Q. And under the stop-gap proposal, if a
5 customer is a capacity resource they would have a
6 lower calculation of a contribution to the five
7 coincident peaks, correct?

8 A. I don't know. I don't think there's
9 enough information in the question to answer.

10 Q. And what information would you need to
11 understand that question?

12 A. Well, a number of things, but I would
13 need to better understand, under your hypothetical
14 scenario, when the customers were curtailing versus
15 when the PLCs occurred and start there, and I would
16 need a better personal understanding of the details
17 of the proposal.

18 Q. Okay. Let's take it really high level.
19 If you're being paid to be an interruptible resource
20 under Rider ELR and you're also given a lower
21 capacity obligation under the stop-gap proposal,
22 wouldn't you agree that you're receiving two forms of
23 compensation?

24 A. Not necessarily, because I'm not

1 following the -- your underlying assumption of the
2 lower capacity obligation.

3 Q. Do you agree that the purpose of a
4 stop-gap proposal mechanically is to allow an
5 interruptible resource to have a lower capacity
6 obligation than they would otherwise have?

7 A. No. I guess I don't understand that.

8 Q. Okay. Let me ask you another question:
9 Do you understand that the stop-gap proposal requires
10 a load-serving entity to bid in a demand response
11 reduction?

12 THE WITNESS: Can I have that reread,
13 please, ma'am?

14 (Record read back as requested.)

15 THE WITNESS: No.

16 BY MR. OLIKER:

17 Q. Are you not familiar with that part of
18 the stop-gap proposal?

19 MR. KUTIK: Objection.

20 THE WITNESS: Would you be more
21 specific, please?

22 BY MR. OLIKER:

23 Q. Are you familiar with the bidding
24 process under the stop-gap proposal? By "bidding

1 process," I mean the process of bidding a demand
2 reduction into a capacity auction.

3 A. May I ask you to restate the question,
4 please?

5 Q. What part of my question don't you
6 understand?

7 A. Getting -- I don't understand the part
8 about bidding demand response into the capacity
9 auction. That sounds like the supply side scenario.

10 Q. Okay. Are you familiar -- earlier I
11 believe we've talked about, tell me if I
12 mischaracterize anything, we've talked about the
13 changes from the existing capacity construct to the
14 stop-gap proposal. Under the stop-gap proposal, PJM
15 would model less load requirement based upon a
16 commitment from a demand response resource to
17 interrupt their load, correct?

18 A. Yeah, I don't know.

19 Q. Okay. And it's just a simple question
20 of is it -- is it your understanding that it is --
21 say we have a steel mill that has interruptible
22 capability. Is it your belief that the steel mill
23 bids into PJM their commitment to reduce their load
24 or is it a load-serving entity, if you know?

1 A. May I ask you to restate the question?

2 Q. What part of my question don't you
3 understand?

4 A. Timeframe.

5 Q. We are talking about the stop-gap
6 proposal; so that would be forward capacity auctions
7 assuming the stop-gap proposal is approved as
8 proposed.

9 A. So with that, may I ask you to restate
10 the question then, please?

11 Q. Simply put, assuming the stop-gap
12 proposal is adopted, who bids a load reduction into
13 PJM, the customer who's interrupting or a
14 load-serving entity?

15 A. As proposed, load-serving entity.

16 Q. And would you agree that you had
17 proposed under the Stipulation to allow Rider ELR
18 customers to shop?

19 A. Yes.

20 Q. And if a Rider ELR customer shops, would
21 you agree that FirstEnergy Ohio utilities will not be
22 the load-serving entity for those customers?

23 A. Yes.

24 Q. Would you agree that if FirstEnergy's

1 not the load-serving entity for those customers,
2 FirstEnergy Ohio utilities cannot bid their
3 interruptible capability into a forward capacity
4 auction under the stop-gap proposal as proposed?

5 MR. KUTIK: Objection.

6 THE WITNESS: May I ask you to reread
7 the question, please, ma'am? I apologize.

8 (Record read back as requested.)

9 THE WITNESS: I don't know.

10 BY MR. OLIKER:

11 Q. Okay. Changing to a different part of
12 your testimony, can you please turn to Page 8 of your
13 direct testimony?

14 A. Yes.

15 Q. You state Rider RRS is also an economic
16 development and job retention. In this statement,
17 how will RRS lead to economic retention or job
18 retention?

19 A. May I ask you to point me specifically
20 to where you're looking, sir?

21 Q. Give me one minute. I think --

22 MR. KUTIK: I'm sorry, are you talking
23 about her direct or her supplemental?

24 MR. OLIKER: I believe I -- I apologize,

1 this is in her supplemental testimony.

2 MR. KUTIK: Just give me a minute.

3 Page 8 of the supplemental.

4 BY MR. OLIKER:

5 Q. Starting on Page 8, Line 7, it's in the
6 middle of the sentence, but I can read the whole
7 thing, it starts on Line 5, it says, "In particular,
8 the Economic Stability Program as implemented through
9 Rider RRS, is a term, condition or charge that
10 relates to bypassibility and default service as would
11 have the effect of stabilizing or providing certainty
12 regarding retail electric service and also is an
13 economic development and job retention program."

14 In this sentence, can you explain how
15 RRS is an economic development program?

16 A. I think that mischaracterizes the
17 testimony.

18 Q. Well, can you explain that to me, how it
19 mischaracterizes it?

20 A. Yes. The testimony says the Economic
21 Stability Program, and then goes on to talk about is
22 also an economic development and job retention
23 program.

24 Q. I'm sorry. You're saying -- I'm asking

1 you how is the Economic Stability Program an economic
2 development and job retention program?

3 A. That's a new question. Is that the
4 question?

5 Q. Yes. That is the question.

6 A. Oh, okay. I'm sorry, so I apologize.
7 Could you then repeat the question for me, please?

8 Q. Can you please explain how the Economic
9 Stability Program is an economic development program?

10 A. I think that the testimony of Sarah
11 Murley discusses the economic development benefits of
12 the Economic Stability Program, as does the testimony
13 of company Witness Strah.

14 Q. So to be clear, you're not offering your
15 own analysis or conclusions, correct?

16 A. No.

17 Q. And when you say the Economic Stability
18 Program is a job retention program, in that statement
19 you're also relying on the testimony of other
20 witnesses, correct?

21 MR. KUTIK: May I have the question
22 read, please?

23 (Record read back as requested.)

24 MR. KUTIK: Objection.

1 THE WITNESS: I would be relying upon
2 the testimony of Witness Murley and Witness Strah.

3 BY MR. OLIKER:

4 Q. Thank you.

5 A. As well as Witness Moul.

6 Q. And let me make sure I'm in the right
7 piece of testimony before I ask this question. And
8 also on Page 8 of your supplemental testimony you
9 state that, "Customers will benefit from this
10 Stipulation because it is designed to ensure the
11 provision of adequate, safe, reliable and predictably
12 priced electric service."

13 Regarding this statement, can you
14 explain how the Stipulation will cause the customers
15 to have adequate electric service?

16 A. Yes.

17 Q. Then please go ahead and do so.

18 A. The Stipulation encompasses the
19 application, which would provide for the continued
20 operation of the Davis-Besse plant, the Sammis
21 plant -- and the Sammis plant, which would provide
22 for fuel diverse baseload generation in the state of
23 Ohio.

24 Also the Stipulation has a provision

1 which relates to interruptible service, which to the
2 extent that Rider ELR customers are interrupted, it
3 increases -- or, it works to ensure the adequate
4 provision of electric service to firm service
5 customers.

6 Q. Okay. Let's take you through this one
7 at a time.

8 What analysis have you performed to
9 determine the impact of the Economic Stability
10 Program on the provision of adequate electric
11 service?

12 A. I've reviewed the application and the
13 supporting testimony in this proceeding.

14 Q. So you have not conducted your own
15 independent analysis, you're relying upon other
16 witnesses?

17 A. No.

18 Q. I might have had a double negative in
19 there, so I'm not sure your answer's clear.

20 Your conclusion regarding adequate
21 service is based upon testimony provided by other
22 witnesses in this case, correct?

23 THE WITNESS: I'm going to ask you to
24 reread that, please, ma'am. I'm sorry.

1 (Record read back as requested.)

2 THE WITNESS: It is based on my review
3 of the application and testimony filed in support of
4 the application.

5 BY MR. OLIKER:

6 Q. Okay. Let's -- then let's break it down
7 more. Have you done any independent analysis of
8 whether or not FirstEnergy Solutions will retire
9 Davis-Besse, Sammis, or the OVEC plants in the event
10 that the Stipulation is not approved?

11 MR. KUTIK: Objection; asked and
12 answered. Tell him again.

13 THE WITNESS: I've reviewed the
14 application and the supporting testimony filed in
15 this case.

16 BY MR. OLIKER:

17 Q. So the answer is no?

18 MR. KUTIK: Objection. Now you're
19 arguing with her.

20 MR. OLIKER: No. She didn't answer my
21 question.

22 MR. KUTIK: Hold on a second. Now
23 you're arguing with me. I haven't instructed her not
24 to answer, I'm making my objection. Go ahead.

1 MR. OLIKER: If you read her answer, she
2 did not answer my question.

3 MR. KUTIK: Well, she did, and you've
4 asked the question. So let's have the court reporter
5 read the question, and if the witness can answer, she
6 will. How's that for a procedure.

7 MR. OLIKER: Go ahead. Read the
8 question again, please, and you reread her answer,
9 and you'll see that she did not answer it.

10 MR. KUTIK: I just want her question
11 read so she can answer it. Do you want to waste more
12 time?

13 MR. OLIKER: No, but you do.

14 MR. KUTIK: No, you do. Let's have the
15 question read.

16 (Record read back as requested.)

17 MR. KUTIK: And she answered that
18 question. What's the next question?

19 (Record read back as requested.)

20 MR. KUTIK: That's the next question.
21 Can you answer that question, Ms. Mikkelsen?

22 THE WITNESS: No. May I ask you to
23 restate the question, please?

24 BY MR. OLIKER:

1 Q. I'll put it very simply: Can you tell
2 me, assuming that the Commission denies -- strike
3 that.

4 Assuming the Commission does not approve
5 the Stipulation, do you know whether FirstEnergy
6 Solutions will retire Davis-Besse, Sammis, or the
7 OVEC plants?

8 MR. KUTIK: Objection; asked and
9 answered.

10 THE WITNESS: I think the future of
11 Davis-Besse and Sammis is uncertain if the Commission
12 does not approve ESP IV.

13 BY MR. OLIKER:

14 Q. Going back to your statement on Page 8,
15 you mentioned customers will benefit from this
16 Stipulation because it is designed to ensure the
17 provision of adequate and safe and reliable and
18 predictably priced electric service. What portions
19 of the Stipulation impact safe service?

20 A. Provisions related to the Rider DCR.

21 Q. Anything else?

22 A. Potentially provisions related to the
23 Government Directives Rider.

24 Q. Okay. In sticking with that same

1 statement, what is your definition of predictable?

2 A. I think something is predictable if you
3 have some sense of the future outcome.

4 Q. How far in advance?

5 MR. KUTIK: Objection.

6 THE WITNESS: May I ask you to restate
7 the question, sir?

8 BY MR. OLIKER:

9 Q. How far -- for something to be
10 predictable, how far in advance do you need to have
11 an idea of what the outcome will be?

12 MR. KUTIK: Objection.

13 THE WITNESS: May I ask you to restate
14 the question, please?

15 BY MR. OLIKER:

16 Q. What part of my question don't you
17 understand?

18 A. I think it mischaracterized my
19 testimony, sir.

20 Q. Okay. Can you give me your definition
21 of predictable again then, and maybe we'll start from
22 there.

23 THE WITNESS: May I ask that we just
24 have it read, please?

1 (Record read back as requested.)

2 THE WITNESS: Thank you, ma'am.

3 BY MR. OLIKER:

4 Q. Okay. And let me know if I'm
5 mischaracterizing, but you indicated that for
6 something to be predictable, you need to have some
7 sense of a future outcome, correct?

8 A. Yes.

9 Q. And how far in advance do you have to
10 have some sense of a future outcome in order for
11 something to be predictable?

12 MR. KUTIK: Objection.

13 THE WITNESS: I don't understand the
14 question, sir.

15 BY MR. OLIKER:

16 Q. Okay. So here's my -- maybe we can
17 break it up with a hypothetical. If -- scratch that.
18 We'll come back to that.

19 In this sentence, and I'll read it again
20 since it's been awhile, "Customers will benefit from
21 this Stipulation because it is designed to ensure the
22 provision of adequate, safe, reliable and predictably
23 priced electric service," can you identify what
24 portions of the Stipulation will impact reliable

1 electric service?

2 A. Yes.

3 Q. Please go ahead and do so.

4 A. Rider DCR, rider --

5 Q. Any other portions?

6 A. Excuse me. Rider DCR, Rider GDR, Rider
7 ELR, and the Economic Stability Program.

8 Q. Can you explain how the Economic
9 Stability Program impacts reliable service?

10 MR. KUTIK: Objection; asked and
11 answered.

12 THE WITNESS: The Economic Stability
13 Program provides for the continued operation of fuel
14 diverse baseload generating units in the state of
15 Ohio, which will contribute to reliable electric
16 service for our customers.

17 BY MR. OLIKER:

18 Q. And is that conclusion you just provided
19 based upon your own analysis or based upon the
20 testimony of other FirstEnergy Ohio witnesses?

21 MR. KUTIK: Objection.

22 THE WITNESS: It was based on my review
23 of the application and the testimony filed in this
24 case.

1 BY MR. OLIKER:

2 Q. You would agree that PJM Interconnection
3 has responsibility for reliability in its regional
4 transmission organization, correct?

5 MR. KUTIK: Objection; asked and
6 answered.

7 THE WITNESS: May I have that question
8 reread, please, ma'am?

9 (Record read back as requested.)

10 THE WITNESS: May I ask you to restate
11 that question, please?

12 BY MR. OLIKER:

13 Q. What part of my question don't you
14 understand?

15 A. In the middle I was confused, in the,
16 where the -- in the middle part where you talked
17 about in the regional. I wasn't following whether
18 you were talking about purely transmission.

19 Q. Speaking about transmission and
20 generation.

21 A. Okay. May I ask you to restate the
22 question in that context, please?

23 Q. Would you agree that PJM Interconnection
24 is responsible for transmission and generation

1 reliability within the RTO?

2 A. I don't know.

3 Q. Okay. Moving -- also on Page 8 you
4 indicate, "The Stipulation supports economic
5 development and job retention; continues the
6 regulatory principle of gradualism to stabilize rates
7 and helps transition customers to fully market based
8 rates..."

9 Can you explain how the Stipulation
10 transitions to fully market based rates?

11 A. May I ask you to restate the question,
12 please?

13 Q. What part of my question don't you
14 understand?

15 A. I think it mischaracterizes the
16 testimony.

17 Q. Well, I'm reading directly -- you can
18 maybe help me here. Page 8, Line 14, your testimony
19 states, "The Stipulation supports economic
20 development and job retention; continues the
21 regulatory principle of gradualism to stabilize rates
22 and helps transition customers to fully market based
23 prices..."

24 My question is: How does the

1 Stipulation help transition customers to fully market
2 based prices?

3 A. Thank you. That's a different question.

4 There are provisions in this Stipulation
5 designed to help transition customers to fully market
6 based rates. For example, Rider EDR(d), Rider
7 EDR(h) --

8 Q. Are you done? I'm sorry. I don't want
9 to interrupt you.

10 A. And Rider ELR.

11 Q. And is that because customers benefit
12 from having fully market based prices?

13 MR. KUTIK: Objection.

14 THE WITNESS: May I ask you to restate
15 the question, sir?

16 BY MR. OLIKER:

17 Q. What part of my question don't you
18 understand?

19 A. I didn't understand it in its entirety.

20 Q. Can you explain why the company is
21 transitioning towards fully market based prices?

22 MR. KUTIK: Objection.

23 THE WITNESS: May I ask you to restate
24 the question, please?

1 BY MR. OLIKER:

2 Q. What part of my question don't you
3 understand?

4 A. You talked about the company
5 transitioning.

6 Q. A minute ago we were just talking about
7 transitioning toward market based prices. Do you
8 remember that conversation?

9 A. Yes.

10 Q. Can you explain the rationale for
11 transitioning to market based prices?

12 A. The testimony talks about helping
13 customers transition to market based prices.

14 Q. And can you tell me why FirstEnergy is
15 helping customers transition to market based prices?

16 MR. KUTIK: Objection.

17 THE WITNESS: May I ask you to restate
18 the question, please?

19 BY MR. OLIKER:

20 Q. I'm just asking for the rationale behind
21 transitioning to fully market based prices for
22 customers.

23 THE WITNESS: I'm sorry, may I have that
24 reread? Was that a question? I apologize.

1 (Record read back as requested.)

2 THE WITNESS: May I ask you to restate
3 that question, please?

4 BY MR. OLIKER:

5 Q. Sure. In this sentence that we've been
6 talking about, Page 8, you say the Stipulation, among
7 other things, helps transition customers to fully
8 market based prices. Can you tell me why that's a
9 good thing, and why you're testifying to that in your
10 supplemental testimony?

11 A. It is a good thing in so much as
12 provisions of this Stipulation help move the
13 customers from a regulated-rate construct to a
14 market-based construct; but rather than do it
15 instantly there is a transition as customers move
16 from regulated rates to market-based rates in order
17 to employ the long-standing rate-making principle of
18 gradualism and to avoid disruption to the customers.

19 Q. Okay. Thank you. Just a few lines
20 later you indicate the Stipulation supports
21 competitive markets. In this statement, are you
22 referring to wholesale markets, retail markets, or
23 both?

24 A. Both.

1 Q. Can you explain how the Stipulation
2 supports wholesale markets?

3 A. The Stipulation adopts the application
4 for ESP IV, which includes a competitive wholesale
5 process for procuring SSO generation service for our
6 customers who choose not to shop.

7 Q. So when you say the statement, "promotes
8 competitive wholesale markets," you're not referring
9 to wholesale sales of power within PJM or the
10 construction of new generation of PJM?

11 THE WITNESS: May I have that reread,
12 please, ma'am?

13 (Record read back as requested.)

14 MR. KUTIK: Objection.

15 THE WITNESS: May I ask you to restate
16 the question, sir?

17 MR. OLIKER: What about my question
18 don't you understand?

19 THE WITNESS: Compound.

20 BY MR. OLIKER:

21 Q. Okay. One section at a time then. When
22 you say the Stipulation supports wholesale
23 competitive markets, you are not referring to
24 wholesale energy pricing within PJM Interconnection?

1 MR. KUTIK: Objection.

2 THE WITNESS: Talking about competitive
3 wholesale markets in PJM that support the competitive
4 bid process that is used to procure generation for
5 our SSO customers.

6 BY MR. OLIKER:

7 Q. Is it your testimony that if the
8 Commission approves a guaranteed cost recovery for
9 FirstEnergy Solutions' power plants, that it will
10 encourage wholesale providers of electricity to build
11 generation in Ohio?

12 MR. KUTIK: Objection; mischaracterizes
13 the testimony.

14 THE WITNESS: That is not my testimony.

15 BY MR. OLIKER:

16 Q. Okay. Thank you. Do you participate in
17 the PJM stakeholder process?

18 A. No.

19 Q. Are you familiar with the Minimum Offer
20 Price Rule?

21 A. May I ask you to restate the question,
22 sir?

23 Q. Are you -- have you ever heard of the
24 term Minimum Offer Price Rule?

1 A. Yes.

2 Q. Do you know what it is?

3 A. No.

4 Q. That's fine. We can move on then from
5 that.

6 In your testimony you describe a review
7 process for costs that are flowed through Rider RRS,
8 correct?

9 MR. KUTIK: You want to refer her to a
10 page?

11 MR. OLIKER: I can try to find it if
12 you'd like, but I was going to talk pretty high
13 level.

14 MR. KUTIK: Okay.

15 THE WITNESS: Yes.

16 BY MR. OLIKER:

17 Q. And you're talking, just from a high
18 level, there would be a first audit of costs which
19 would be sort of performed parallel with this case,
20 and then there would be a continuing ongoing audit of
21 costs that were flowed through RRS in the future,
22 correct?

23 MR. KUTIK: I'll object to the extent
24 that this was discussed thoroughly by several

1 questioners in the first session; so it's been asked
2 and answered.

3 MR. OLIKER: I'll be brief.

4 THE WITNESS: May I have the question
5 reread, please, ma'am?

6 (Record read back as requested.)

7 MR. KUTIK: I'll further object;
8 mischaracterizes her testimony, but go ahead.

9 THE WITNESS: May I ask you to restate
10 the question, please, sir?

11 BY MR. OLIKER:

12 Q. Let's just cut to the chase: Assuming
13 the Commission decides to audit Rider RRS for
14 prudence on an ongoing basis, if there is a
15 disallowance of costs that are flowed through RRS,
16 would you agree that that will have no impact on the
17 amount of money that FirstEnergy Ohio utilities pay
18 to FirstEnergy Solutions?

19 A. Yes.

20 Q. Thank you. And jumping to Rider GDR,
21 which is I believe the Government Directives Rider,
22 have you calculated -- first of all, does FirstEnergy
23 have any manufactured gas sites?

24 MR. KUTIK: Objection.

1 THE WITNESS: May I ask you to restate
2 the question, please?

3 BY MR. OLIKER:

4 Q. You -- are you familiar with what the
5 manufactured gas plant site is?

6 MR. KUTIK: I'm sorry, what was the
7 question?

8 (Record read back as requested.)

9 MR. KUTIK: I'll object.

10 THE WITNESS: May I ask you to restate
11 the question, please?

12 BY MR. OLIKER:

13 Q. Is one of the purposes of Rider GDR to
14 potentially collect site remediation costs at
15 manufactured gas plant sites?

16 THE WITNESS: May I ask you to reread
17 the question for me, please, ma'am?

18 (Record read back as requested.)

19 THE WITNESS: Yes.

20 BY MR. OLIKER:

21 Q. Okay. And this is on Page 24 of your
22 direct testimony. I didn't think this would be such
23 a difficult issue.

24 Have you quantified the cost of

1 remediating these manufactured gas plant sites?

2 MR. KUTIK: Objection; asked and
3 answered, thoroughly discussed in her previous
4 deposition session.

5 THE WITNESS: No.

6 BY MR. OLIKER:

7 Q. Okay. And this is a similar part of
8 your testimony, you say this is -- this is regarding
9 Rider GDR, "This is not an exhaustive list of
10 directives that could arise" --

11 THE COURT REPORTER: I'm sorry, could
12 you start over?

13 BY MR. OLIKER:

14 Q. You indicate that your testimony does
15 not describe an exhaustive list of directives that
16 could arise between now and the end of ESP IV, but
17 instead provide examples of the types of costs that
18 could be recovered.

19 My question is: Has FirstEnergy
20 identified any additional costs that may be collected
21 through Rider GDR?

22 MR. KUTIK: Objection; asked and
23 answered. Go ahead, tell him.

24 THE WITNESS: No.

1 BY MR. OLIKER:

2 Q. Okay. Jumping to Page 29 and 30, you
3 state that -- I'm sorry, let me know when you're
4 there.

5 A. I'm there.

6 Q. You state that FirstEnergy has the
7 highest shopping level in Ohio. Would you agree that
8 this is an indication that customers have embraced
9 market pricing?

10 A. I don't know.

11 Q. Okay. I've just got a few more
12 questions. Just give me a minute.

13 MR. KUTIK: Do you need to take a break?

14 MR. OLIKER: No. I can probably keep
15 going. I think I've just got a few more minutes.

16 BY MR. OLIKER:

17 Q. Ms. Mikkelsen, you talked about, at
18 Page 30 at Line 8, "The Companies will also continue
19 to offer net metering."

20 Regarding the Net Metering Rider, does
21 compensation currently include energy and capacity?

22 A. No.

23 Q. And can you tell me mechanically when a
24 net metered customer provides energy back to the

1 grid, what does FirstEnergy do with that energy?

2 MR. KUTIK: Objection.

3 THE WITNESS: Can I ask you to restate
4 the question, please?

5 BY MR. OLIKER:

6 Q. What part of my question don't you
7 understand?

8 A. As it relates to FirstEnergy.

9 Q. When I'm referring to FirstEnergy, I'm
10 referring to the FirstEnergy Ohio utilities, but I'll
11 call it just that, I guess. When a customer in
12 FirstEnergy Ohio utilities' service territory
13 provides energy back to the grid, what does the
14 utility do with that energy?

15 MR. KUTIK: Objection.

16 THE WITNESS: May I ask you to restate
17 the question, please?

18 BY MR. OLIKER:

19 Q. What about my question you don't
20 understand?

21 A. As it relates to what the companies do
22 with that energy.

23 Q. It really is that simple, what happens
24 to the energy?

1 A. It is unaccounted-for energy.

2 Q. And can you explain what you mean by
3 "unaccounted for"?

4 A. To the extent that a net metering
5 customer pushes energy out onto the companies'
6 distribution system, that energy is unaccounted for
7 and is settled as such as part of the PJM settlement
8 process.

9 Q. Does it reduce the total amount of
10 electricity that is required to be delivered to the
11 grid in FirstEnergy's service territory?

12 MR. KUTIK: Objection.

13 THE WITNESS: May I ask you to restate
14 the question, please?

15 BY MR. OLIKER:

16 Q. What part of my question don't you
17 understand?

18 A. FirstEnergy.

19 Q. Does net metered energy provided back to
20 the grid reduce the total amount of electricity that
21 has to be delivered to the grid in FirstEnergy Ohio
22 utilities' service territory?

23 A. Yes.

24 Q. So, for example, could the energy

1 provided from a net metered customer back to the grid
2 be used to displace the load requirements of the
3 Standard Service Offer customers?

4 A. May I ask you to restate the question,
5 please?

6 Q. What part of my question don't you
7 understand?

8 A. I'm troubled by the hypothetical.

9 Q. What part of the hypothetical troubles
10 you?

11 A. As it relates to offsetting SSO load
12 requirements.

13 Q. Okay. Would you agree that -- I think
14 we've established a minute ago that when net metered
15 energy is provided back to the utilities' grid, then
16 the utility does not have to procure as much energy
17 to serve the other existing customers.

18 MR. KUTIK: Objection.

19 THE WITNESS: That was not what we --
20 or, I testified to earlier.

21 MR. OLIKER: Could you please clarify
22 what you meant earlier then?

23 MR. KUTIK: Objection.

24 THE WITNESS: Can you please restate the

1 question?

2 BY MR. OLIKER:

3 Q. Okay. I think we've established that
4 when net metered energy is provided back to the grid,
5 it's treated for as unaccounted-for energy, but
6 FirstEnergy -- it displaces the load requirements
7 that would otherwise exist in that area, correct --
8 or the energy requirements, I'm sorry?

9 MR. KUTIK: Objection.

10 THE WITNESS: To the extent that net
11 metering customers provide energy back to the
12 FirstEnergy utilities' distribution system, it would
13 serve to reduce the overall needs on the FirstEnergy
14 system.

15 BY MR. OLIKER:

16 Q. Okay. For example, my company is a CRES
17 provider. Isn't it true that the amount of energy
18 that IGS is required to deliver to the FirstEnergy
19 utilities' system will ultimately be settled to the
20 amount of usage registered at the individual meters
21 of IGS customers?

22 A. I think there are other settlement
23 elements, as well as those that you've described.

24 Q. Could you explain those other settlement

1 items?

2 A. Unaccounted-for energy.

3 Q. Can you explain how the unaccounted-for
4 energy settlement works?

5 A. To the extent that there is
6 unaccounted-for energy on the system, it is settled
7 across all load-serving entities on the system.

8 Q. So are you saying it's provided as a
9 credit?

10 A. No. I didn't say that.

11 Q. How is it settled then?

12 MR. KUTIK: Objection; asked and
13 answered.

14 THE WITNESS: The unaccounted-for energy
15 is settled through the PJM process and allocated
16 across all load-serving entities on the system.

17 BY MR. OLIKER:

18 Q. But is it settled as a reduction to the
19 energy that all LSEs must deliver?

20 A. To the extent that it is a positive
21 number, yes.

22 Q. Okay. We're almost there.

23 Now, you were asked a question earlier,
24 but I think I'm going to ask a different question. I

1 believe the counsel for OCC asked you if FirstEnergy
2 Ohio utilities had entered into an agreement with any
3 parties to this case other than the Stipulation.

4 My question is: Do you have knowledge
5 of whether FirstEnergy Solutions has entered into any
6 agreements with any party related to this case?

7 A. No.

8 MR. KUTIK: Objection; asked and
9 answered. She already answered. Go ahead.

10 THE WITNESS: No.

11 MR. OLIKER: Thank you. And just to
12 follow up on another question from Mr. Sauer. I
13 believe earlier you indicated that you believed that
14 when market prices rise, the RRS will be a credit.
15 Do you remember that discussion?

16 THE WITNESS: I remember a discussion
17 about when market prices are greater -- when market
18 revenues are greater than the costs, it will result
19 in a credit through Rider RRS.

20 BY MR. OLIKER:

21 Q. Okay. You would agree that it's
22 possible that there could be a large increase in
23 market prices, and the costs of -- FirstEnergy
24 Solutions' power plants could experience an

1 equivalent increase in their costs that would cause
2 the RRS not to be a credit?

3 MR. KUTIK: Objection.

4 THE WITNESS: I don't -- I don't know
5 based on the information you've provided.

6 BY MR. OLIKER:

7 Q. Okay. Let's talk about a basic
8 hypothetical. Are you familiar with 111(d), also
9 known as the EPA's proposed carbon rules for existing
10 generation facilities?

11 A. May I ask you to restate the question,
12 please?

13 Q. What part of my question don't you
14 understand?

15 A. "Familiar."

16 Q. Are you familiar with the -- let me
17 restate that. Do you know what 111(d) is?

18 A. I am aware of 111(d) at a high level.

19 Q. And you are aware that it is possible
20 that Ohio could have a carbon tax starting in 2020?

21 MR. KUTIK: Objection.

22 THE WITNESS: I don't know.

23 BY MR. OLIKER:

24 Q. Well, let's -- I'm going to ask you to

1 assume a few things for the purposes of this
2 hypothetical. Assume that in 2019 the RRS is a
3 charge to customers. Now assume in 2020 Ohio deems
4 it appropriate to impose a carbon tax of
5 approximately \$5 per megawatt hour for coal-based
6 resources. Assume this \$5 carbon tax increases
7 energy prices by exactly \$5 per megawatt hour.

8 Now, all other factors being equal
9 between 2019 and 2020 are exactly the same, agree
10 that in this hypothetical market prices will
11 increase, but Sammis and OVEC will not be any more
12 profitable.

13 MR. KUTIK: Objection.

14 THE WITNESS: I'm having difficulty
15 answering that, because the hypothetical is
16 inconsistent with the information presented in the
17 case.

18 BY MR. OLIKER:

19 Q. That's why it's a hypothetical.

20 MR. KUTIK: That's why there is also the
21 objection that it assumes facts not in evidence,
22 which I will make.

23 BY MR. OLIKER:

24 Q. So the answer is you would agree that in

1 this hypothetical market prices will increase, but
2 Sammis and OVEC will not be any more profitable?

3 MR. KUTIK: Objection; asked and
4 answered.

5 THE WITNESS: No. I don't think I can
6 agree to that.

7 BY MR. OLIKER:

8 Q. And why is that?

9 A. I -- I guess I don't know that I have
10 enough information to agree to that.

11 Q. Okay. Let's walk through it one last
12 time, and maybe -- first of all, what information do
13 you think you need?

14 A. I mean, there are a number of factors --
15 well, let me say this, the case addresses the issue
16 of the Retail Rate Stability Rider, not the
17 profitability of the plants. So I'm struggling with
18 your hypothetical because you round out with a
19 question related to profitability of plants.

20 Q. Would you agree that the RRS is directly
21 related to the profitability of the plants relative
22 to the cost-based revenue stream that FirstEnergy
23 will pay to FirstEnergy Solutions?

24 MR. KUTIK: Objection.

1 THE WITNESS: May I have that question
2 reread, please, ma'am?

3 (Record read back as requested.)

4 THE WITNESS: No.

5 BY MR. OLIKER:

6 Q. And why is that not the case?

7 A. Rider RRS is a rate stabilization
8 mechanism for the retail customers of the Ohio
9 utilities that passes either a credit when market
10 revenues are greater than costs associated with the
11 purchase of the generation through to the customers,
12 and conversely a charge of market revenues are less
13 than the costs associated with the purchase of the
14 generation by the utilities.

15 Q. Okay. Let's focus on two plants that
16 are the subject -- actually three plants that are the
17 subject of the RRS. Let's make it really simple
18 numbers.

19 Let's assume that Davis-Besse -- I'm
20 sorry, let's assume Sammis and the OVEC plants have
21 the exact same fixed cost of production in 2019 and
22 2020, and the costs of those plants versus their
23 market-based revenues would be a negative number.
24 Then in 2020 those plants have an additional \$5 in

1 production costs added as a result of the carbon tax,
2 and there is a \$5 increase in the market price.

3 Would you agree that the economics of those plants do
4 not improve in this hypothetical?

5 MR. KUTIK: Objection.

6 THE WITNESS: No. I can't agree with
7 that.

8 BY MR. OLIKER:

9 Q. And why is that?

10 A. The utilities are responsible for
11 offering the generation into the market. That is
12 independent of the profitability of the plants that
13 you refer to in your question.

14 MR. OLIKER: Could you please read my
15 question back, and then, Ms. Mikkelsen, could you
16 please answer my question?

17 MR. KUTIK: Well, I'll object. She's
18 answered the question. So what's your next question?

19 MR. OLIKER: I would like the court
20 reporter to please read it back.

21 MR. KUTIK: No, she's not -- well,
22 Ms. Mikkelsen's going to give her answer. I'll just
23 instruct her not to answer this question again since
24 she already answered. So what's your next question?

1 MR. OLIKER: I would like the court
2 reporter to please read my question back so I can
3 understand it.

4 MR. KUTIK: Do you have any further
5 questions at this time?

6 MR. OLIKER: Court Reporter, please read
7 the question back, please, so I can hear it.

8 MR. KUTIK: We're going to be done then
9 if you have no further questions.

10 MR. OLIKER: I've got -- I have more
11 questions, Mr. Kutik.

12 MR. KUTIK: Then ask your next question.

13 MR. OLIKER: You will stop this
14 obstructive behavior in this deposition.

15 MR. KUTIK: I'm not obstructive.

16 THE COURT REPORTER: I can only get one
17 person at a time.

18 MR. KUTIK: What you're doing is arguing
19 with the witness and browbeating the witness, and
20 it's late in the day, and you should ask your next
21 question.

22 MR. OLIKER: I would like my question
23 read back from the court reporter.

24 MR. KUTIK: I will instruct the witness

1 not to answer the question since she's already
2 answered it. So what's your next question?

3 MR. OLIKER: That's fine. The court
4 reporter can still read it back for me, as well as
5 the witness' answer.

6 MR. KUTIK: It's your waste of time.

7 (Record read back as requested.)

8 MR. KUTIK: Note that this exercise has
9 been an entire waste of time. Go ahead.

10 MR. OLIKER: Dave, the way you've
11 conducted this depositions and the way the witness
12 has behaved has been a waste of time when she clearly
13 understands all the questions.

14 MR. KUTIK: She doesn't understand your
15 questions. And sorry to say, Joe, that your
16 questions aren't pearls. So ask your next question.

17 BY MR. OLIKER:

18 Q. So put very simply, Ms. Mikkelsen, if
19 costs for these plants are exactly the same -- if
20 costs and revenues increase at the exact same pace,
21 would you agree that they are no more profitable from
22 one year to the next?

23 MR. KUTIK: Objection; asked and
24 answered.

1 THE WITNESS: I'm sorry, may I ask you
2 to reread the question, please, ma'am?

3 (Record read back as requested.)

4 THE WITNESS: May I ask you to restate
5 the question, please?

6 BY MR. OLIKER:

7 Q. What about my question don't you
8 understand?

9 A. Costs are constant, and then you
10 introduced the notion of them not being constant.

11 Q. Would you agree that if all of the
12 plants' costs from year to year increase at the exact
13 same pace as the plants' revenues, that the plants
14 are no more profitable?

15 MR. KUTIK: Objection; asked and
16 answered.

17 THE WITNESS: Again, I can't answer that
18 question as it relates to the plants' profitability.

19 BY MR. OLIKER:

20 Q. Why is that?

21 MR. KUTIK: Objection; asked and
22 answered.

23 THE WITNESS: What the company is
24 seeking approval of in this ESP is the Retail Rate

1 Stability Rider.

2 MR. OLIKER: That's all the questions I
3 have, but I will expect an answer to that on the
4 stand.

5 MR. KUTIK: You already have an answer.

6 Ms. Bojko, do you have any questions?

7 MS. BOJKO: Yes, sir.

8 MR. KUTIK: If you don't mind, let's
9 take about a five-minute break.

10 (Recess taken.)

11 MS. BOJKO: Ready?

12 MR. KUTIK: Yes, we are.

13 - - -

14 CROSS-EXAMINATION

15 BY MS. BOJKO:

16 Q. Good afternoon, Ms. Mikkelsen.

17 A. Good afternoon, Ms. Bojko.

18 Q. We were talking about the ELR program,
19 and it's on Page 7 of the Stipulation. I just have a
20 few additional questions about the program.

21 Rider EDR(b) is the credit, and that is
22 worth \$5; is that correct?

23 A. I'm sorry. I was turning to Page 7,
24 Ms. Bojko. I'm there now. May I ask you to repeat

1 the question?

2 Q. I'm sorry. This is just a foundation.
3 The Rider EDR(b) is the credit, and that equals the
4 \$5 that we talked about earlier today per kW per
5 month; is that correct?

6 A. There is a Rider EDR(b) credit of \$5 per
7 kW per month per unit of curtailable load, yes.

8 Q. Okay. And that's collected in Rider
9 EDR(e); is that correct?

10 A. Yes.

11 Q. And that will be collected from GS and
12 GP customers; is that correct?

13 A. Yes.

14 Q. Okay. And am I to assume that the
15 Stipulation proposes to continue the existing Rider
16 EDR tariff?

17 A. There are a number of provisions in the
18 Rider EDR tariff; some of which are addressed in the
19 application which is encompassed by the Stipulation,
20 some of which are modified by the Stipulation.

21 Q. Okay. Right. I'm sorry. If it's not
22 modified by the Stipulation, then we're to assume
23 that it would continue as it exists today?

24 A. No.

1 Q. Okay. Well, for example, the collection
2 and allocation to certain customer classes, would
3 that continue as it does today such as Rider EDR(e)
4 that I just referenced?

5 MR. KUTIK: Objection.

6 THE WITNESS: Yeah.

7 BY MS. BOJKO:

8 Q. Okay.

9 A. The --

10 Q. And the second part of the ELR program
11 is Rider ELR credit, and that also equals the \$5 per
12 kW per month by unit of curtailable load; is that
13 correct?

14 A. Yes.

15 Q. And that is collected in DSE 1; is that
16 correct?

17 A. Yes. As I mentioned earlier, as offset
18 by revenues received from participation in the PJM
19 RPM process.

20 Q. Right. I think you said if any; is that
21 right?

22 A. That's right.

23 Q. Okay. And is the company proposing to
24 continue the 80 percent credit of the revenue as it

1 does currently?

2 A. May I ask you to restate the question,
3 please?

4 Q. Sure. Is it the company's proposal to
5 only credit through DSE 1 80 percent of the revenues
6 received from PJM?

7 A. There is no proposal in the application
8 or the Stipulation relative to the revenue sharing of
9 PJM revenue.

10 Q. Okay. So you mentioned the offset
11 earlier, that the companies' proposal to offset Rider
12 DSE 1 by 100 percent of the PJM revenues that it
13 collects, if any?

14 A. The company will follow the Commission's
15 directive from the order I referenced earlier in July
16 of 2013 that is independent from this application or
17 the Stipulation.

18 Q. Okay. And similar to how it is
19 collected today, will the DSE 1 be collected from all
20 customers except the ELR customers?

21 A. Yes.

22 Q. And with regard to the Automaker Credit,
23 that is a credit in EDR(h), and that is collected
24 through Rider EDR(i); is that right?

1 A. Yes.

2 Q. And will that be collected from all
3 customers but GT customers?

4 A. All customers but GT and lighting
5 customers.

6 Q. And it's my understanding that the
7 Stipulation -- actually modify the level of the
8 Automaker Credit contained in provision rider EDR(h);
9 is that correct?

10 MR. KUTIK: I think you broke up there,
11 Kim. So could you repeat the question?

12 BY MS. BOJKO:

13 Q. I'm sorry. It's my understanding that
14 the Stipulation modifies the level of the Automaker
15 Credit which is contained in provision Rider EDR(h);
16 is that right?

17 A. Yes.

18 Q. Okay. And it decreases the level of the
19 credit; is that right?

20 A. It removes a block structure that was in
21 the tariff that increased -- that currently increases
22 the credit. It goes to just a flat credit as
23 proposed in this Stipulation of one cent per kilowatt
24 hour for all kilowatt hours exceeding the baseline

1 usage.

2 Q. Okay. Thank you. And if we look at
3 Page 10 of the Stipulation, which is the Section B,
4 the Energy Efficiency/Demand Response that you were
5 talking about earlier. Are you there?

6 A. I'm there.

7 Q. Okay. Several of these provisions you
8 stated to Mr. Sauer that the amounts are collected
9 and allocated through Rider DSE; is that correct?

10 A. The amounts are recovered through Rider
11 DSE.

12 Q. And will those amounts be recovered?

13 MR. KUTIK: Excuse me. Excuse me. Had
14 you finished your answer?

15 THE WITNESS: The amounts are recovered
16 through Rider DSE. I'm not entirely clear what you
17 mean by "allocated by."

18 BY MS. BOJKO:

19 Q. Okay. Well, that's actually my next
20 question. So is it going to be collected this --
21 with regard to the same methodology that it is
22 currently collected?

23 A. There is no proposed change in the rate
24 design for Rider DSE in the Stipulation or the

1 application.

2 Q. Okay. And, Ms. Mikkelsen, it's my
3 understanding that today through the companies'
4 portfolio plan, that the rate design that you just
5 mentioned is done on a per-class basis; is that
6 correct?

7 MR. KUTIK: Can I have the question
8 read, please?

9 (Record read back as requested.)

10 THE WITNESS: The Rider DSE 2 rate
11 design is by individual company, and then by rate
12 schedule.

13 BY MS. BOJKO:

14 Q. Okay. So when you responded that
15 certain DSE costs may not be recovered through
16 residential, that is because the Energy Efficiency
17 Program is a commercial program; is that right?

18 A. Or at least not a residential program,
19 correct.

20 Q. Okay. And that rate design that
21 you're -- that you've referenced, that was determined
22 in the companies' portfolio plan more recently, I
23 guess it would be the 12-2190-EL-POR; is that right?

24 A. I'm not aware of a change in the Rider

1 DSE rate design in the most recent POR case. I think
2 that rate design was approved in the original or
3 first POR case.

4 Q. Okay. And was this shared savings
5 provision also authorized in the companies' original
6 portfolio case -- well, actually it was probably the
7 last portfolio case, the 12-2190?

8 A. I'm sorry, may I ask you to restate that
9 question, please, Kim?

10 Q. Sure. I'll try it again.

11 Was the shared savings mechanism that
12 you referenced earlier today authorized in the
13 companies' last portfolio case, 12-2190?

14 A. The discussion we had this morning was
15 about a hypothetical shared savings mechanism in the
16 future.

17 Q. Okay. Then I misunderstood. You
18 weren't saying earlier that you believed the Energy
19 Efficiency and Demand Response Programs under
20 Section B of the Stipulation would receive shared
21 savings treatment or the company would propose to
22 collect shared savings on those programs in Section B
23 of the Stip?

24 MR. KUTIK: Objection.

1 THE WITNESS: May I ask you to reread
2 the question, please, ma'am?

3 (Record read back as requested.)

4 THE WITNESS: I don't know whether the
5 company will or will not propose a shared savings
6 mechanism in its next portfolio plan, which would in
7 large measure encompass the period of ESP IV. I do
8 know the company has agreed not to collect shared
9 savings through December 31st of 2016, which is when
10 the currently approved EEPDR plan ends.

11 BY MS. BOJKO:

12 Q. Okay. Thank you for that clarification.
13 Let's turn to Page 14 of your direct testimony,
14 please.

15 A. I'm there.

16 Q. Okay. On Lines 4 and 5, you discuss
17 Legacy cost components incurred under the proposed
18 transaction. Do you see that?

19 A. Yes.

20 Q. And the proposed transaction in Line 5
21 that you're referencing, is that the same proposed
22 transaction that we have discussed over the last
23 couple days regarding the purchase power arrangement
24 between the companies and FirstEnergy Solutions?

1 A. The proposed --

2 Q. I'm sorry. Did you say yes?

3 MR. KUTIK: No. She didn't say
4 anything.

5 THE WITNESS: The proposed transaction
6 includes the purchase of 100 percent of the output
7 from Davis-Besse, Sammis, and a portion of OVEC by
8 the utilities.

9 BY MS. BOJKO:

10 Q. Okay. When would you say the proposed
11 transaction was created?

12 MR. KUTIK: Objection.

13 THE WITNESS: Yeah. May I ask you to
14 restate the question, please?

15 BY MS. BOJKO:

16 Q. Well, you reference "incurred under the
17 proposed transaction." When do you think the
18 proposed transaction began so that something could be
19 incurred under that transaction?

20 MR. KUTIK: Objection; assumes anything
21 began. Go ahead.

22 THE WITNESS: The proposed transaction
23 has a term of June 1st of 2016 through May 31st of
24 2031.

1 BY MS. BOJKO:

2 Q. Okay. So when you use "Legacy Cost
3 Components, as defined below, incurred under the
4 proposed transaction," when do you think those Legacy
5 costs began incurring under the proposed transaction?

6 MR. KUTIK: Objection.

7 THE WITNESS: May I ask you to restate
8 the question, please?

9 BY MS. BOJKO:

10 Q. What did you mean by "Legacy Cost
11 Components...incurred under the proposed transaction"
12 if the Legacy cost components are historical?

13 A. The Legacy costs include any costs
14 arising in future periods from commitments or
15 decisions made or contracts entered into prior to
16 December 31st of 2014.

17 Q. Okay. So if the decisions or
18 commitments made and the contracts were entered into
19 prior to December 31st, 2014, and the proposed
20 transaction does not begin until June 1st, 2015, you
21 believe that those Legacy costs are still incurred
22 under the proposed transaction; is that right?

23 A. No, no. I think that -- no.

24 Q. Okay. So you believe that all costs

1 associated with the Legacy cost components that occur
2 prior to June 1st, 2015, would not be included?

3 MR. KUTIK: Objection; mischaracterizes
4 her testimony, also asked and answered.

5 THE WITNESS: The transaction begins on
6 June 1st of 2016.

7 BY MS. BOJKO:

8 Q. Sorry, I meant 2016. Do you believe the
9 costs incurred prior to June 1st, 2016, would be able
10 to be incurred under the proposed transaction?

11 A. I think that costs that are incurred by
12 the plant subsequent to June 1st of 2016 that arise
13 from decisions or commitments made or contracts
14 entered into prior to December 31st, 2014, would be
15 considered Legacy costs.

16 Q. So you believe that if there was a
17 decision to do a capital investment on one of the
18 plants in 2000, that that -- that any cost stemming
19 or accruing from that decision in 2000 would be able
20 to be included in the Legacy cost component?

21 MR. KUTIK: Objection; assumes facts.

22 THE WITNESS: No.

23 BY MS. BOJKO:

24 Q. And why not?

1 A. I think that the annual fixed charges,
2 if any, that are incurred starting June 1st of 2016
3 through May 31st of 2031 related to capital
4 expenditures that would -- were made in 2000 would be
5 considered Legacy cost components.

6 Q. Okay. What if the capital improvements
7 were not made in 2000, but the decision to do the
8 capital improvement was in 2000?

9 MR. KUTIK: Objection; asked and
10 answered.

11 THE WITNESS: I'm not sure I understand
12 the question. May I ask you to restate it, please?

13 BY MS. BOJKO:

14 Q. Sure. I thought you were making a
15 distinguish -- you distinguished my question by using
16 that the capital investments were made in 2000. And
17 my question was: What if a decision to make future
18 capital investments was made in 2000 and that capital
19 investment did not incur until later, would that be
20 allowed to be included in your definition of a Legacy
21 cost component?

22 MR. KUTIK: Objection to the extent it
23 mischaracterizes her testimony. Go ahead.

24 THE WITNESS: May I ask you to reread

1 the question, please, ma'am?

2 (Record read back as requested.)

3 THE WITNESS: All costs that arise from
4 decisions made or commitments made or contracts
5 entered into prior to December 31st, 2014, would be
6 considered Legacy cost components.

7 BY MS. BOJKO:

8 Q. Okay. And the -- the Legacy cost
9 components, is this a definition that you have
10 created, or is this a term of art that has been
11 defined somewhere else or in another document?

12 MR. KUTIK: Objection; assumes it's one
13 of those two.

14 THE WITNESS: I think Legacy cost
15 components was a term created for purposes of this
16 case.

17 BY MS. BOJKO:

18 Q. Okay. On Line 12 you use the word
19 "historic contract." What do you mean by historic
20 contract?

21 A. Contracts that were entered into prior
22 to December 31st of 2014.

23 Q. And the Legacy cost components that you
24 discuss on this page are separate and distinct from

1 the RTEP and MTEP costs that you discuss later; is
2 that correct?

3 A. Yes.

4 Q. And the decisions or commitments that
5 you reference on Line 10, are you referring to
6 decisions or commitments that were made by the
7 generating plant's owner?

8 A. May I ask you to restate the question,
9 please?

10 Q. Sure. You use the word "all costs that
11 arise from decisions or commitments made and
12 contracts entered into," and were those decisions or
13 commitments made by the generating plant's owner or
14 owners?

15 A. Owners or operators, yes.

16 Q. And you use the term "decisions or
17 commitments made and contracts entered into prior to
18 December 31, 2014." Is there a limit on how old or
19 how far back those contracts can go?

20 A. No.

21 Q. And is there any limit on the type of
22 decisions or commitments or contracts made?

23 A. None beyond the fact that they had to be
24 entered into prior to December 31st of 2014.

1 Q. So could a contract that was made --
2 entered into prior to December 31st, 2014, be
3 included?

4 A. Yes.

5 Q. Is there any limit on the level or
6 amount of Legacy costs that may be included?

7 A. None beyond the limitation that the
8 decision has to be made or the commitment made or the
9 contract entered into prior to December 31st of 2014.

10 Q. Okay. And on Lines 12 through 15 on
11 Page 14 still, you referenced "Legacy Cost Components
12 were assumed by a competitive company." Are you
13 referring to FirstEnergy Solutions here as that
14 competitive company?

15 A. Yes.

16 Q. Could the costs that we've been talking
17 about, the Legacy costs, include costs associated
18 with decisions made prior to FirstEnergy Solutions'
19 ownership of Davis-Besse and Sammis?

20 A. Yes.

21 Q. Okay. You also go on to say that --

22 A. But --

23 MR. KUTIK: Excuse me. Had you finished
24 your answer?

1 THE WITNESS: I was just saying but
2 those costs would have been assumed by FirstEnergy
3 Solutions when it took over ownership of the plants.

4 BY MS. BOJKO:

5 Q. Understood. Thank you.

6 And you also state that the costs were
7 prudently and conservatively incurred. What is the
8 basis of that statement?

9 A. The fact that these decisions were made
10 or commitments were made or contracts were entered
11 into by a competitive company that would have been
12 motivated to prudently and conservatively incur costs
13 in order to effectively participate in the
14 competitive markets in a manner which would deliver
15 shareholder value.

16 Q. Okay. Do you have any other basis or
17 independent analysis with regard to that statement
18 you just read in your testimony?

19 A. The application includes testimony with
20 respect to costs for these plants going forward, and
21 the application also includes the testimony of
22 company Witness Ruberto who led an EDU team who
23 reviewed these costs. So I would be relying on that
24 as well.

1 Q. Okay. Are you -- from your last
2 statement that "prudently and conservatively incurred
3 costs to effectively participate in the competitive
4 market," are you stating that every decision made by
5 a competitive retail electric supplier must be
6 presumed to be prudent and conservative if they are
7 participating in the competitive market?

8 A. I think it's reasonable to assume the
9 decisions were prudent, yes.

10 Q. And that's by the mere fact that they're
11 participating in the competitive market?

12 MR. KUTIK: Objection; asked and
13 answered.

14 THE WITNESS: Yes.

15 BY MS. BOJKO:

16 Q. And would you make the same statement
17 with a contract entered into by an alternative
18 credit -- or, an alternative CRES provider such as
19 IGS?

20 MR. KUTIK: Objection.

21 THE WITNESS: May I ask you to restate
22 the question, please?

23 BY MS. BOJKO:

24 Q. Sure. Would you make the same

1 assumption that decisions made by IGS are prudent by
2 the mere fact that they participate in the
3 competitive market?

4 A. Yeah. I would have a presumption of
5 prudence, yes.

6 Q. Okay. And how do you know that the
7 participation by FES was effective in the market?

8 A. I -- I think that doesn't properly
9 characterize the testimony here.

10 Q. Okay. I thought you said that on
11 Line 13, "a competitive company," you were talking
12 about FirstEnergy Solutions. And you stated that
13 FirstEnergy Solutions prudently and conservatively
14 incurred costs to effectively participate in the
15 competitive market.

16 I'm asking how you know that FirstEnergy
17 Solutions was effective in its participation in the
18 competitive market?

19 A. And I guess that's what I'm saying,
20 that's not -- my testimony here doesn't address
21 whether they were effective or weren't. What my
22 testimony here addresses is that these decisions were
23 made that gave rise to these Legacy cost components
24 by a competitive company, with the presumption that

1 they were prudently made in order to help them
2 effectively participate in the competitive market and
3 deliver shareholder value.

4 Q. And are the Legacy cost components
5 specifically defined that will be included, or could
6 additional costs from the testimony you cited to be
7 included?

8 MR. KUTIK: Objection.

9 THE WITNESS: I'm sorry. May I have the
10 question reread, please?

11 BY MS. BOJKO:

12 Q. Let me try again. I apologize. On Line
13 15 you say, "...these Legacy Cost Components were
14 reviewed by the EDU Team," and I'm asking if that was
15 a defined set of Legacy costs that are known by the
16 EDU team when this review occurred?

17 A. The Legacy cost components would have
18 been -- assumptions associated with the Legacy cost
19 components would have been reflected in the cost
20 components contained in the attachment to Witness
21 Lisowski's testimony. And Witness Ruberto and his
22 team then reviewed the costs for a determination of
23 whether or not they were reasonable or unreasonable,
24 including those Legacy cost components.

1 Q. And under the companies' proposal, the
2 Legacy costs included in the rider calculation are
3 not subject to the audit review that you describe on
4 Page 15, Line 3; is that correct?

5 A. Correct.

6 Q. And those Legacy costs cannot be
7 challenged at a later time; is that right?

8 A. May I ask you to restate the question,
9 please, as it relates to a later time?

10 Q. Sure. Legacy costs -- the Legacy cost
11 components can never be challenged; is that right?

12 A. No.

13 Q. Okay. It says, "(excluding Legacy Cost
14 Components which shall not be included in this second
15 review or challenged in any subsequent audit or
16 review)." So can they be challenged in a subsequent
17 audit or review?

18 A. No.

19 Q. So the opportunity to challenge them is
20 in this case; is that right?

21 A. Yes.

22 Q. And you refer to the second review on
23 Line 3 on Page 15. When does that second review
24 occur?

1 MR. KUTIK: Objection. These questions
2 have been asked and answered in the prior session.
3 She can answer them, but you should be -- you should
4 hopefully get to the point that's not been covered
5 already.

6 THE WITNESS: I'm sorry, may I have the
7 question reread, please, ma'am?

8 (Record read back as requested.)

9 THE WITNESS: The second review would
10 occur after there are actual costs and revenues
11 included in Rider RRS. The timing would be at the
12 discretion of the Commission.

13 BY MS. BOJKO:

14 Q. Okay. And then any disallowance that is
15 found to be due to unreasonable costs through this
16 second review, that would be recognized in a
17 subsequent Rider RRS filing, is that how I understand
18 it?

19 MR. KUTIK: Objection; asked and
20 answered. Go ahead.

21 THE WITNESS: Disputed costs and
22 revenues would continue to be recovered in Rider RRS
23 during the dispute period. Resolution of any audit
24 findings would be included in the next Rider RRS

1 filing after a final nonappealable order related to
2 that matter.

3 BY MS. BOJKO:

4 Q. Okay. So you're saying the
5 reconciliation or disallowance would occur in that
6 subsequent filing?

7 A. Any adjustments arising out of a Rider
8 RRS audit would occur -- or would be included in a
9 subsequent Rider RRS filing.

10 Q. Okay. Let's turn to Page 17 and talk
11 about RTEP and MTEP. I've used the term before, but
12 do you understand that RTEP means the regional
13 transmission expansion plan costs; is that right?

14 A. Yes.

15 Q. And do you understand that when I use
16 the word MTEP, that that's the MISO transmission
17 expansion costs?

18 A. Yes.

19 Q. Okay. And you don't use the acronym
20 MTEP in your testimony, but I believe that that's
21 what you're referring to on Page 18, Line 17; is that
22 correct?

23 A. On Line 17, I'm talking about MISO
24 transmission expansion costs, yes.

1 Q. Okay. And do you mean that -- does that
2 mean MTEP to you?

3 A. I think it means MISO transmission
4 expansion costs to me. I'm not sure if it's -- it
5 equates to MTEP.

6 Q. Okay. I will not abbreviate it then.

7 A. Thank you.

8 Q. So going back to Page 17 on Line 21 --
9 actually it's on Line 22 and 23, is it your
10 understanding that today customers are not required
11 to pay up to \$360 million for RTEP costs?

12 A. Customers -- I would -- the companies
13 have committed to absorb \$360 million of Legacy RTEP
14 costs.

15 Q. Okay. And under the original agreement,
16 customers would not pay for the MISO expansion plant
17 costs if they couldn't be included in the ATSI
18 formula; is that right?

19 THE WITNESS: May I have that question
20 reread, please?

21 (Record read back as requested.)

22 THE WITNESS: No.

23 BY MS. BOJKO:

24 Q. Okay. When would -- when would

1 customers pay for the MISO transmission expansion
2 costs?

3 A. When they are included in rates charged
4 to the company and in turn passed along to its
5 customers.

6 Q. Okay. So through your testimony on
7 Page 18 and 19, it's my understanding that customers
8 currently could forego up to \$360 million for the
9 Legacy RTEP costs, plus customers would not have to
10 pay for the MISO expansion costs if they weren't
11 included in the ATSI formula that was passed onto
12 customers?

13 MR. KUTIK: Can I have the question
14 read, please?

15 (Record read back as requested.)

16 THE WITNESS: May I ask you to restate
17 the question, please?

18 BY MS. BOJKO:

19 Q. Which part do you not understand?

20 A. The forego -- the customers foregoing
21 360 million.

22 Q. Okay. My understanding that the
23 companies have agreed to absorb up to \$360 million
24 for the Legacy RTEP costs -- so customers would not

1 have to pay that amount -- plus customers do not have
2 to pay for the MISO expansion costs if it's not
3 included in the ATSI formula; is that right?

4 A. Yes.

5 Q. Okay. And under the companies' proposal
6 in this case, the companies would absorb up to \$360
7 million regardless of whether the costs were
8 associated with the RTEP Legacy costs or the MISO
9 expansion costs; is that correct?

10 A. No.

11 Q. Okay. Why is that not correct?

12 A. The companies are only seeking authority
13 to count the MISO transmission expansion costs
14 towards the \$360 million commitment if, and only if,
15 those costs are not allowed to be recovered by ATSI
16 through the NITS rate charged to the utilities.

17 Q. Okay. And are the costs that you just
18 referenced currently allowed to be recovered through
19 NITS through the ATSI formula?

20 MR. KUTIK: Objection.

21 THE WITNESS: I'm sorry. May I ask you
22 to restate that question, please, Kim?

23 BY MS. BOJKO:

24 Q. Sure. Are the costs that you just

1 referenced, the MISO costs, are they currently
2 allowed to be recovered from customers through the
3 NITS rate?

4 A. That issue is pending at this time.

5 Q. And pending in which case, this case?

6 A. No.

7 Q. In which case?

8 A. A FERC case.

9 Q. And the original agreement that you
10 referenced in your testimony, was that agreement
11 established in the ESP II; is that right?

12 A. Yes.

13 Q. Okay. And the issue has not been raised
14 or discussed since the ESP II case with regard to the
15 recovery of costs and the commitment of the companies
16 at the Commission -- or, excuse me, I should say at
17 retail, I guess?

18 A. Yeah. May I ask you to restate that
19 question, please, Kim?

20 Q. Yeah. I'm sorry. This issue has not
21 been raised at the retail level through the Ohio
22 Commission since it was decided in the ESP II case;
23 is that correct?

24 A. May I ask you to clarify the question

1 with respect to "issue"?

2 Q. Whether -- whether companies may collect
3 the -- or, whether the companies are authorized to
4 count the MISO expansion costs against the commitment
5 that you made in the ESP II case.

6 MR. KUTIK: Objection.

7 THE WITNESS: The issue -- the issue the
8 company is raising here in this proceeding, I
9 believe, is consistent with the companies' commitment
10 in ESP II, insomuch as in ESP II the companies
11 committed to absorb \$360 million worth of
12 transmission expansion costs, and the companies are
13 continuing to commit to absorb \$360 million of
14 transmission expansion costs.

15 BY MS. BOJKO:

16 Q. Okay. When did the -- when did the
17 companies begin absorbing MISO expansion costs
18 because those costs were not allowed to be recovered
19 from customers through the ATSI formula rates?

20 A. The companies have not absorbed MISO
21 transmission costs.

22 Q. And that's because the issue is still
23 pending at FERC?

24 A. Right. To the extent that the companies

1 are charged those MISO transmission expansion costs,
2 those costs would be included in our Rider NMB and
3 collected from our customers.

4 Q. Okay. And so you stated that the
5 companies have absorbed \$80 million to date with
6 regard to their up-to-\$360-million commitment; is
7 that right?

8 MR. KUTIK: Do you want to refer to part
9 of her testimony?

10 BY MS. BOJKO:

11 Q. I think it's on Page 17, Line 17.

12 A. Thank you very much. Yes. At the time
13 that we filed this testimony, the companies had made
14 payments of over \$80 million for PJM Legacy
15 transmission expansion projects. That number is
16 closer to 105 million now.

17 Q. And do you have a projection of the
18 costs that the companies will incur through May 31st,
19 2019, if the company is authorized to count both RTEP
20 costs and the MISO costs against the commitment?

21 A. We provided in discovery an estimate of
22 the PJM transmission expansion project costs, and I
23 don't recall what that number was through May of 2019
24 at this time.

1 To the extent that ATSI is not allowed
2 to include the MISO transmission expansion costs in a
3 NITS rate, we estimated the revenue requirements
4 associated with that over the ESP period -- ESP IV
5 period to be \$16.1 million.

6 Q. Okay. Can you turn to Page 3 of your
7 testimony? I just have a couple questions for
8 clarifying terms that you used, and then I will be
9 finished. One of the other people are finished. Are
10 you there?

11 A. I'm here.

12 MR. KUTIK: We're here.

13 BY MS. BOJKO:

14 Q. Okay. I meant are you on Page 3.

15 A. Oh, I'm also on Page 3.

16 Q. Okay. Line 8 you use the phrase,
17 assuring a continuous supply of power for the SSO,
18 Standard Service Offer. Do you see that?

19 A. Yes.

20 Q. Is there a continuous supply of power
21 under the current ESP?

22 A. The current ESP has a competitive bid
23 process designed to procure power for standard
24 service -- Standard Service Offer customers that is

1 very similar in nature to the competitive bid process
2 proposed in ESP IV.

3 Q. So with that, would you believe that the
4 current ESP also assures a continuous supply of power
5 for the SSO?

6 A. I believe the competitive bid process is
7 designed to procure a continuous supply of power for
8 the SSO customers.

9 Q. Okay. And Line 13 you use the words
10 "generation assurance." Do you see that?

11 A. Yes.

12 Q. What do you mean by generation
13 assurance?

14 A. When I refer to generation assurance
15 there, I'm talking about baseload generating units
16 with on-site fuel capabilities.

17 Q. So you're talking about the approval of
18 Rider RRS, which would allow for the companies to
19 sell the output of the generating plants; is that
20 right?

21 MR. KUTIK: May I have the question
22 read, please?

23 MS. BOJKO: Let me try again.

24 MR. KUTIK: Okay.

1 BY MS. BOJKO:

2 Q. You're referring to maintaining the
3 Davis-Besse and Sammis plant and OVEC units, assuring
4 that generation continues through the approval of
5 Rider RRS; is that right?

6 A. When I'm talking about generation
7 assurance here in the context of powering Ohio's
8 progress, I'm talking about the continued operation
9 of Davis-Besse, Sammis, and OVEC baseload generating
10 units with on-site fuel capabilities, and their
11 ability to continue to operate through May 31st of
12 2031.

13 Q. Okay. And the use of fuel diversity in
14 that same line is also referencing the continuation
15 of the -- the current fuel mix; is that right?

16 A. No.

17 Q. Okay. What do you mean when you
18 reference -- when you state fuel diversity?

19 A. The fuel diversity here references the
20 benefits of fuel diversity from a generation
21 portfolio perspective, and specifically addresses the
22 fact that Davis-Besse is a nuclear plant and Sammis
23 and OVEC are coal plants, which their continued
24 operation will provide diversity in the overall

1 generation portfolio mix.

2 Q. Okay. And through the companies'
3 application, the companies are not proposing to add
4 any new or different fuel source to the existing fuel
5 mix in Ohio or the region, are you -- are they, the
6 companies?

7 A. The companies do not own generation, nor
8 to my knowledge do they have any plans to obtain
9 generation.

10 Q. Right. Nor are they proposing to enter
11 into a purchase power arrangement with a new or -- a
12 new generation source or a renewable generation
13 source, for instance, are they?

14 MR. KUTIK: Objection.

15 THE WITNESS: That I think is really a
16 function of the companies' plans with respect to
17 meeting its renewable energy mandates.

18 BY MS. BOJKO:

19 Q. But through the application the
20 companies are not proposing to add a new fuel mix or
21 enter into a purchase power arrangement with a new
22 fuel source in order to meet those mandates, are
23 they?

24 A. I think company Witness Stein addresses

1 how the companies intend to procure renewable energy
2 credits in order to meet their renewable energy
3 mandates over the term of the ESP.

4 Q. Okay. But as far as fuel diversity that
5 you reference in your testimony, the companies are
6 not proposing to add a new or different fuel source
7 to the existing mix in Ohio, are they?

8 MR. KUTIK: Objection; asked and
9 answered.

10 THE WITNESS: The companies' proposal
11 would allow for the continued operation of a fuel
12 diverse baseload generating assets in the state of
13 Ohio.

14 MR. KUTIK: By my watch -- excuse me,
15 excuse me. By my watch, it is now 5:05. I advised
16 the parties that a condition of us offering
17 Ms. Mikkelsen for a second deposition would be that
18 we would give a hard stop at 5:00 o'clock; so unless
19 you have, like, one more question, we're done.

20 MS. BOJKO: That actually was my last
21 question.

22 MR. KUTIK: Funny how that works. All
23 right. We will read the deposition, and we're
24 concluded. We're off the record. Thank you.

1 THE WITNESS: Thank you very much.

2 MS. FLEISHER: Sorry. Just to be clear,
3 so none of us will get an opportunity to ask
4 questions is your position?

5 MR. KUTIK: That's correct.

6 MS. FLEISHER: Okay. We may have to
7 discuss this.

8 (Thereupon, the deposition concluded
9 at 5:06 p.m. Signature not waived.)

10 - - -

11

12

13

14

15

16

17

18

19

20

21

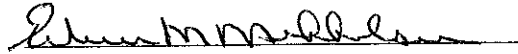
22

23


24

1 State of Ohio :
2 County of Summit : SS:
3

4 I, Eileen M. Mikkelsen, do hereby
5 certify that I have read the foregoing transcript of
6 my deposition given on Wednesday, March 11, 2015;
7 that together with the correction page attached
8 hereto noting changes in form or substance, if any,
9 it is true and correct.

10 
11 Eileen M. Mikkelsen

12 I do hereby certify that the foregoing
13 transcript of the deposition of Eileen M. Mikkelsen
14 was submitted to the witness for reading and signing;
15 that after she had stated to the undersigned Notary
16 Public that she had read and examined her deposition,
17 she signed the same in my presence on the 16th day
18 of March, 2015.

19 
20 Notary Public

21 My commission expires February 8, 2016.
22 - - -
23
24

ERRATA SHEET

Please do not write on the transcript. Any changes in form or substance you desire to make should be entered upon this sheet.

TO THE REPORTER:

I have read the entire transcript of my deposition taken on the 27th day of January, 2015, or 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 |
|------|------|--------------------------|---------------------|
| 440 | 16 | "plant" should be "plan" | transcription error |

Date: 3-16-15 Signature: 

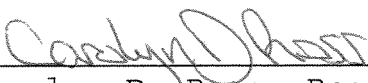
1 CERTIFICATE

2 State of Ohio :
3 County of Muskingum : SS:

4 I, Carolyn D. Ross, Registered
5 Professional Reporter and Notary Public in and for
6 the State of Ohio, duly commissioned and qualified,
7 certify that the within named Eileen M. Mikkelsen was
8 by me duly sworn to testify to the whole truth in the
9 cause aforesaid; that the testimony was taken down by
10 me in stenotype in the presence of said witness,
11 afterwards transcribed upon a computer; that the
12 foregoing is a true and correct transcript of the
13 testimony given by said witness taken at the time and
14 place in the foregoing caption specified and
15 completed without adjournment.

16 I certify that I am not a relative,
17 employee, or attorney of any of the parties hereto,
18 or of any attorney or counsel employed by the
19 parties, or financially interested in the action.

20 IN WITNESS WHEREOF, I have hereunto set
21 my hand and affixed my seal of office at Columbus,
22 Ohio, on this 16th day of March, 2015.

23 
24 Carolyn D. Ross, Registered
Professional Reporter and
Notary Public in and for the
State of Ohio.

My commission expires April 3, 2019.

(CDR-77934)

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

8/20/2015 12:06:04 AM

in

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

Summary: Deposition (Public) of Eileen M. Mikkelsen, Vol. II, electronically filed by Mr. Tony G. Mendoza on behalf of Sierra Club