

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

- - -

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

- - -

DEPOSITION

of Donald A. Moul, taken before me, Karen Sue Gibson,
a Notary Public in and for the State of Ohio, at the
offices of FirstEnergy Corporation, 76 South Main
Street, Akron, Ohio, on Wednesday, June 24, 2015, at
9 a.m.

- - -

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Moul Exhibit	Identified
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7 Unregulated Station Level Income Statements and Cash Flow Prepared February 26, 2014 (Confidential)	145
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1 Wednesday Morning Session,
2 June 24, 2015.

3 - - -

4 MR. LANG: So why don't we go on the
5 record. And good morning, all. This is the
6 telephone deposition of Don Moul this morning. This
7 is Jim Lang. And, Tony, why don't you go ahead and
8 enter your appearance for the record and then ask
9 other folks to do so.

10 MR. MENDOZA: Okay. Thank you, Jim.
11 This is Tony Mendoza. I will be representing the
12 Sierra Club today.

13 MR. LANG: Okay. And who are the other
14 counsel on the line for intervenors?

15 MR. STINSON: Dane Stinson, NOPEC.

16 MS. BOJKO: Good morning. This is Kim
17 Bojko for the Ohio Manufacturers' Association Energy
18 Group.

19 MS. MOONEY: This is Colleen Mooney for
20 the Ohio Partners for Affordable Energy.

21 MS. FLEISHER: This is Madeline Fleisher
22 with the Environmental Law & Policy Center.

23 MR. SETTINERI: This is Mike Settineri
24 with the Retail Electric Supply Association and PJM

1 Power Providers Group and Electric Power Supply
2 Association.

3 MR. LANG: Anyone else? Sounds like it.

4 MR. MENDOZA: Did the line just go dead?

5 MR. LANG: It should be good. Can you
6 hear us? Okay. Tony, why don't you go ahead. It's
7 all yours. Maybe Tony can't hear us. Tony, Mendoza,
8 can you hear us?

9 (Discussion off the record.)

10 MR. LANG: Tony, we went through
11 appearances while you were having a line issue, and
12 it's -- you are up so if you are ready, go ahead.

13 MR. MENDOZA: All right. Good morning,
14 Mr. Moul.

15 MR. LANG: We need to swear in the
16 witness.

17 (Witness sworn.)

18 MR. LANG: Go ahead, Tony.

19 MR. MENDOZA: Okay. Thank you.

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DONALD A. MOUL

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

CROSS-EXAMINATION

By Mr. Mendoza:

Q. Good morning, Mr. Moul. I am Tony
Mendoza as I was saying, and I represent Sierra Club
in this proceeding. Could you please state your full
name for the record.

A. Donald A. Moul.

Q. Okay. Thank you. And what is your
business address?

A. 341 White Pond Drive, Akron, Ohio.

Q. Okay. I would like to deal with two
definition-type issues up front to speed things along
as we go. If I refer to the Ohio Edison, Cleveland
Electric Illuminating Company, and Toledo Edison
Company collectively as the companies, will you
understand what I mean?

A. Yes.

Q. And if I refer to FirstEnergy Solutions
Corp. as FES, will you understand what I mean?

A. Yes.

Q. Okay. Your employer is FES, correct?

1 A. Yes.

2 Q. And you are appearing on behalf of the
3 companies today, correct?

4 A. Yes.

5 Q. And you are not appearing on behalf of
6 FES today; is that right?

7 A. Yes.

8 Q. Okay. Let's turn to page 1 of your
9 supplemental testimony.

10 A. Okay.

11 Q. On -- on line 15 it says "Are the plants
12 at risk of closure," and your answer to that question
13 begins on page 1, line 16, and runs through page 3,
14 line 8. Do you see that answer in your supplemental
15 testimony, Mr. Moul?

16 A. Yes.

17 Q. What information did you rely on in
18 developing the opinions offered in this answer?

19 A. I relied on P&L statements that were
20 provided in workpapers.

21 Q. And who provided you with those -- those
22 P&L statements?

23 A. Jason Lisowski's team.

24 Q. I'm sorry. Just to be clear did you say

1 Jason Lisowski's team; is that right?

2 A. Yes. I requested them from Jason.

3 Q. Okay. And what years did those P&L
4 statements cover?

5 A. They covered 2009 through 2014.

6 Q. Okay. And when did Mr. Lisowski provide
7 you with those P&L statements?

8 A. I don't -- pardon?

9 MR. LANG: I think someone needs to go on
10 mute, please.

11 A. Could you repeat the question?

12 Q. I would be happy to. When did
13 Mr. Lisowski provide you with those P&L statements,
14 Mr. Moul?

15 A. I don't remember the exact date, but it
16 was in the first quarter of 2014.

17 MR. LANG: 2015?

18 A. Oh, yeah, sorry, 2015.

19 Q. Okay. Thank you for the clarification.
20 And I am still asking you how you formulated your
21 testimony for this answer that begins -- in response
22 to the question "Are the plants at risk of closure,"
23 and I am wondering if you relied on any future
24 projections of costs and revenues for the plants for

1 the basis of your opinions in that section of your
2 testimony?

3 A. Yes.

4 Q. And -- and who provided -- and who
5 provided you with those future projections?

6 A. Jason Lisowski.

7 Q. And is this document that you are
8 referring to different than the P&L statements that
9 you were provided in the first quarter of 2015?

10 A. Yes.

11 Q. And for what years did that -- did that
12 document project revenues and costs for these plants?

13 A. It had actuals from 2013, and then it
14 went through some assumptions through 2018.

15 Q. And you told me that Mr. Lisowski
16 provided those to you. Do you know who prepared
17 those projections?

18 A. Don't know.

19 Q. And when were those projections provided
20 to you?

21 A. Those were provided to me in the first
22 quarter of 2014.

23 Q. And that's 2014 or 2015 just to be clear?

24 A. No. That's 2014.

1 Q. Okay. Thank you. Aside from the P&L
2 statements that were provided in the first quarter of
3 2015 and these projections that were provided in the
4 first quarter of 2014, are there -- is there any
5 other information that you looked at in formulating
6 your testimony in this section?

7 MR. LANG: And when you say this section,
8 you are still talking about pages 1 through 3?

9 MR. MENDOZA: Yeah. I am talking about
10 the complete answer in response to the question "Are
11 the plants at risk of closure" which runs from page 1
12 at the bottom through close to the end of page 3.

13 A. So could you repeat the question again?
14 I lost track of it there.

15 Q. Okay. So I think we've talked about two
16 different types of information, the P&L statements --
17 the P&L statements that were provided to you by
18 Mr. Lisowski first quarter of 2015 and then some
19 projections that were provided by -- also by
20 Mr. Lisowski in the first quarter of 2014. And I am
21 wondering if there is other information aside from
22 those two types of information that you relied on in
23 formulating your testimony in -- this portion of your
24 testimony.

1 A. No.

2 Q. Are you relying on another witness's
3 testimony in support of the opinions you've offered
4 in this portion of your testimony?

5 A. No.

6 Q. Have you communicated with Dr. Lawrence
7 Makovich about the economic stability program or
8 about this case?

9 A. Could you rephrase that question?

10 Q. What was -- what did you not understand,
11 Mr. Moul?

12 A. Well, I guess the best way to put it is
13 I've talked with Dr. Makovich at various industry
14 events about the markets but not in detail about this
15 case.

16 Q. Okay. And did you talk to Dr. Makovich
17 about the risk some of these generation units might
18 retire -- I apologize. When I say these plants or
19 these units, I'm adopting your definition to include
20 the Davis-Besse plant and the Sammis plant and the
21 FES's share of the OVEC plants so let me start the
22 question again with that aside.

23 Did you talk to Dr. Makovich about the
24 risk that some of these generation plants might

1 retire?

2 A. And you're qualifying that you are
3 specifically talking about the plants in this ESP
4 case?

5 Q. That's correct.

6 A. That answer would be no.

7 Q. Okay. So let's look at page 1, lines 15
8 through 18. As we've discussed, the question here
9 reads "Are the plants at risks of closure," and then
10 if we continue on on lines 16 and 17, you state
11 "Figures 1, 2, and 4 below compare the annual costs
12 and revenues of Sammis, Davis-Besse, and FES's 4.85
13 percent interest in OVEC, for the years 2009 through
14 2014." Do you see that sentence, Mr. Moul?

15 A. Yes.

16 Q. FES does not operate the OVEC generation
17 plants, correct?

18 A. Yes.

19 Q. Could FES decide to retire the OVEC units
20 if it wanted to?

21 A. No.

22 Q. Do you know how a decision to retire any
23 OVEC generation units would be made?

24 A. I don't know.

1 Q. Is it your opinion, Mr. Moul, that the
2 Commission's decision on the companies' economic
3 stability program will have any impact on a decision
4 to retire any OVEC generation unit?

5 A. I don't know.

6 Q. Okay. So let's turn to page 4 of your
7 testimony, Mr. Moul, okay?

8 A. Okay.

9 Q. And if you look at lines 5 through 18, on
10 those lines you provide an answer to the question
11 "Why must additional costs, above and beyond
12 avoidable costs, be taken into consideration when
13 considering the financial viability of the plant?"
14 Do you see that question and the answer in your
15 supplemental testimony?

16 A. Yes.

17 Q. And what information are you relying on
18 for the opinions offered in this answer?

19 A. Could you rephrase that question?

20 Q. I'm wondering what information you relied
21 or relied on when you formulated your opinions in
22 this answer.

23 A. Relied on the actual performance of the
24 plants financially and I've relied on my knowledge of

1 the generation business and the capital intensive
2 nature of running generating plants, and I've relied
3 on my knowledge of the financial needs associated
4 with running a business.

5 Q. Are there any specific documents that you
6 relied on?

7 A. None other than what were relied on for
8 the answers on the first through the third page.

9 Q. So it would be the same documents for the
10 answer in response to the question "Are the plants at
11 risk of closure"; is that correct?

12 A. Yes.

13 Q. Turning -- focusing back on that answer
14 on page 4 that begins on line 5 and goes down through
15 line 18, are you relying on another witness's
16 testimony in support of the opinions you have offered
17 in this portion of your testimony?

18 A. No.

19 Q. Do you have any experience with financing
20 major capital projects?

21 A. Could you rephrase that question?

22 Q. What is it about the question that wasn't
23 clear?

24 A. I need to understand what you mean by

1 experience.

2 Q. Have you personally worked with, you
3 know, with a team of people for financing a project,
4 a capital project, at a generation unit?

5 A. Yes.

6 Q. Could you give an example of a project.

7 A. When I worked in the generation side of
8 the business, for example, my time at Davis-Besse,
9 there were capital projects that would be reviewed
10 and prioritized and decisions made on what to go
11 forth with and not go forth with in accordance with
12 our budget allowances. So that's what I would call
13 experience in working with and financing capital
14 projects.

15 Q. And would you work specifically to secure
16 the capital to pay for those projects?

17 A. No.

18 Q. So I take it on line 10 of page 4 you
19 mention a steam generator replacement at Davis-Besse.

20 A. Yes.

21 Q. Were you involved with securing finance
22 for that procurement direct -- financing for that
23 project?

24 A. Could you rephrase the question?

1 Q. Were you -- why don't we step back a
2 minute. Were you involved in the steam generation
3 replacement project at Davis-Besse?

4 A. Yes.

5 Q. And what was your involvement in the
6 project?

7 A. When the project started, I was director
8 of engineering at -- during some portions of that
9 project at Davis-Besse, so we supported engineering
10 work.

11 Q. Okay. I gather you would -- would not
12 work on raising capital to finance that project then.

13 A. That's correct.

14 Q. And I have the same question for the
15 Sammis air quality control project on page 11, were
16 you involved in the raising of capital to finance
17 that project?

18 A. No.

19 Q. Do you know how FES funded the steam
20 generator replacement project at Davis-Besse?

21 A. No.

22 Q. Do you know how FES funded the air
23 quality control project at Sammis?

24 A. No.

1 Q. So staying on page 4, let's focus on
2 lines 15 through 17 of that answer. Your
3 supplemental testimony states "Plants that earn just
4 enough revenues to cover avoidable costs, and
5 sometimes even less than that, do not provide a
6 business with sufficient return on investment to
7 borrow." What would be a sufficient return on
8 investment to allow a business to borrow?

9 A. Certainly more than your overall costs.
10 I would put it in the 11 to 12 percent range.

11 Q. So your testimony is that a plant would
12 have to earn around 11 -- 10 or 11 percent on return
13 on capital to secure -- to be able to borrow money?

14 A. No.

15 Q. Let's look back at page 3, line 9 through
16 11. And at the -- I am looking at the question there
17 at the bottom of this page, and it says "Some suggest
18 that the only costs that should be considered when
19 assessing a generation unit's financial viability are
20 avoidable costs. Do you agree?" My question is --
21 looking at that question who were the "some" being
22 referred to in this question?

23 A. Well, that's the opinion that we've heard
24 from some of the intervening parties.

1 Q. Can you point to any specific intervening
2 party?

3 A. I don't remember.

4 Q. Okay. Flipping back to page 4, lines 6
5 through 8, your supplemental testimony states "But
6 the owners of the Plants must also make capital
7 investments that keep the Plants running in order to
8 ensure reliable operation of the Plants and return
9 value to shareholders." Do you see where it says
10 that?

11 A. Yes.

12 Q. Is it your opinion that capital
13 investments that keep the plants running are not
14 avoidable costs?

15 A. Could you repeat that question?

16 Q. What part of it --

17 A. I just want to make --

18 Q. -- is giving you trouble, Mr. Moul?

19 A. I just want to make sure I followed it
20 correctly before I answer.

21 MR. LANG: He asked you just to repeat
22 it.

23 Q. Sure. And, again, we are looking at that
24 sentence that begins "But the owners" on line 6.

1 A. Yes.

2 Q. I want to know is it your opinion that
3 "capital investments that keep the Plants running"
4 are not avoidable costs?

5 A. No.

6 Q. How would you characterize those costs?

7 A. Going forward capital investments are
8 avoidable.

9 Q. If FES decided to retire one of the
10 Sammis units, it would no longer have to make capital
11 investments to keep the Sammis unit running, correct?

12 A. Yes.

13 Q. Okay. On -- on line -- staying on page 4
14 on lines 14 through 17, your supplemental testimony
15 states "Further, to fund these necessary, capital
16 intensive projects, a business needs to be able to
17 borrow money at a reasonable cost. Plants that earn
18 just enough revenues to cover avoidable costs, and
19 sometimes even less than that, do not provide a
20 business with sufficient return on investment to
21 borrow." Do you see that language, Mr. Moul?

22 A. Yes.

23 Q. In formulating this testimony did you
24 review FirstEnergy Corporation's credit rating?

1 A. No.

2 Q. Did you review FES's credit rating?

3 A. No.

4 Q. Are you aware of FirstEnergy

5 Corporation's credit rating?

6 A. Yes.

7 Q. Are you aware of FES's credit rating?

8 A. Yes.

9 Q. What -- well, is it your testimony that
10 FirstEnergy Corporation could not borrow money to
11 invest in these plants today?

12 A. No.

13 Q. So just to be clear you -- you believe
14 that FirstEnergy Corporation could borrow money to
15 invest in these plants; is that right?

16 A. Yes.

17 Q. Would FirstEnergy Corporation be unable
18 to finance necessary capital investments for these
19 plants if the economic stability program is not
20 approved?

21 A. I don't know.

22 Q. On line 15 you refer to "a reasonable
23 cost."

24 A. Yes.

1 Q. So you were talking about a reasonable
2 cost to borrow money. Could you provide an interest
3 rate that you consider reasonable?

4 A. I would say somewhere less than
5 5 percent.

6 Q. Okay. So let's turn to page 5, line 9 of
7 your testimony.

8 A. Okay.

9 Q. And starting there on line 9 and going
10 through page 6, line 4, you responded to two
11 questions regarding PJM's capacity performance
12 proposal. Do you see those two questions and the two
13 answers in your supplemental testimony?

14 A. Yes.

15 Q. And what information did you rely on in
16 developing the opinions offered in these two answers?

17 A. I relied on my knowledge of the PJM
18 proposal that was in front of FERC.

19 Q. Did you read the PJM proposal?

20 A. Some of it, yes.

21 Q. Are there -- is there any other
22 information that you are relying on in support of
23 your answers to these two questions?

24 A. Yes.

1 Q. And what is that -- what is some of that
2 other information?

3 A. Briefings from my staff responsible for
4 performance in the capacity markets.

5 Q. Any other information?

6 A. No.

7 Q. Are there -- aside from the performance
8 proposal or perhaps a document your staff gave you,
9 are there any other documents that -- let me strike
10 that question.

11 Aside from the PJM capacity performance
12 proposal itself, are there any other documents that
13 you relied on in formulating your testimony in
14 response to these two questions?

15 A. The only other things might be things I
16 have read in Megawatt Daily or trade journals.

17 Q. Are you relying on another witness's
18 testimony in support of the opinions you've offered
19 in this portion of your testimony?

20 A. No.

21 Q. Okay. So staying on page 5, looking at
22 lines 11 through 12, you state "If anything, the
23 uncertainty surrounding PJM's proposal increases the
24 risks that generators face." Do you see that

1 sentence, Mr. Moul?

2 A. Yes.

3 Q. Just to be clear we are still talking
4 about the capacity performance proposal, correct?

5 A. Yes.

6 Q. Are you aware that since you filed
7 supplemental testimony in this proceeding that FERC
8 has ruled on PJM's capacity performance proposal?

9 A. Yes.

10 Q. And FERC approved PJM's proposal; is that
11 right?

12 A. Yes.

13 Q. There is no longer uncertainty around
14 whether PJM's capacity performance proposal will be
15 approved, correct?

16 A. Yes.

17 Q. Is there other uncertainty with respect
18 to the capacity performance proposal?

19 A. Yes.

20 Q. And -- okay. What is that other
21 uncertainty?

22 A. There's uncertainty with respect to how
23 market participants will behave and auction outcomes.

24 Q. Can you explain what you mean by

1 uncertainty with respect to how market participants
2 will behave specifically focusing on the impact of
3 the capacity performance proposal?

4 A. Could you rephrase the question?

5 Q. You said there is some uncertainty with
6 respect to how I think you said market participants
7 will behave.

8 A. Yes.

9 Q. And I am wondering what that uncertainty
10 is. What are the questions about how market
11 participants will behave?

12 A. How they will offer their units into the
13 auction and how they will value the risk associated
14 with performance of the capacity performance product.

15 Q. And we can either -- there was another
16 aspect of uncertainty that you listed in response to
17 my first question, and I didn't catch that, Mr. Moul.
18 Could you -- you had said when I asked that there is
19 uncertainty, you talked about the behavior of market
20 participants and there was another aspect. Do you
21 recall what you said?

22 A. I don't recall. Could we read it back?

23 MR. MENDOZA: Yeah. I think that would
24 be appropriate. Karen, could you help us out?

1 (Record read.)

2 A. My second answer encompasses that.

3 Q. Okay. So option outcome, do you mean
4 potentially the uncertainty is what the clearing
5 price will be in the capacity market?

6 A. Yes.

7 Q. Is that all you mean by option outcome,
8 just the price? Is there something else that is
9 encompassed in that term option outcome?

10 A. Could you repeat that question?

11 Q. Yeah. I am just trying to understand
12 what you mean by option outcomes as being an aspect
13 of uncertainty.

14 A. So it's where the -- where the auction
15 clears at, the clearing price.

16 Q. I'm sorry. I think I have -- I have
17 misheard your answer. You were saying auction with
18 an A, right; is that correct? A-U-C-T-I-O-N?

19 A. Yeah.

20 Q. Okay. I apologize. I misheard your
21 answer. Okay. So let's stay on page 5. Look at
22 lines 22 through 23 and continuing to page 6, line 1.
23 You state "While the PJM Capacity Performance
24 proposal may help address some of the problems with

1 PJM's capacity market, it is not focused on
2 Ohio-based solutions and it is not designed to
3 preserve Ohio generation." Do you see that -- do you
4 see that sentence, Mr. Moul?

5 A. Yes.

6 Q. And what are some of the problems that
7 the capacity performance proposal may help address?

8 A. It may help address consistently -- or I
9 guess not consistently. It may help address low
10 clearing prices in the capacity auction.

11 Q. Are there any other problems that you can
12 think of when you -- looking at that phrase "some of
13 the problems"?

14 A. Well, another one would be inability in
15 the past to include the cost of firm fuel for
16 combined cycle or simple cycle gas units.

17 Q. Is there another problem that you can
18 think of?

19 A. Yeah. Allowance of a risk premium based
20 on the penalties that are associated with it could
21 help provide more revenue to good performing
22 generators.

23 Q. And can you think of another problem that
24 capacity performance proposal may address?

1 A. Not right now.

2 Q. You state in those lines that we were
3 just looking at that the proposal "is not designed to
4 preserve Ohio generation." What is the capacity
5 proposal designed to do in your opinion?

6 A. In my opinion it's designed to ensure the
7 performance of capacity products that clear in the
8 marketplace when they are needed the most by
9 potentially providing more revenue but also providing
10 performance penalties to incent generators to perform
11 better.

12 Q. And I think you said it's intended
13 potentially to provide more revenue. Do you believe
14 the capacity performance will provide more revenue
15 for generators?

16 A. I don't know.

17 Q. Okay. On page 6, lines 1 through 4,
18 there's a sentence that begins with "further" and you
19 state that "Further, even if the Capacity Performance
20 proposal is approved and functions as intended,
21 significant problems remain with PJM market design
22 and implementation, such that Ohio should not rely on
23 the PJM market to ensure that Ohio maintains critical
24 generation resource diversity." Do you see that

1 sentence, Mr. Moul?

2 A. Yes.

3 Q. And what problems remain with PJM market
4 design?

5 A. Certainly problems with price formation.

6 Q. Are there -- is there another problem?

7 A. Yes.

8 Q. And what is that?

9 A. Distortions in the energy market caused
10 by production tax credits, for example. That causes
11 downward pressure on energy prices.

12 Q. Can you think of another problem with the
13 PJM market design?

14 A. Not at this time. Those are significant
15 enough.

16 Q. Do you -- what do you mean by problems
17 with "price formation"?

18 A. There's a FERC initiative and working on
19 the price formation and energy markets so all the --
20 all the different components that make up the energy
21 price on a daily basis and how those prices are
22 determined.

23 Q. Could you tell us some specific problems
24 with how -- how those energy price -- problems as you

1 see them are formed?

2 A. Well, problems in -- in markets that rely
3 too much on uplift payments, for example.

4 Q. Could you tell us what an uplift payment
5 is.

6 A. An uplift payment is a make whole payment
7 made when a generator has run out of merit at the
8 direction of the regional transmission organization
9 like we saw in the polar vortex in 2014.

10 Q. Have there been other times when that
11 occurred?

12 A. Yes.

13 Q. Can you give us an example of another
14 time?

15 A. I don't remember.

16 Q. Okay. I think you also mentioned
17 distortion in price caused by the -- distortions
18 caused by the production tax credit, and I am
19 wondering do you think those distortions are causing
20 a significant impact on PJM prices?

21 A. Yes.

22 Q. And what -- on what information would you
23 rely on to offer that opinion?

24 A. I would rely on statements made by Chris

1 Crane and Exelon and their decisions that they are
2 making right now regarding Quad Cities and the Byron
3 units in the western PJM.

4 Q. Could you state the names of those units
5 again, please, Mr. Moul. I didn't quite catch that.

6 A. Quad Cities and Byron.

7 Q. Thank you. And so looking back at that
8 sentence that begins on line 1 of page 6 that starts
9 with "Further" that we have been talking about, what
10 problems remain with PJM market implementation?

11 A. Could you rephrase that question? I
12 thought I answered it.

13 Q. So -- there's a clause in the sentence
14 that we are looking at that says "significant
15 problems remain with PJM market design and
16 implementation," and I was asking you first about
17 market design. And I am wondering if there are --
18 and perhaps the answer is that we've covered them but
19 are there other problems with PJM market
20 implementation that we haven't discussed?

21 A. I thought of them as joined together, so
22 I was answering as if it was both design and
23 implementation. I'm sorry if that was confusing.

24 Q. No, no, no. I don't think it necessarily

1 was, but I just wanted to be clear. Thank you.

2 A. Sure.

3 Q. So we're still looking at this sentence.
4 On what information are you relying for your opinion
5 that resource diversity is "critical"?

6 A. Well, there have been statements by the
7 Public Utilities Commission of Ohio of the importance
8 of resource diversity in the generation side of the
9 market so that's one of the sources I would use.

10 Q. And are you referring to the order in the
11 AEP Ohio ESP case?

12 A. No.

13 Q. What statements from the Commission are
14 you referring to?

15 A. I don't remember the exact citation. It
16 was in my original testimony.

17 Q. Okay. And is there anything else that
18 you're -- that you are relying on for your opinion
19 that resource diversity is critical?

20 A. My experience with 28 years in the
21 utility industry.

22 Q. Anything else?

23 A. No.

24 Q. And just to be clear, are you relying on

1 the testimony of another witness in this proceeding
2 for your opinion that resource diversity is critical?

3 A. No.

4 Q. And still -- still looking at that
5 sentence at the top of page 6, do you see where the
6 phrase "functions as intended"?

7 A. Yes.

8 Q. What do you mean by "functions as
9 intended"?

10 A. Well, it's intended to provide the right
11 signals to generators to be reliable and -- and have
12 enough revenue to invest to maintain that
13 reliability.

14 Q. How will we know if the capacity
15 performance proposal is functioning as intended?

16 A. If there are consistently high enough
17 clearing prices to provide the needed revenue for
18 baseload generation and, additionally, if performance
19 of those capacity resources meets all the needs for
20 PJM when called upon.

21 Q. How long will it take for us to know if
22 the capacity performance proposal is functioning as
23 intended?

24 A. At least -- at least three auctions in my

1 opinion.

2 Q. And how many years are we talking for
3 three auctions?

4 A. Three years.

5 Q. Do you expect the capacity performance
6 proposal will increase revenues for the Sammis units?

7 A. I don't know.

8 Q. Do you expect the capacity performance
9 proposal to increase revenues for Davis-Besse?

10 A. I don't know.

11 Q. And why are you uncertain about those
12 answers?

13 A. It goes back to my answer to the previous
14 question. It depends upon where the auction clears
15 at and whether that's a high enough value to offset
16 the risk associated with nonperformance of emergency
17 conditions.

18 Q. Do you expect that the capacity
19 performance proposal will increase revenues for the
20 OVEC units?

21 A. I don't know.

22 Q. Is it your opinion that the capacity
23 performance proposal will benefit FES generating --
24 FES's generating plants in Ohio?

1 A. I don't know.

2 Q. Okay. So staying -- I'm sorry, switching
3 back to page 5, let's look at lines 19 through 22.
4 And here the question says "In the event the capacity
5 performance proposal is approved, does this eliminate
6 the need for the economic stability program," and
7 then you say "No." Do you see that question and the
8 first part of your answer there?

9 A. Yes.

10 Q. Does the approval of the capacity
11 performance proposal have any effect on the need of
12 the economic stability program?

13 A. Could you rephrase your question?

14 Q. Could you tell me what was unclear about
15 it?

16 A. I am just trying to follow the question.
17 Could you rephrase it so I can understand it better?

18 Q. I am wondering if the capacity
19 performance proposal will have any effect on the need
20 for the economic stability program proposed by the
21 company.

22 A. What do you mean by any effect on the
23 need for the economic stability program by the
24 companies?

1 Q. My apologies for interrupting. The
2 question that we were just looking at talks about
3 "the need for the economic stability program" --
4 well, it further asks does the capacity performance
5 eliminate that need, and I am wondering -- and you
6 say "No," it does not eliminate the need, but I am
7 wondering does it have any effect on the need -- any
8 effect at all on the need for the economic stability
9 program.

10 A. No.

11 Q. I'm sorry, you said "No"?

12 A. I said "No." Sorry.

13 Q. So in your opinion it doesn't reduce or
14 increase the need for the economic stability program.

15 A. Correct.

16 Q. Okay. Flipping back to page 6. Let's
17 look at lines 13 through 15.

18 A. Okay.

19 Q. And there's a sentence there that says
20 "States must take an active role in energy security,
21 and there is simply too much risk to Ohio's future
22 for Ohio to relinquish its duty to maintain its
23 critical fuel-diverse baseload generation." Do you
24 see that sentence, Mr. Moul?

1 A. Yes.

2 Q. And I want to focus on the phrase "risk
3 to Ohio's future" in that sentence. In developing
4 your opinion about the risk to Ohio's future, what
5 information are you relying on?

6 A. I'm relying on my knowledge of generation
7 supply and its impact on wholesale prices.

8 Q. And is there anything else you are
9 relying on?

10 A. No, because it's really about
11 fuel-diverse baseload generation.

12 Q. Do you know what percentage of Ohio's
13 generation is coal fired today?

14 A. I've seen the number, but I don't
15 remember it offhand.

16 Q. Do you know if it's more than 50 percent
17 or less than 50 percent?

18 A. I don't remember.

19 Q. Okay. Going back to information you
20 relied on in offering your opinion about the risk to
21 Ohio's future, are there any documents that you
22 relied on in offering that opinion?

23 A. No.

24 Q. What about the testimony of another

1 witness in this proceeding?

2 A. No.

3 Q. Okay. Let's turn to page 7, lines 4
4 through 5.

5 A. Is there a chance we could take a bio
6 break?

7 MR. MENDOZA: Fine with me.

8 THE WITNESS: I know you got a tall cup
9 of coffee.

10 MR. LANG: Let's take a -- yeah, let's go
11 off for 10 minutes, we'll come back at 5 after the
12 hour.

13 MR. OLIKER: Jim, this is Joe Oliker.
14 Can I make an appearance? I have been on for about
15 45 minutes. I didn't want to interrupt the
16 questioning.

17 MR. LANG: Oh, sure. Good morning, Joe.

18 MR. OLIKER: Hi, Jim. On behalf of IGS
19 Energy, Joseph Oliker.

20 MR. LANG: All right. We will go off the
21 record.

22 (Recess taken.)

23 MR. LANG: Back on the record.

24 Q. (By Mr. Mendoza) Okay. Mr. Moul, let's

1 look at page 7, lines 4 through 5 of your testimony.

2 A. Yes, okay.

3 Q. Does this answer generally -- this answer
4 in your testimony is generally about PJM's
5 reliability must-run process and looking at page 5
6 you refer to an RMR contract I think "stopgap
7 measure." Do you see that?

8 A. Okay. Page 5 --

9 MR. LANG: I'm sorry, Tony. You said
10 page 5. I think you meant line 5.

11 MR. MENDOZA: I did. Thank you, Jim.

12 Q. Page 7, line 5.

13 A. Okay. Yes, I refer to it as a "stopgap
14 measure."

15 Q. And how many years can a reliability
16 must-run contract last?

17 A. It depends on how long it takes to build
18 the transmission to compensate for that plant going
19 away.

20 Q. Could an RMR contract last for three
21 years, for example?

22 A. Yes.

23 Q. Are you -- are you familiar with any RMR
24 contracts that have lasted for three years or more?

1 A. Three years or more, I don't know.

2 Q. Okay. And staying on page 7, lines 12
3 through 13, there's a sentence that reads "Further,
4 an RMR contract, unlike the Economic Stability
5 Program, cannot result in a financial benefit for the
6 Companies' customers." Do you see that sentence,
7 Mr. Moul?

8 A. Yes.

9 Q. And focusing on the phrase "a financial
10 benefit," I am wondering what type of financial
11 benefit are you referring to there.

12 A. I am referring to the benefit customers
13 receive when market prices are greater than the cost
14 of the plants and there is a credit in their bills
15 under the rider RRS construct.

16 Q. And so under the rider RRS contract if
17 market prices are lower than cost, those customers
18 would receive a charge; is that right?

19 A. Yes.

20 Q. And so that's also a way in which an RMR
21 contract would differ from the economic stability
22 program, correct?

23 A. Could you rephrase that question?

24 Q. In this sentence you say an RMR contract

1 is unlike the economic stability program in that the
2 RMR contract cannot result in a financial benefit.
3 And my question is isn't it also true that an RMR
4 contract cannot result in a financial charge to the
5 companies' customers?

6 A. No.

7 Q. And so what type of charge would an RMR
8 contract result in, could it result in?

9 A. Customers will be charged for the
10 transmission upgrades usually on a formula basis to
11 compensate for that plant going away.

12 Q. Do you know how those costs are allocated
13 among customers?

14 A. They are socialized among the customers
15 that gain the benefit.

16 Q. And for a generation unit located in
17 Ohio, would some of the costs for an RMR contract be
18 charged to out-of-state customers?

19 A. I don't know.

20 Q. Could some of the charge -- costs be
21 charged to out-of-state customers?

22 A. Yes.

23 Q. And then staying on page 7 looking at
24 lines 10 through 13, you state that "New transmission

1 is no substitute for generation located in close
2 proximity to load." Do you see that --

3 A. Yes.

4 Q. -- phrase? Do you know where the OVEC
5 plants are located, Mr. Moul?

6 A. Yes.

7 Q. Are the OVEC plants close to the
8 companies' load?

9 A. Could you define what you mean by
10 "close"?

11 Q. I'm just using the word that you used in
12 your testimony, "close proximity."

13 A. They are not as close as Sammis and
14 Davis-Besse.

15 Q. But would you say they are in close
16 proximity to the companies' load as you used that
17 word -- those words when you were drafting your
18 testimony?

19 A. No. I was really more referring to
20 Davis-Besse and Sammis with respect to close
21 proximity to the companies' loads.

22 Q. Okay. When you say "close proximity,"
23 could you quantify that proximity in terms of miles
24 for us?

1 A. No.

2 Q. Sammis is not located within the service
3 territory of the companies, correct?

4 A. Yes.

5 Q. So it would be possible, would it not,
6 for a new generation unit to be located closer to the
7 companies' load than Sammis, right?

8 A. That really depends on the transmission
9 system.

10 Q. It would be possible to build a new
11 generation unit within the companies' service
12 territory, correct?

13 A. I don't know.

14 Q. Okay. Staying on page 7 moving down to
15 lines 14 through 15, this is the section of your
16 testimony entitled "The necessity of the plants, in
17 light of future reliability concerns." And that
18 section runs through the next page, page 8 through
19 line 19. And I want to ask you about that section of
20 your testimony. Do you see that section of your
21 testimony, Mr. Moul?

22 A. Yes, I do.

23 Q. What information are you relying on in
24 developing the opinions in this portion of your

1 supplemental testimony?

2 A. Relying on my understanding of the PJM
3 queue and my experience in generation for 28 years.

4 Q. Did you review the PJM queue as you were
5 preparing your supplemental testimony?

6 A. Yes.

7 Q. Is there anything else that you relied on
8 in forming your opinions in this section of your
9 testimony?

10 A. Well, as I highlight in that section of
11 the testimony, I do also reference Rod Phillips'
12 testimony.

13 Q. Okay. Are there any other -- aside from
14 the testimony of Mr. Phillips, are you relying on the
15 testimony of any other witnesses?

16 A. No.

17 Q. Have you ever worked for PJM or another
18 independent systems operator?

19 A. No.

20 Q. Do you have any personal experience with
21 maintaining transmission reliability?

22 A. Yes.

23 Q. And what is that experience?

24 A. I was president at Ohio Edison and Penn

1 Power, and we had some subtransmission as well as a
2 transmission crew that would do repairs from time to
3 time.

4 Q. On page 7, lines 19 through 20, you state
5 that Sammis and Davis-Besse are capable of
6 withstanding "extreme events." Do you see where you
7 use the phrase "extreme events," Mr. Moul?

8 A. Yes.

9 Q. What kind of extreme events are you
10 referring to here?

11 A. Extreme events similar to the polar
12 vortex or the cold weather events in February of '15.

13 Q. Aside from the polar vortex and the cold
14 weather events of February, 2015, are there other
15 extreme events you had in mind?

16 A. No.

17 Q. Staying on page 7 and looking down the
18 page a little bit to lines 22 and 23. There is a
19 sentence that reads "Natural gas plants are
20 intermediate plants with reliability challenges
21 associated with natural gas fuel supply." What do
22 you mean by "intermediate plants," Mr. Moul?

23 A. I mean, they typically cycle. They are
24 not typically run baseload like a Davis-Besse.

1 Q. Could you quantify what -- the capacity
2 factor of a plant you consider intermediate versus
3 baseload?

4 A. It would vary based on market prices, so
5 I wouldn't put a specific capacity factor out there.

6 Q. And is it your opinion a natural gas
7 plant cannot be a baseload generating unit in PJM?

8 A. No.

9 Q. So a natural gas plant can be a baseload
10 generation unit; is that right?

11 A. Yes. It can operate as a baseload plant.

12 Q. Turning to page 8, lines 9 through 10,
13 there is a sentence that reads "Moreover, adequate
14 natural gas generation will not be in place in the
15 near-term." Do you see that sentence, Mr. Moul?

16 A. Yes.

17 Q. What do you mean by "near-term"?

18 A. Within the next four years.

19 Q. Are you referring to any specific natural
20 gas plants?

21 A. No.

22 Q. What's the basis for your testimony that
23 you think natural gas rates will not be in place in
24 the next four years?

1 A. My review of the PJM queue and Rod
2 Phillips' testimony based on actual performance of
3 what's actually built versus what's in the queue.

4 Q. Okay. On lines 3 through 8, I am staying
5 on page 8, you state in this -- you state that "This
6 complex and interrelated gas delivery system ensures
7 reliable operation only if the customer, here the
8 natural gas plant, has contracts for 'firm' capacity
9 on the pipeline and gas delivery systems, and
10 locked-in commodity supply." Do you see that
11 sentence, Mr. Moul?

12 A. Yes.

13 Q. Do you have experience negotiating
14 natural gas supply contracts?

15 A. Yes.

16 Q. And what experience is that?

17 A. We have other plants in our fleet that
18 are natural gas-fired or dual fuel capability, and we
19 have had to do negotiations to try to get supply to
20 some of those plants.

21 Q. And what can -- what are those plants
22 that you are referring to?

23 A. Well, we have our Springdale unit as well
24 as our West Lorain units west of Cleveland. We have

1 a lot of other simple cycle CTs, and we've had to
2 negotiate at least under the capability of having
3 firm gas for the new CP product.

4 Q. Could you tell me where the Springdale
5 unit is located generally speaking?

6 A. Western Pennsylvania near Pittsburgh.

7 Q. Okay. And so you personally worked on --
8 scratch that. Strike that question.

9 What do you mean by "firm capacity" in
10 the sentence?

11 A. Firm transportation on the gas pipeline
12 system as well as storage.

13 Q. And what do you mean by "locked-in
14 commodity supply"?

15 A. That's you've hedged the supply or you
16 have an intermediary that's hedging that for you.

17 Q. Does the West Lorain plant have firm
18 capacity?

19 A. No.

20 Q. Does West Lorain have a locked-in
21 commodity supply?

22 A. Yes.

23 Q. Does the West Lorain plant have storage,
24 adequate storage?

1 A. Yes.

2 Q. Does the Springdale plant have firm
3 capacity?

4 THE WITNESS: We are getting into
5 competitive information here that I think is --

6 MR. LANG: To the extent that's
7 confidential --

8 THE WITNESS: Yeah.

9 MR. LANG: -- just let me know if it is.

10 Q. We can -- we can move on, and we can come
11 back to that. You said earlier that you had reviewed
12 the PJM interconnection queue; is that right,
13 Mr. Moul?

14 A. Yes.

15 Q. Are you familiar with the natural gas
16 plant proposed by a company Clean Energy Future, LLC,
17 near Lordstown, Ohio?

18 A. Yes.

19 Q. Do you have an opinion on whether that
20 Lordstown Ohio natural gas plant is likely to be
21 built?

22 A. Not yet.

23 Q. You don't yet have an opinion; is that
24 right?

1 A. That's right. It's grass field right
2 now.

3 Q. Is there -- when you say not yet, is
4 there something that could happen that would allow
5 you to have an opinion?

6 A. There is several steps in the process
7 that would need to happen aside from permitting and
8 an interconnection study.

9 Q. Okay. Aside from permitting and an --
10 well, strike that question.

11 Do you know if the proposed Lordstown is
12 closer to the companies' load than the Sammis plant?

13 A. Yes.

14 Q. And what's -- is it closer to the
15 companies' load than the Sammis plant?

16 A. Yes.

17 Q. Are you familiar with the natural gas
18 plant proposed by a company called Carroll County
19 Energy in Carroll County, Ohio, Mr. Moul?

20 A. Yes.

21 Q. And that plant is under construction; is
22 that right?

23 A. I believe it is, yes.

24 Q. And do you have an opinion on whether the

1 Carroll County natural gas plant is likely to be
2 built?

3 A. I don't know how far along they are in
4 construction so I don't know.

5 Q. Do you know if Carroll County, Ohio, is
6 closer to the companies' load than the Sammis plant?

7 A. I don't know.

8 Q. Okay. But staying on page 8, looking at
9 lines 14 through 19, I guess I am going to read these
10 long sentences, but it starts with "Also, Company
11 Witness Phillips explains that whether new plants can
12 offset the harms to reliability caused by the loss of
13 Sammis and Davis-Besse depends on the location of the
14 new plants and their proximity to load. Unless these
15 plants are sited in the same proximity as" Davis --
16 "as Sammis and Davis-Besse, and provide a similar
17 quality of megawatt as baseload plants with onsite
18 fuel supply, they in no way can replace the Plants."
19 I think I may have messed up that reading a little
20 bit. Do you see the lines I am referring to there on
21 14 and 19 -- 14 through 19?

22 A. I do.

23 Q. And so aside from the testimony of
24 Mr. Phillips, what are you relying on for the

1 opinions offered in this portion of your testimony?

2 A. I'm relying on my knowledge of the value
3 of an on site fuel supply, specifically 30 days or
4 more at the Sammis plant and, you know, up to two
5 years of fuel that's controlled at the site at
6 Davis-Besse.

7 Q. Are you relying on any other information,
8 Mr. Moul?

9 A. Just my general understanding of how the
10 transmission system works. I'm not an expert like
11 Mr. Phillips in transmission planning, but where a
12 plant is on that transmission system and how the
13 transmission system has been built to accommodate
14 that generation and support of load matters greatly.

15 Q. Did I hear you correctly, you said you
16 are not an expert on transmission planning, Mr. Moul?

17 A. I am not as expert as Mr. Phillips.

18 Q. What is your basis for the opinion that
19 any replacement generation would have to be in the
20 same proximity as the Sammis plant?

21 A. That basis is my understanding of the
22 transmission system and the testimony of
23 Mr. Phillips.

24 Q. Wouldn't -- wouldn't a new generation

1 unit located closer to the companies' load than
2 Sammis provide enhanced reliability?

3 A. I don't know.

4 Q. Do you know if FES's West Lorain plant --

5 MR. MENDOZA: Jim, let me know if you
6 think this should go in the confidential.

7 Q. West Lorain plant has had reliability
8 problems related to natural gas supply?

9 THE WITNESS: We've talked about this
10 publicly.

11 A. Yes, I do.

12 Q. And, okay, so has the West Lorain plant
13 had reliability problems related to natural gas
14 supply?

15 A. Yes.

16 Q. And what are those problems?

17 A. We cannot obtain a natural gas supply
18 contract from the pipeline supplier in that area.

19 Q. And I think you said this earlier, but
20 the West Lorain plant is located close to Cleveland,
21 right?

22 A. Yes.

23 Q. Has FES considered building a new natural
24 gas plant closer to the companies' load than Sammis?

1 A. No.

2 MR. MENDOZA: I think I'm done for the
3 the public section, Jim. Can you just give me a
4 minute to run through my notes?

5 MR. LANG: Sure. Yep.

6 MR. MENDOZA: Yeah, I'm done for now, and
7 I'll reserve some confidential section.

8 MR. LANG: Okay. Madeline Fleisher, do
9 you have questions for the public section?

10 MS. FLEISHER: I'm sorry, if you had
11 returned to me before. I hopped onto another line
12 for another call. Can you maybe go to someone else
13 and then give me a minute?

14 MR. LANG: Sure.

15 MS. FLEISHER: If that's going to work.

16 MR. LANG: Next in order of appearance
17 this morning was Mike Settineri.

18 MR. SETTINERI: Good morning, Jim. Thank
19 you again.

20 - - -

21 CROSS-EXAMINATION

22 By Mr. Settineri:

23 Q. Mike Settineri, Mr. Moul, on behalf of
24 the Retail Energy Supply Association, PJM Power

1 Providers Group, and Electric Power Supply
2 Association. If you can't hear me today, just let me
3 know.

4 Let's just, if you can, let's start with
5 your testimony first at page 1, line 9. And in
6 that -- in line 9 you state the purpose of your
7 supplemental testimony is to discuss the financial
8 need of the Davis-Besse and Sammis plants and I
9 paraphrased that. What do you mean by "financial
10 need"?

11 A. Well, what I mean is to address the
12 questions that PUCO put out regarding financial need
13 of the plants, although we feel we answered them
14 originally, and just looking at their overall return,
15 their profits or losses in the past, and our view of
16 the uncertainty of the future.

17 Q. All right. So financial need is intended
18 to address one of the factors that the PUCO issued in
19 the AEP ESP III order; is that correct?

20 A. Yes.

21 Q. Thank you. Have you reviewed profit and
22 losses by specific units for each plant? When I say
23 you, I should correct that to say has FES reviewed
24 profit/losses by specific units for both plants?

1 A. Well, as I said earlier, I did in
2 preparing this testimony.

3 Q. And did you do so though by specific unit
4 for the Sammis plant?

5 A. No.

6 Q. So in the aggregate for the Sammis plant.

7 A. Yes.

8 Q. Thank you. Turning to Figure 1 on page
9 2, do you have an opinion on whether the profit/loss
10 numbers from 2009 to 2014 show a trend?

11 A. No.

12 Q. (REDACTED AND MOVED TO THE CONFIDENTIAL
13 PORTION.)

14 A. (*****REDACTED AND
15 MOVED TO THE CONFIDENTIAL PORTION.
16 *****)

17 Q. Do you mean those numbers are indicative
18 of future performance?

19 A. I don't know.

20 Q. Why not?

21 A. Because of uncertainties surrounding the
22 marketplace.

23 Q. So if you were to graph the profit/loss
24 versus year, do you mean that graph would help the

1 companies or FES make predictions on the future
2 profitability of the Sammis units?

3 A. I don't know.

4 Q. And the same question for Figure 2, do
5 you have an opinion -- and do you have an opinion
6 whether the profit/loss numbers from 2009 to 2014 for
7 the Davis-Besse unit show a trend?

8 A. No.

9 Q. And, again, do you believe that the
10 numbers from 2009 through 2014 for the Davis-Besse
11 profit/losses -- can FES or -- are they helpful in
12 predicting the future profitability of the
13 Davis-Besse unit?

14 A. I don't know.

15 Q. And, again, why don't you know?

16 A. As I said before, because of
17 uncertainties in the marketplace.

18 Q. So based on your answers, do you believe
19 that the profit/loss numbers for the Sammis unit in
20 Figure 1 and the profit/loss numbers for Davis-Besse
21 Figure 2, do you believe that information is -- would
22 be informative for the Commission in its decision in
23 the ESP?

24 A. Yes.

1 Q. And why is that?

2 A. It provides insight into the losses these
3 plants have incurred since 2009.

4 Q. So I am trying to understand here though,
5 and I will paraphrase, my understanding from what you
6 told me though is these numbers provide you no
7 insight with future profitability. So how would the
8 Commission rely -- be able to rely on these past
9 numbers if you don't believe that they are applicable
10 to future profitability?

11 MR. LANG: Objection to form but you can
12 go ahead.

13 A. They provide context in the markets in
14 which these plants have been operating in and the
15 financial stresses that they have so far endured.

16 Q. How does that have any relevance going
17 forward with the future profitability of these units?

18 A. If their cost structure is similar and
19 markets are similar, you could -- you could infer
20 that the outcomes would be similar.

21 Q. And is that by year?

22 A. Yes.

23 Q. So I'll circle back again. It sounds
24 like what you are telling me is that the trend of the

1 profit/loss numbers is applicable to the going
2 forward profitability of these units.

3 A. I am not making any statement with
4 respect to trends.

5 Q. Were market conditions different in 2014
6 versus 2009 for the Sammis units?

7 A. Absolutely.

8 Q. Do you know what FES's aggregate 2014 P&L
9 was?

10 MR. LANG: Just objection. It's beyond
11 the scope of the testimony.

12 Q. You can answer if you know, Mr. Moul.

13 A. I do but I don't remember those numbers
14 at this time.

15 Q. (REDACTED AND MOVED TO THE CONFIDENTIAL
16 PORTION.)

17 A. (REDACTED AND MOVED TO CONF. PORTION.)

18 Q. Do you know, is that a publicly available
19 number at this time?

20 A. I believe it's publicly available.

21 Q. Okay. Going back to page 2, line 5, use
22 the phrase "return on investment."

23 A. Yes.

24 Q. So to be clear here around both the

1 figures that you present, Figures 1 and 2, it looks
2 like you presented profit/loss exclusive of interest
3 and return on investment. What do you mean by
4 "return on investment"?

5 A. There's no return on investment
6 associated with the profits or losses. I'm not
7 discounting the results because of some assumed
8 return.

9 Q. So that would be either a shareholder or
10 a member return, correct?

11 A. It's really any return.

12 Q. Okay. The profit and loss for both
13 plants, did that include the assessment of personal
14 property taxes?

15 MR. LANG: Yeah. Are these --

16 THE WITNESS: He is getting into a lot of
17 questions that are in the confidential section.

18 A. Yeah. This is better served in the
19 confidential section.

20 Q. I would be glad to cover it with you. I
21 think it's pretty public whether generators are
22 subject to personal property taxes, but I would be
23 glad to cover it there. Let me make a note of that,
24 please.

1 A. Sure.

2 MR. LANG: Yeah, Mike, the testimony has
3 designated what's confidential so if you can follow
4 that, please.

5 MR. SETTINERI: Sure.

6 Q. Are you familiar with the Senate version
7 of the current budget bill that's pending before the
8 Ohio legislature?

9 A. No.

10 Q. Okay. Are you aware of any pending
11 legislation to eliminate the personal property tax
12 that would apply to generators in Ohio?

13 A. No.

14 Q. Okay. Has FES identified any capital
15 investments at the Sammis plant -- well, this may be
16 confidential, tell me if it is -- that will be done
17 to lower the risk of penalties for nonperformance
18 related to the PJM capacity performance proposal?

19 A. I would say that's confidential.

20 Q. Okay. All right. Turning to page 5 of
21 your testimony.

22 A. Okay.

23 Q. Line 23.

24 A. Okay.

1 Q. You use the phrase "it is not focused on
2 Ohio-based solutions." And this relates to the PJM
3 capacity performance plan. Why isn't the PJM
4 capacity performance plan focused on Ohio-based
5 solutions?

6 A. It really focuses on maintaining
7 reliability in a zone, not necessarily within Ohio,
8 and it doesn't take into account if a generator in
9 Ohio shuts down if that reliability need can be met
10 with something outside of Ohio.

11 Q. Okay. And on that point I know you
12 occasionally use the phrase Ohio generation, that
13 different people have used it. When we say "Ohio
14 generation," what does that mean to you?

15 A. It means with respect to plants like
16 Sammis and Davis-Besse and part of OVEC that's
17 located within Ohio.

18 Q. Okay. So it would be generation units
19 located within Ohio?

20 A. Within that context, yes.

21 Q. Okay. What are the -- are you aware of
22 other generating units that may serve the companies'
23 service territory or -- generate -- let me just
24 rephrase that, very clunky.

1 Are you aware of other generating plants
2 that can be used to serve the companies' service
3 territory that are not located in Ohio?

4 A. Yes.

5 Q. And what states would those generators be
6 located?

7 A. It depends on the transmission system.
8 One example would be Mansfield in Pennsylvania.

9 Q. Any others?

10 A. I'm sure there are others. I just don't
11 have a list of them.

12 Q. Okay. When you say "others," I mean
13 other states.

14 A. I don't know. It depends on transmission
15 capability.

16 Q. As of today though, are generator units
17 from out of state providing generation into the
18 companies' service territory?

19 A. Yes.

20 Q. And your -- page 5, line 23, again, the
21 phrase "Ohio-based solutions," what are Ohio-based
22 solutions?

23 A. Solutions that provide economic benefit
24 to the state of Ohio and surrounding communities.

1 Q. And when you say economic benefit, and
2 I'll just cut to the chase here, are you meaning --
3 are you referring to the continue -- continue to have
4 generation assets located in Ohio?

5 A. Yes.

6 Q. Okay. Any other benefits?

7 A. All of the economic benefits associated
8 with jobs, taxes, and the reliability benefits that
9 they provide.

10 Q. And on the reliability point would you
11 believe that if a new coal-fired generation plant was
12 built closer to the companies' service territory,
13 would that enhance reliability?

14 A. I don't know.

15 Q. And why don't you know?

16 A. It would depend on the transmission
17 system and where it was located.

18 Q. Okay. Assuming -- assuming that you had
19 adequate transmission, would you -- would you agree
20 then constructing a new coal plant closer to the
21 companies' service territory would enhance
22 reliability?

23 A. Yes.

24 Q. Okay. Now, switch that same scenario but

1 now make it a new gas -- a combined cycle gas-fired
2 generation plant was built closer to the companies'
3 service territory. Would this enhance reliability?

4 A. Yes.

5 Q. Okay. Would it be just as reliable as
6 the -- as if a -- as a new coal plant that was built
7 in the same location, all else the same?

8 A. No.

9 Q. Okay. And that's what I want to hone in
10 on. What's the difference in reliability?

11 A. There are 30 days of fuel supply on site
12 at a coal plant, whereas, a gas plant relies on a
13 just in time delivery system that is susceptible to
14 interruptions.

15 Q. Are there any other -- any other
16 difference in reliability?

17 A. No.

18 Q. Okay. Now, same scenario but what if
19 that gas plant was able to run on oil as well? Would
20 your answer be the same in terms of the difference in
21 reliability?

22 A. Could you repeat or rephrase that? I
23 want to make sure I am answering it appropriately for
24 what the question is.

1 Q. Right. You had indicated that the
2 difference between the reliability of a new coal
3 plant versus new gas plant, all else being the same,
4 was the difference in the fuel supply and so what I
5 am curious to know is if your opinion would change if
6 that gas plant had a -- the ability to burn oil in
7 addition to natural gas so then you would have a fuel
8 stored on site for that gas plant.

9 A. I would say that improves the gas plant's
10 performance, but unless you have 30 days' worth of
11 oil on site, I would say it's not quite equal.

12 Q. And let me -- let me ask this, why -- why
13 30 days of fuel supply for coal? Why is that
14 important?

15 A. It's long enough to withstand a
16 significant period of severe weather events.

17 Q. When's the last time that Ohio
18 experienced a 30-day period of significant weather?

19 A. Well, it's more than that. It provides
20 the capability to deal with challenges in
21 transportation like frozen rivers, for example. So I
22 can't tell you when we have experienced 30 days of
23 severe weather, but I can tell you that at times
24 impacts the ability to deliver.

1 Q. Okay. Thank you. Going to page 6 of
2 your testimony, the top, line 1, the carryover to
3 your prior answer, I am going to paraphrase, you
4 state that the PJM capacity performance plan is not
5 designed to preserve Ohio generation. Why isn't
6 PJM's plan designed to preserve Ohio generation?

7 A. It's not one of the criteria that they
8 look at. They don't look at where the generation is
9 located other than where it's supporting on the grid.

10 Q. And you agree that's consistent across
11 PJM, correct?

12 A. Yeah.

13 Q. Okay. Now, are you aware of the Oregon
14 Clean Energy Center?

15 A. Yes.

16 Q. And you -- are you aware -- do you know
17 if that's under construction?

18 A. I believe it is.

19 MR. SETTINERI: Bear with me, Jim. I'm
20 going to check my notes real quick here.

21 Q. Let me ask you this question, do your
22 current job responsibilities include advising FES
23 senior management on whether the plants will close or
24 retire in the future?

1 A. Yes.

2 Q. Okay. Have you made any type of
3 recommendation to FES senior management as to whether
4 either of the plants should close or retire in the
5 future?

6 A. Could you rephrase that question?

7 Q. Let me simplify it, have you made any
8 recommendation within FES as to whether the Sammis
9 plant should deactivate or retire in the future?

10 A. Other than my testimony that says their
11 future is uncertain, I have not made a
12 recommendation.

13 Q. Okay. And the same question but as to
14 the Davis-Besse unit.

15 A. Same answer.

16 Q. Why do you believe your job
17 responsibilities include advising FES senior
18 management on whether the plants will close?

19 A. In my responsibility of vice president of
20 commodity operations we have some input into costs
21 and operation within PJM markets, so we have insight
22 to provide.

23 Q. Has any -- has anyone within FES asked
24 you for your opinion on whether the plants will

1 close?

2 A. No.

3 Q. Okay. In regards to OVEC, who is on the
4 OVEC board from -- representing FES?

5 A. Charlie Lasky. Actually he is part of
6 the generation group so.

7 Q. Okay. But he is the representative on
8 the FES board to the best -- I'm sorry, to the OVEC
9 board?

10 A. Yes.

11 Q. Let me ask this question, can a coal
12 plant be considered an intermediate plant?

13 A. Yes.

14 Q. There was some prior questions about
15 FES's credit ratings and about borrowing if the PPA
16 is rejected. Do you have -- do you know of any
17 reason why FES would not be able to borrow money to
18 invest in the Sammis or Davis-Besse unit if the
19 proposed plan is rejected by the Commission?

20 A. Could you rephrase that? I want to make
21 sure I am answering it appropriately.

22 Q. Sure. I would be glad to. Are you aware
23 of any reason as of today why you -- that could
24 preclude FES from borrowing funds, whether through

1 lenders or through equity investors, and for the
2 Sammis unit or the Davis-Besse plant if the
3 Commission did not approve the plan?

4 A. No.

5 MR. SETTINERI: Okay. Jim, at this time
6 I don't have anything else for the public version.
7 To be careful I am going to move everything else to
8 the confidential section.

9 MR. LANG: Okay.

10 MR. SETTINERI: Thank you.

11 MR. LANG: And we are going to take a
12 break at this time. Come back in 10 minutes so let's
13 do it about 7 minutes after the hour.

14 (Recess taken.)

15 MR. LANG: Hello. This is Akron. Can
16 people hear us now?

17 MS. FLEISHER: Yes. We were wondering.

18 MR. LANG: No. We had to -- we had to
19 drop off and dial back in. Not really sure what was
20 going on on this end. So, yes, we were talking, and
21 we were getting no response.

22 So, Madeline Fleisher, do you have
23 questions?

24 MS. FLEISHER: Yes, yes.

1 MR. LANG: Okay. Go ahead.

2 - - -

3 CROSS-EXAMINATION

4 By Ms. Fleisher:

5 Q. All right. Mr. Moul, I wanted to talk
6 quickly about the profit and loss statements. So in
7 your testimony you provide those for 2009 through
8 2014. Can you explain what the basis is for
9 providing those years as opposed to including earlier
10 years or providing, you know, only a few more recent
11 years?

12 A. Well, '14 is the most recent and just
13 took it back five years before that. There was no
14 real detailed reason to go any further or... We just
15 chose an indicative history.

16 Q. Okay. So would you say that the 2009
17 through 2014 years reflect a similar overall trend as
18 if you included prior years?

19 A. No.

20 Q. Why is that?

21 A. These are the most recent years.

22 MS. FLEISHER: Someone go on mute there.

23 Q. Okay. So I guess maybe to rephrase my
24 question a little better, if years prior to 2009 were

1 included with that, would that significantly affect
2 the profitability of the plants?

3 MR. LANG: Yeah. I don't know what the
4 answer is to that but let's save kind of
5 profitability questions for the confidential section.

6 MS. FLEISHER: Sure. I am happy to save
7 that.

8 Q. Okay. All right. Now, moving on to the
9 capacity performance rules now approved for PJM,
10 Mr. Moul, are you familiar that those are modeled to
11 some extent on the ISO New England
12 pay-for-performance rules?

13 A. Yes.

14 Q. And are you familiar with what the
15 results of implementing the pay-for-performance rules
16 in ISO New England have been?

17 A. I don't remember the exact numbers. I
18 know that they ran the auction, and it cleared at a
19 higher value.

20 Q. And does that give you any basis to
21 predict how the capacity performance rules will
22 affect capacity prices in PJM?

23 A. No.

24 Q. Why is that?

1 A. The outcome depends on market participant
2 behavior and their offers. Different market
3 participants in New England than there are in PJM.

4 Q. And what are the material differences
5 that you are referring to?

6 A. Could you rephrase the question?

7 Q. I guess you said that, to just paraphrase
8 your answer, it sounds like you are saying you think
9 market participants in PJM might behave differently
10 than market participants in the ISO New England
11 territory, and I was wondering why you think that.
12 Any specific basis for thinking that?

13 A. No. All I am saying is I don't know how
14 the market participants in PJM will -- will react.

15 Q. Okay. So in the wake of the approval of
16 the capacity performance proposal, do you have any
17 basis for predicting future capacity market prices in
18 PJM?

19 A. No.

20 Q. Okay. And going back, sorry, to the
21 profit and loss statements for one minute and trying
22 to stay out of anything confidential, in making a
23 decision as to whether to close either Sammis or
24 Davis-Besse, will FirstEnergy Solutions be looking at

1 these profit and loss statements?

2 A. Yes.

3 Q. And will they -- will FirstEnergy
4 Solutions be looking at any other information in
5 making such a decision?

6 A. Yes.

7 Q. What other information would that be?

8 A. We would look at results of upcoming
9 capacity auctions, we would look at forward prices,
10 and we would evaluate our avoidable costs.

11 Q. And is that exclusively what FirstEnergy
12 Solutions would consider in deciding -- making a
13 decision of the closing of Sammis or Davis-Besse?

14 A. No.

15 Q. What else might FES consider?

16 A. Well, as I outline in my testimony, the
17 past losses weigh into that decision as well.

18 MS. BOJKO: I'm sorry. Could I have that
19 answer reread. I just didn't hear it.

20 (Record read.)

21 MS. BOJKO: I'm not sure, did you say
22 "past"?

23 THE WITNESS: Yes.

24 MS. BOJKO: Thank you.

1 Q. (By Ms. Fleisher) And to what extent do
2 past losses weigh into that decision?

3 A. It's a factor that you consider.

4 Q. Okay. If -- give you a hypothetical. If
5 based on upcoming auction results, forward prices,
6 and avoidable costs it appeared that, let's say,
7 Sammis would be profitable in the future, would FES
8 decide to close Sammis based on past losses?

9 MR. LANG: Objection.

10 A. No.

11 Q. In what context would past losses cause
12 FES to decide to close Sammis?

13 A. Reviewing past losses and then looking at
14 avoidable capital expenditures going forward, if we
15 were not covering our avoidable costs based on
16 capacity markets or energy market outlooks, then the
17 plant would be shut down.

18 Q. Okay. Over what time then?

19 A. Typically those evaluations would use the
20 forward market prices that are available, so it's
21 about a four-year time span. And then any
22 assumptions based on that would be outlined for the
23 market monitor for their review.

24 Q. Okay. So you would look ahead four years

1 and then how far back would you look with respect to
2 past losses? The life of the plant or something
3 else?

4 A. As I said, those would weigh in on your
5 decision as far as how much you are willing to spend
6 on the potential promise of upside. So it would
7 probably be about five years in arrears.

8 Q. Okay. And you mentioned the decision
9 involving how much you are willing to spend on the
10 potential promise of upside and so how would you
11 determine what that potential is?

12 A. We would evaluate it against what our
13 future projections would be for energy markets,
14 capacity markets.

15 Q. Okay. And in particular that potential
16 promise, is that because there is some uncertainty in
17 those future projections?

18 A. More so about how long you would incur
19 losses before you would see greater returns.

20 Q. Okay. I want to unpack that a little
21 bit. That's assuming some particular scenario about
22 future energy and capacity prices?

23 A. We're pretty far into hypotheticals right
24 now, so could you outline for me what hypotheticals

1 you would like to go down through?

2 Q. I guess I was wondering if you were
3 considering a particular hypothetical when you said
4 you would be considering how long you would incur
5 losses before you see greater returns. Is that based
6 on an assumption that over the long term energy and
7 capacity prices would go up?

8 A. I'm just answering your question in
9 general on the process associated with deactivating a
10 unit.

11 Q. Okay. All right. And then to finish up
12 I want to ask you quickly about your testimony
13 regarding reliability must-run contracts on -- on
14 page 6 of your testimony, you testified that an RMR
15 contract does not support capital investments
16 necessary to operate a plant effectively.

17 A. Yes.

18 Q. Okay. And I was wondering whether that
19 testimony is based on an RMR contract that reflects
20 the deactivation avoidable cost rates under PJM's
21 tariff?

22 A. Yes, it is.

23 Q. Okay. Would the same testimony be true
24 for an RMR contract based on a cost of service

1 recovery rate?

2 A. I don't know.

3 Q. Have you ever been involved in
4 negotiating any RMR contract?

5 A. I have been involved in implementing, not
6 negotiating, RMR contracts.

7 Q. Okay. That contract you were involved in
8 the implementation, were those all based on a
9 deactivation avoidable cost rate?

10 A. Yes.

11 MS. FLEISHER: Okay. That's all I have
12 for the public section. Thanks.

13 MR. LANG: Okay. Dane Stinson, do you
14 have questions on the public section?

15 Hearing none, Kim Bojko.

16 MS. BOJKO: Yes, I do. Thanks.

17 MR. LANG: That wasn't you hanging up.

18 MS. BOJKO: No, it was not.

19 MR. LANG: All right. Go ahead, Kim.

20 MS. BOJKO: Thank you.

21 - - -

22 CROSS-EXAMINATION

23 By Ms. Bojko:

24 Q. Good afternoon, Mr. Moul.

1 A. Good afternoon. Actually it's still
2 morning.

3 Q. Oh, close. Earlier today in response to
4 a question you mentioned that you've relied on profit
5 and loss statements provided by Jason Lisowski's team
6 that were personally provided to you by Mr. Lisowski.
7 Who is his employer?

8 A. He works in the finance department, so he
9 is FirstEnergy Service Company.

10 Q. Okay. And when you referenced his team,
11 would they also be -- is the team housed in
12 FirstEnergy Services Corp. or is it housed within
13 FirstEnergy Solutions or the regulated utility?

14 MR. LANG: Objection.

15 A. FirstEnergy Services.

16 Q. Okay. You stated in response to a
17 question that you also obtained information regarding
18 future projections of costs and revenues that were
19 also provided by Mr. Lisowski. Do you remember that?

20 A. Yes.

21 Q. Okay. Did you attach those projections
22 to your testimony?

23 A. No.

24 Q. Do you know whether those projections --

1 well, first, let's step back. I think you said that
2 there was a document of projections from 2013 actual
3 costs that go through 2018 projections; is that
4 correct?

5 A. Yes.

6 Q. Do you know whether that document that
7 you are referencing was produced in discovery in this
8 case?

9 A. I believe it was.

10 Q. Do you know -- do you have a reference
11 for me with a response or a number for the requests
12 for production?

13 A. No.

14 Q. But you believe it was provided by
15 yourself or by another witness in the case?

16 A. I don't remember.

17 Q. Okay. And you don't remember whether
18 that document -- strike that.

19 Could you turn to page 6 of your
20 testimony, please.

21 A. Sure. Okay.

22 Q. I'm not trying to repeat any questions,
23 but sometimes I need to put it in context with regard
24 to discussions you had earlier today. You referenced

1 or talked about line 4, page 6 earlier with critical
2 generation resource diversity. Do you see that?

3 A. Yes.

4 Q. What do you mean when you wrote this
5 testimony regarding resource diversity?

6 A. I mean diversity in the fuel for
7 generating assets as well as asset characteristics.

8 Q. So when you talk about fuel diversity,
9 you're talking about coal, nuclear, and renewables?
10 Would you include renewables in that?

11 A. Yeah.

12 Q. Okay. And asset characteristics, this is
13 what you referenced earlier today with regard to
14 baseload versus cycling plants?

15 A. Yes, as well as peaking plants or
16 intermittents like renewables.

17 Q. Okay. And when you referred to Ohio in
18 this paragraph, you do on line 1 reference to Ohio
19 generation, you cite that that meant plants located
20 within Ohio; is that right?

21 A. Yes.

22 Q. Okay. So when you talk about Ohio in
23 this context I think three times, line 1, line 3, and
24 line 4, are you referring to the entire state of

1 Ohio, or are you talking specifically about
2 FirstEnergy's service territory?

3 A. Really more generally the state of Ohio.

4 Q. And when you on page 5 in that same
5 paragraph, line 23, you talked about Ohio-based
6 solutions, again, you are referring to the more
7 general state of Ohio?

8 A. Yes.

9 Q. Okay. But in response to a previous
10 question you stated that the FirstEnergy economic
11 stability plan was an Ohio-based solution. You
12 believe that that's a solution for FirstEnergy
13 service territories or Ohio as a whole?

14 A. Both.

15 Q. Okay. Do the costs contributed to the
16 economic stability program, the rider that we have
17 discussed, if the costs of the plant exceed the
18 revenues, that the -- do all customers in the state
19 of Ohio pay for that or only FirstEnergy service
20 territory?

21 A. Only customers of the companies.

22 Q. Okay. And similarly if there's a credit
23 through the rider to customers, is that credit spread
24 out among the entire Ohio footprint, or is it just

1 spread out among the customers located in the
2 companies' service territories?

3 A. Just the companies.

4 Q. Also on page 6 of your testimony, you
5 talk about the Supreme Court taking up the appeal.
6 Do you see that on line 9?

7 A. Yes.

8 Q. And you are talking about the U.S.
9 Supreme Court; is that correct?

10 A. Yes.

11 Q. Can you explain to me what was appealed
12 in that appeal that you reference?

13 A. Yeah. It was the D.C. Circuit Court's
14 position that demand response is a wholesale product
15 in the energy markets and, therefore -- or, sorry, is
16 a retail product in the energy markets and,
17 therefore, should not be paid wholesale rates as well
18 as gain the advantage of avoiding the costs of
19 purchasing power. Also rule -- also ruled on the
20 jurisdiction in saying that the demand response was
21 not in FERC's jurisdiction. It was a state's
22 jurisdiction as a retail product.

23 Q. Okay. Did you read that D.C. Circuit
24 decision?

1 A. Yeah, actually I did.

2 Q. Okay. And you believe that the D.C.
3 Circuit decision spoke to both -- you just mentioned
4 energy markets in your response to me. You believe
5 it spoke to exclusively energy markets?

6 A. That's what the decision was about, yes.

7 Q. You believe the decision was about
8 capacity markets?

9 A. I believe the logic of the decision
10 applies to capacity markets as well, and we filed at
11 FERC along those lines.

12 Q. Okay. But to your knowledge did the D.C.
13 Circuit only discuss energy markets; is that right?

14 A. Yes.

15 Q. And did you state -- did you read the
16 appeal that was filed at the Supreme Court?

17 A. Portions of it, not all of it.

18 Q. Who filed the appeal that you're
19 referencing?

20 A. It was EPSA -- oh, actually, no, the
21 appeal was filed by FERC.

22 Q. And then the appeal challenged the D.C.
23 Circuit with regard to jurisdiction?

24 A. Yes.

1 Q. So when you talk about on line 10 you
2 think as a result, demand response's role in the
3 energy and capacity market is likely to be resolved,
4 you're stating that because of your opinion of what
5 the D.C. Circuit said and the appeal that was taken;
6 is that what that sentence is referencing?

7 A. You might want to read that again.

8 MR. LANG: Yeah. Kim, it sounded like
9 you said it is likely to be resolved instead of
10 unlikely.

11 Q. Oh, I apologize. Is unlikely to be
12 resolved in the near-term?

13 MR. LANG: Why don't you try the question
14 again.

15 Q. Okay. My question is, and I didn't mean
16 to read it, your position or this statement is
17 referencing the Supreme Court appeal and you're
18 stating that you believe that because the appeal was
19 taken that demand responses will -- in both the
20 energy and capacity market will be resolved sometime
21 in the future.

22 A. What I'm -- what my testimony is it's
23 unlikely to be resolved in the near-term. So there
24 will be a resolution when the Supreme Court has a

1 ruling, if that's what you are asking me.

2 Q. But you believe that resolution will be
3 about the two types of markets, both the energy and
4 capacity market.

5 A. No.

6 Q. Okay. I am asking you your sentence on
7 line 10 that says "As a result, the demand response's
8 role in energy and capacity markets is unlikely to be
9 resolved in the near-term." So you're suggesting
10 that both of those issues will be resolved in the not
11 near-term but sometime by the Supreme Court; is that
12 your testimony?

13 A. My testimony is the Supreme Court will
14 make a decision with respect to the EPSA case, and if
15 that decision is that demand response is outside
16 FERC's jurisdiction, then our complaint at FERC
17 regarding capacity market applicability for demand
18 response will have to be decided as well and that
19 that will take time.

20 Q. Okay. So as a result, you -- you don't
21 mean to imply that merely the Supreme Court ruling
22 would decide these issues. The Supreme Court ruling
23 would have to be decided plus FirstEnergy's appeal --
24 or complaint against FERC would also have to be

1 decided; is that what you are saying?

2 A. Yes.

3 Q. Okay. And who filed the complaint at the
4 FERC that you are referencing? You said "we." Who
5 is we?

6 A. FirstEnergy.

7 Q. FirstEnergy, which FirstEnergy entity
8 filed the complaint?

9 A. I don't remember.

10 Q. You don't believe it was FirstEnergy
11 Solutions?

12 A. I don't remember.

13 Q. Could you move to line 13, you use the
14 word "energy security." What does energy security
15 mean?

16 A. In this context it means reliable energy
17 services and diverse fuel supply to ensure that
18 reliability.

19 Q. And in that context diverse fuel supply
20 means the same as you told me before with regard to
21 resource diversity that it could be coal, nuclear,
22 renewable; is that correct?

23 A. Yes.

24 Q. And who is responsible in -- for

1 reliability in the region where Ohio is located?

2 A. Could you rephrase that question?

3 Q. Sure. Which entity has the
4 responsibility to ensure reliability for the region
5 in which Ohio is located?

6 A. Well, there's PJM. There's -- they have
7 the overall reliability responsibility for the RTO in
8 which Ohio is located but there are also reliability
9 considerations for all the operating companies.

10 Q. Operating companies meaning generating
11 plants or operating companies meaning the regulated
12 utilities?

13 A. Regulated utilities.

14 Q. And in that context of the regulated
15 utilities, you are speaking that they have overall
16 reliability concerns for the delivery of the
17 distribution system; is that -- and transmission
18 system? What are you referencing?

19 A. Yeah, I am really talking about getting
20 the electricity to the customers, the end-use
21 customers.

22 Q. The delivery you believe to be regulated
23 utilities are responsible for delivery of the
24 generation to the customer.

1 A. Yes.

2 Q. And on line 14 you talk about "too much
3 risk to Ohio's future." With regard to what? What
4 are you referencing in that context?

5 A. What I am referencing is the potential to
6 be too reliant on one fuel source and have volatile
7 energy prices that might impact the economy of Ohio.

8 Q. When you state "too reliant on one fuel
9 source," would that be true to be completely reliant
10 on coal?

11 A. No.

12 Q. So you think it's okay to be completely
13 reliant on coal as a fuel source; is that right?

14 A. No.

15 Q. Let me rephrase. Do you believe there is
16 any risk to Ohio's future if Ohio relies purely on
17 coal plants?

18 MR. LANG: Objection.

19 A. Could you rephrase the question?

20 Q. Well, you said that too much risk to
21 Ohio's future means a potential to be too reliant on
22 one fuel source. I was asking if that includes being
23 too reliant on coal as a sole fuel source. I thought
24 you said no, that they could be -- they could be

1 reliant on one fuel source if it was coal. Is that
2 not what you said?

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

4 Q. Okay. I apologize. I misunderstood. So
5 you believe that there is still the same amount of
6 risk to Ohio's future if Ohio is reliant on coal as
7 the sole fuel --

8 A. No.

9 Q. -- resource?

10 A. No.

11 Q. Okay. So it is okay for Ohio to rely on
12 coal as the sole resource.

13 A. No.

14 Q. Okay. What do you -- what are you
15 distinguishing in my question? You believe there is
16 risk associated with relying on one fuel source even
17 if that fuel source is coal; is that right?

18 A. There is risk relying on any one fuel
19 source period.

20 Q. Okay. And then in that -- the remaining
21 part of that sentence you say "for Ohio to relinquish
22 its duty." What Ohio duty are you referencing there?
23 What duty?

24 A. Right now, markets provide signals to

1 generators to make decisions to run or shut down
2 assets. The state of Ohio has no say in that. This
3 proposal gives them an opportunity to provide
4 certainty for these plants that provide resource
5 diversity and value to the economy in Ohio.

6 Q. Okay. So currently you believe Ohio has
7 no say in whether generation resources are shut down;
8 is that right?

9 A. Yes.

10 Q. And do you believe that FirstEnergy's
11 proposal in this case gives Ohio the right to
12 preclude the plants from shutting down?

13 A. Could you rephrase your question?

14 Q. Does FirstEnergy's filing with the
15 Commission include the right for Ohio to prohibit or
16 preclude the generating plants from shutting down?

17 A. No.

18 Q. And you say Ohio -- on line 15 "Ohio
19 needs to control the future of its system
20 reliability." Are you referring to -- what are you
21 referring to with regard to system reliability in
22 that context?

23 A. I'm referring to the overall reliability
24 of its transmission and delivery system.

1 Q. Okay. Do you believe that economic
2 stability program affects the overall reliability of
3 the transmission and distribution system?

4 A. Yes.

5 Q. And how do you believe that occurs with
6 the financial hedge that's provided in the economic
7 stability program?

8 A. It provides certainty for these plants,
9 greater degree of certainty that they won't be shut
10 down for 15 years and in return --

11 Q. Okay. Sorry.

12 MR. LANG: Go ahead and finish.

13 A. And in turn it prevents having to build
14 transmission to compensate should the plants be shut
15 down that cost that gets spread across Ohio
16 customers.

17 Q. Okay. Does Ohio -- does the Public
18 Utilities Commission of Ohio or the state of Ohio
19 control the transmission costs from building new
20 transmissions of how that will be distributed or
21 spread among Ohio customers?

22 A. No.

23 Q. Earlier I thought you told me that the
24 generating plants that's at issue in this case were

1 not part of the transmission and delivery system; is
2 that correct?

3 A. No.

4 Q. You believe that the generating units are
5 part of the regulated utilities' transmission and
6 delivery systems?

7 A. No.

8 Q. Okay. So when you talk about the overall
9 reliability of its transmission and distribution
10 system, you now are not talking about the regulated
11 utilities?

12 A. No.

13 Q. Okay. I thought before when you talked
14 about Ohio needs to control the future of its system
15 reliability, that that was referencing the operating
16 companies which we defined as regulated utilities
17 delivering transmission; is that not accurate?

18 MR. LANG: Objection.

19 A. It's more encompassing than that. It
20 also includes the generation within the state of
21 Ohio. You can't have energy delivery without
22 generation.

23 Q. You can't have energy delivery to a state
24 without generation in the state?

1 MR. LANG: Objection.

2 A. I didn't say in the state. I said you
3 can't have energy delivery without generation.

4 Q. Okay. Does the generation have to be in
5 the state?

6 A. No.

7 Q. Okay. So when we are talking about
8 Ohio's system reliability, you were including Ohio
9 generation, or you are not including Ohio generation
10 in that?

11 A. I'm including Ohio generation.

12 Q. Okay. But I thought you explained that
13 Ohio generation is not included in the transmission
14 and delivery systems of the regulated utilities.

15 MR. LANG: Objection.

16 A. Could you ask it in a question? I don't
17 know how to answer that.

18 Q. Sure. When you talk about Ohio's system
19 reliability, does it include Ohio generation?

20 A. Yes.

21 Q. Can a state have transmission and
22 delivery systems without having in state generation?

23 A. I don't know.

24 Q. Okay. So you don't believe that

1 generation can cross state lines and be delivered
2 into another state.

3 A. Could you rephrase that question?

4 Q. Sure. Can a generator located in a
5 neighboring state supply generation to the
6 neighboring state?

7 A. It depends on the transmission system and
8 how far away from that state it is.

9 Q. Okay. I believe you said earlier today
10 that Ohio could receive generation from generators in
11 Pennsylvania; is that correct?

12 A. Yes.

13 Q. Okay.

14 A. That plant is within 10 miles of the Ohio
15 border and connected by a transmission system in the
16 ATSI zone in PJM, by the way.

17 Q. So you are saying without those specific
18 characteristics that Pennsylvania generators could
19 not generate electricity that would end up in Ohio?

20 A. No. I'm saying it depends -- it depends
21 how effectively they could provide energy to Ohio.

22 Q. And does Ohio control the dispatch --
23 does the PUCO or Ohio state regulators or the General
24 Assembly control the dispatch of generating units?

1 A. Could you break that question down,
2 please?

3 Q. Does the Commission control the dispatch
4 of generating units?

5 A. No.

6 Q. Does the state legislature -- legislature
7 in Ohio control the dispatch of generating units?

8 A. No.

9 Q. Who controls the dispatch of generating
10 units?

11 A. The generation owners offering them into
12 PJM's market.

13 Q. And who decides whether those offers are
14 accepted and who -- leave it at that.

15 A. Could you say that again?

16 Q. Who decides whether those generators'
17 offers are accepted when they offer them into the PJM
18 auction?

19 A. Are we talking about the auction or the
20 daily -- daily clearing of the market?

21 Q. We'll do them both. The auction.

22 A. PJM.

23 Q. And the daily clearing of the market.

24 A. PJM.

1 Q. If an offer is not accepted, would that
2 unit run for that day?

3 A. I don't know.

4 Q. When you referred to stability on line
5 18, look at line 17 and 18, you said "needed
6 certainty and stability for these generating
7 resources," what certainly and stability are you
8 referencing?

9 A. Financial.

10 Q. Earlier in response to some questions,
11 one to mine, I guess, earlier you talked about the
12 transmission costs, transmission would need to be
13 built for access to new generating plants. Do you
14 recall that?

15 A. Yes.

16 Q. And I think we talked about transmission
17 costs being spread over a group of customers; is that
18 right?

19 A. Yes.

20 Q. Would those costs be spread out over all
21 Ohio customers or just the customers in FirstEnergy's
22 service territory?

23 A. Could you clarify which costs you're
24 talking about?

1 Q. Sure. I think you said that if a -- if a
2 new plant was constructed close in proximity to where
3 Sammis or Davis -- Davis-Besse currently operate,
4 that it would depend on transmission costs that would
5 need to be paid for by other customers. Do you
6 recall that discussion?

7 A. That's not what I said.

8 Q. Okay. I'm sorry. I am just trying to
9 shorten this up. Let's go by it one by one. You
10 believe that new generating plants can be built in
11 Ohio to serve Ohio customers.

12 A. Yes.

13 Q. And do you believe that generating plants
14 can be built outside of customer -- outside of Ohio
15 that could serve Ohio customers?

16 A. Yes.

17 Q. And if transmission facilities need to be
18 constructed to support the delivery of those
19 generating units, who pays for those transmission
20 costs?

21 A. The generator.

22 Q. Okay. And do you believe that those
23 costs would be then passed on to customers?

24 A. No.

1 Q. And on lines 11 and 12 when you talk
2 about "New transmission is no substitute for
3 generation located in close proximity to load," you
4 are not talking about in that situation new
5 generation being built in or around the existing unit
6 plants that are in the application.

7 A. Could you rephrase that? I am having
8 trouble following the question.

9 Q. I'm sorry. Do you believe that new
10 generation built close to load in Ohio is a
11 substitute for the Sammis and Davis-Besse plants?

12 A. I don't know.

13 Q. It could be though, right?

14 A. Yes.

15 Q. And when you talk about the financial
16 benefit of the companies' customers on line 13, when
17 do you believe that that financial benefit may occur?

18 MR. LANG: She's on page 7.

19 A. Where are you at?

20 Q. Line 13, page 7.

21 A. Sorry. I was on page 6 still. So could
22 you ask me the question again?

23 Q. You reference a financial benefit to the
24 companies' customers that can result from the

1 economic stability program, and I am asking when do
2 you believe that that financial benefit may occur?

3 A. Based on the projections provided by
4 Jason Lisowski through Judah Rose, it's somewhere
5 after 2020.

6 Q. And would you agree with me before 2020
7 it is a financial detriment to the companies'
8 customers?

9 A. No.

10 Q. You don't believe that there will be a
11 cost passed onto the companies' customers pursuant to
12 the economic stability program?

13 A. Could you rephrase that so I can answer
14 it appropriately?

15 Q. Do you believe that the economic
16 stability program will pass on a charge to customers,
17 the companies' customers, through a rider prior to
18 2020?

19 A. Yes.

20 Q. You would agree with me that the output
21 of David -- Davis-Besse and Sammis does not
22 necessarily go directly to Ohio load; is that
23 correct?

24 A. I don't know.

1 Q. On line 20 of page 7, you reference
2 "extreme events." Do you see that?

3 A. Yes.

4 Q. And I believe in response to a question
5 you believe that one example of an extreme event was
6 the polar vortex of 2013; is that right?

7 A. No. 2014.

8 Q. I apologize. That's right. January,
9 2014; is that correct?

10 A. Yes.

11 Q. January, February?

12 A. Yes, January of 2014.

13 Q. And did you recall any other events?

14 A. Yes.

15 Q. You recalled that there were other
16 extreme events. You just couldn't recall the dates
17 of those events; is that right?

18 A. No.

19 Q. What are the dates of other extreme
20 events that you are referencing on line 20?

21 A. February of 2015.

22 Q. Any other ones?

23 A. No.

24 Q. Do you know during the first polar vortex

1 you mentioned on January, 2014, whether Davis-Besse
2 was running?

3 A. Yes.

4 Q. And was it running?

5 A. Yes.

6 Q. During the entire polar vortex?

7 A. Yes.

8 Q. Davis-Besse did not have any maintenance
9 outages?

10 A. Not in January of 2014.

11 Q. On line 16 on that same page, page 7, you
12 state "Will new plants in the PJM queue provide the
13 same reliability benefits." Do you see that?

14 A. Yes.

15 Q. Which specific plants are you referencing
16 in this question?

17 MR. LANG: Just to be clear it's a
18 question. He's not referencing. He is responding to
19 a question.

20 Q. Right. Which new plants in the PJM queue
21 is this question referring to?

22 A. Well, it's looking at the PJM queue in
23 general, but when you look at it, it's -- the
24 majority of them are gas plants coming into the

1 marketplace as stated in lines 21 and 22.

2 Q. Okay. Do you know of the specific plants
3 that you are referencing either in the question or
4 lines 21, 22?

5 A. It's more in general.

6 Q. Do you know how many you are referencing
7 in these sections?

8 A. I don't remember.

9 Q. And if you go to the next page, 8, on
10 line 13, you say "Most planned assets appearing in
11 the PJM queue." Do you know which assets you are
12 referencing in this sentence?

13 A. I am referencing Company Witness
14 Phillips' testimony in which he provides that
15 insight.

16 Q. Does -- does he list planned assets that
17 you are referencing?

18 A. I don't believe that he lists specific
19 assets. I think it goes basically into percentages.

20 Q. Of types of assets?

21 A. I don't remember.

22 Q. So when you wrote this sentence, you do
23 not know the specific planned assets that
24 Mr. Phillips was referencing; is that correct?

1 A. No.

2 Q. Okay. What are the planned assets in the
3 PJM queue you are saying will never go into service?

4 A. It's based on historical performance.

5 Q. Okay. And what are those assets you
6 believe will never go into service?

7 A. There is a small percentage of assets
8 that actually go into service versus the total number
9 in the PJM queue. It's an aggregation that's not on
10 a unit-specific basis that that -- that assertion is
11 made.

12 Q. Okay. So my question was you're not
13 identifying any particular -- any specific planned
14 asset in that sentence; is that right?

15 MR. LANG: Other than the planned assets
16 in the PJM queue, that's true. You have asked him
17 several questions very confusingly. Let's move on.

18 MS. BOJKO: Well, I need to have the
19 witness testify, not Mr. Lang.

20 MR. LANG: The objection is asked and
21 answered. You can move on. Try to answer questions
22 that are clear and mean something, please.

23 MS. BOJKO: The witness can ask for
24 clarification if he needs to. I want to know if he

1 has -- has he --

2 MR. LANG: As he has several times. The
3 objection is asked and answered. Please move on. I
4 am instructing him not to answer. Ask your next
5 question. Go ahead.

6 Q. (By Ms. Bojko) Mr. Moul, did you draft
7 your testimony?

8 A. Yes.

9 Q. And you stated when you drafted your
10 testimony, you reviewed the PJM queue; is that
11 correct?

12 A. Yes.

13 Q. But in your testimony you are speaking
14 generally about the planned plants in the queue, you
15 are not identifying specific plants; is that correct?

16 A. Yes.

17 Q. And the basis for your statement starting
18 on line 13 is from Mr. Phillips; is that correct?

19 A. Yes.

20 Q. Can you turn to your first workpaper. I
21 don't see a number on it. I am going to ask the
22 question first. Do you believe that workpaper only
23 the highlighted portions are deemed confidential; is
24 that the indication that I am supposed to be

1 obtaining from this document?

2 A. Why don't we save this for the
3 confidential section so we don't bridge into any of
4 that.

5 Q. I was just merely asking about the title,
6 but if you believe that's confidential, we can save
7 it.

8 A. Well, it's listed as "competitively
9 sensitive confidential" at the top of each page.

10 Q. That's why I was asking the question.
11 You believe the whole document is confidential, not
12 just the highlighted portion; is that right?

13 A. Yeah, that's what I believe.

14 Q. Okay. Mr. Moul, you were talking about
15 the differentials and reliability of gas versus coal
16 plants. Do you recall that?

17 A. Yes.

18 Q. And you were talking about a just in time
19 fuel source for natural gas plants versus a 30-day
20 coal supply fuel source for coal plants; is that
21 right?

22 A. Yes.

23 Q. Do you believe that natural gas can be
24 stored?

1 A. Yes.

2 Q. And do you believe that natural gas
3 generating plants can have firm contracts for fuel
4 supply?

5 A. Yes.

6 Q. Isn't it true that reliability can be
7 affected by maintenance outages?

8 A. Could you rephrase that question?

9 Q. Sure. Can a reliability of a generating
10 plant be affected by an outage of that generating
11 plant?

12 A. Yes.

13 Q. You talked briefly about market
14 participants in PJM versus ISO New England markets.
15 Do you recall that?

16 A. Yes.

17 Q. And you stated you weren't sure how the
18 PJM market participants would react to the new PJM
19 performance -- capacity performance model; is that
20 correct?

21 A. Yes.

22 Q. Do you have any reason to believe that
23 the market participants in PJM will react somehow
24 differently than the market participants in ISO New

1 England?

2 A. I really don't know.

3 MS. BOJKO: One moment. I believe I'm
4 done with the public version.

5 Q. I might have misheard a response to one
6 of the questions asked before. Could you turn to
7 page 4. I want to make sure I have your percentages.
8 On page 4, line 17, you talked about "sufficient
9 return on investment." What do you believe that the
10 percentage would be to be a sufficient return on
11 investment?

12 A. I said I would like it between 11 and 12
13 percent.

14 Q. 11 and 12, thank you.

15 A. Okay.

16 MS. BOJKO: That's all I have for the
17 nonconfidential portion. Thank you, sir.

18 MR. LANG: Okay. We are going to take a
19 lunch break at this time. Let's come back at --
20 yeah, let's come back at 1 o'clock. And I think Joe
21 Olikier will be the next person up.

22 (Thereupon, at 12:15 p.m., a lunch recess
23 was taken.)

24 - - -

1 Wednesday Afternoon Session,
2 June 24, 2015.

3 - - -

4 MR. LANG: Let's go on the record.

5 Okay. Go ahead, Mr. Olikar.

6 - - -

7 DONALD A. MOUL

8 being by me previously duly sworn, as hereinafter
9 certified, deposes and says further as follows:

10 CROSS-EXAMINATION

11 By Mr. Olikar:

12 Q. Mr. Moul, my name is Joe Olikar, and I am
13 with IGS Energy. Just a few questions for you today.

14 First, I want to follow up on something
15 you said to Mr. Settineri. I believe you indicated a
16 30-day supply of fuel is necessary in the event, for
17 example, rivers freeze. Do you remember that?

18 A. Yeah, I really indicated that it was --
19 you know, margin provides great, great flexibility
20 really but go ahead.

21 Q. Would you agree that natural gas is not
22 moved by river barge along rivers?

23 A. I don't know.

24 Q. And that's fine. If you don't know the

1 answer to a question, always feel free to give that
2 response.

3 Shifting gears a little bit, Mr. Moul, a
4 large part of your testimony is about potential
5 retirements of Davis-Besse, Sammis, and OVEC plants.
6 Have you been involved in any decisions regarding
7 other retirements of FirstEnergy Solutions' power
8 plants?

9 A. Yes.

10 Q. Are you familiar with the power plants
11 that FirstEnergy Solutions retired in April of 2015?

12 A. Yes.

13 Q. And that would be the Lake Shore,
14 Ashtabula, and Eastlake plants?

15 A. Yes.

16 Q. Would you agree that Ashtabula is a
17 244-megawatt plant?

18 A. I don't remember.

19 Q. Somewhere in that range?

20 A. I really don't remember the exact number.
21 It's close to that range.

22 Q. Would you agree Eastlake is somewhere in
23 the range of 425 megawatts?

24 A. I don't remember the specific output of

1 the units. They are all subcritical units.

2 Q. Okay. And that's fine. Would you agree
3 the decision to close those plants was made in 2012?

4 A. Yes.

5 Q. Were you involved in the decision to
6 close those plants?

7 A. No.

8 Q. What was your title at the time?

9 A. Pardon me?

10 Q. In 2012 when the decision was made to
11 close those plants, what was your title?

12 A. President of Ohio Edison and Penn Power.

13 Q. Okay. Do you know who was involved in
14 the decision to close those plants?

15 A. No.

16 Q. Do you know what metrics were considered
17 in making the determination to close Eastlake, Lake
18 Shore, and Ashtabula?

19 A. No.

20 Q. Did you ask --

21 A. Did I ask what?

22 Q. Did you ask anybody in FirstEnergy or
23 FirstEnergy Solutions what metrics they have
24 considered in the past in closing a power plant?

1 A. No.

2 Q. Have you been involved in the decision to
3 close power plants in the past?

4 A. Yes.

5 Q. Which power plants?

6 THE WITNESS: So this is kind of outside
7 of this proposal that's in front of us right now. Is
8 it okay for me to answer this?

9 Q. Yes.

10 MR. LANG: Yeah. Joe, can I ask where
11 you are going with this?

12 MR. OLIKER: It's -- it's background on
13 his current testimony. Goes to his credibility, goes
14 to a lot of different things as well as his
15 testimony.

16 MR. LANG: Are you -- can you ask him
17 about -- because I think you want to ask him about as
18 you had asked earlier the metrics that went into the
19 decision. Is there a way to ask about it without
20 identifying specific plants?

21 MR. OLIKER: I don't know. If we get
22 close to something that might be confidential, he
23 can -- he can kick that to the later discussion, but
24 I don't think identifying what plants he's considered

1 would cross that line.

2 MR. LANG: Yeah. And I think the -- I
3 guess my concern is both the confidentiality issue
4 and beyond the scope issue; but, you know, we can
5 work through it question by question. But so
6 let's -- what's your -- what's your pending question?

7 MR. OLIKER: Which plants has he been
8 involved in the evaluation of their either retirement
9 or continued operation.

10 MR. LANG: Let's hold that for
11 confidential and address it at that time.

12 MR. OLIKER: Okay.

13 Q. (By Mr. Olikier) More broadly then in the
14 public section, when was the last time you were
15 involved in the evaluation of the continued operation
16 of a power plant besides the plants that are at issue
17 in this proceeding?

18 A. It was in the 2013-14 timeframe.

19 Q. Did that involve a regulated or
20 unregulated utility?

21 A. Unregulated.

22 Q. Can you identify the metrics that you
23 considered in that evaluation?

24 A. Yes.

1 Q. Please do so.

2 A. It was going forward capital costs, it
3 was our avoidable costs, and we looked at those
4 versus energy forwards and expectations for capacity.
5 We also looked at the overall performance in recent
6 years of those plants in the marketplace.

7 Q. And what individuals was the unregulated
8 entity you are speaking of? FirstEnergy Solutions?

9 A. I kind of missed part of that question.
10 Could you say that again?

11 Q. You mentioned that you performed an
12 evaluation for an unregulated entity. Was that
13 unregulated entity FirstEnergy Solutions Corporation?

14 A. Yes. And I was involved in the
15 evaluation. I was not the one necessarily performing
16 the evaluation.

17 Q. And who was performing the evaluation?

18 A. My staff.

19 Q. And the ultimate decision whether to
20 continue to operate a unit, is it done by a
21 committee?

22 A. No.

23 Q. Is it done by an individual?

24 A. Yes.

1 Q. Who is that individual?

2 A. We believe that recommendation to my
3 boss, Donny Schneider, president of FirstEnergy
4 Solutions.

5 Q. And just so I'm clear, Don Schneider
6 makes all ultimate determinations whether to continue
7 to operate or close a generating station?

8 A. I don't know.

9 Q. Having -- I'm sorry. I am having trouble
10 reconciling your two answers. If -- is there
11 somebody else that advises or provides input to
12 Mr. Schneider regarding whether to continue to
13 operate a generating unit?

14 A. Yes.

15 Q. Who is that?

16 A. There's input from our business
17 development group that's -- and also some input from
18 generation.

19 Q. Okay. And maybe I misstated my question.
20 Does -- is there anyone that can veto or -- is there
21 anyone that can veto Mr. Schneider's decision with
22 respect to operating a generating unit or closing it?

23 A. I don't know.

24 Q. So is it your testimony that you do not

1 know who ultimately decides whether or not
2 FirstEnergy Solutions will continue to operate or
3 retire a generating unit?

4 A. It's my testimony that I provide a
5 recommendation as well as others to my boss Donny
6 Schneider, and I am not involved in the decision
7 making beyond that, so I don't know how the remaining
8 decision would be made.

9 Q. Okay. Going back to the metrics that
10 would be considered, would you agree that FES would
11 consider closure costs?

12 MR. LANG: Can what? We missed the last
13 two words.

14 Q. Closure costs.

15 MR. LANG: Closure costs.

16 A. Could you -- can you define what you mean
17 by "closure costs"?

18 Q. Let's use an example. Would you agree
19 that a nuclear power plant has decommissioning costs?

20 A. Yes.

21 Q. Would you agree that in deciding to
22 continue to operate, sell, or close Davis-Besse,
23 FirstEnergy Solutions would consider the
24 decommissioning costs associated with that unit?

1 A. Yes.

2 Q. Might be getting ahead of us but would
3 you agree that decommissioning costs are also known
4 as accretion expense?

5 A. Don't know.

6 Q. Okay. Let's take it more basically.
7 Would you agree that decommissioning costs are
8 recorded as an expense in each year, in other words,
9 they don't all come due at once?

10 A. The decommissioning expenses are funded
11 by the Nuclear Decommissioning Trust.

12 Q. And does FirstEnergy Solutions pay into
13 that trust each year?

14 A. I don't know.

15 Q. Do you know if those costs show up on the
16 profit and loss statement of any unregulated utility
17 that owns a nuclear power plant?

18 A. I don't know.

19 Q. Okay. Taking a step back, would you
20 agree that the coal-fired power plant may have
21 environmental closure costs?

22 A. Yes.

23 Q. And would you agree that FirstEnergy
24 Solutions would consider those environmental closure

1 costs in deciding to sell, continue to operate, or
2 close Sammis?

3 A. Yes.

4 Q. I'm sorry to take this out of order too,
5 when -- if you know, did FirstEnergy Solutions intend
6 to sell Eastlake, Lake Shore, or Ashtabula?

7 A. I don't know.

8 Q. I recognize that the specifics of the
9 next questions I am going to ask are confidential,
10 but I would like to get as much as I can into the
11 public record. We've talked about profit and loss
12 statements. Could you identify what costs of a
13 profit and loss statement competitive bidders --

14 A. Could you -- could you repeat that? I
15 missed the last part.

16 Q. One moment. From a higher level can you
17 identify what is a profit and loss statement?

18 A. A profit and loss statement tallies up
19 results for revenues as well as costs and --

20 Q. Which costs -- I'm sorry. Keep going. I
21 didn't mean to interrupt you.

22 A. No, that's okay. What's your question?

23 Q. You said it tallies up revenues related
24 to costs, and then you were saying something else.

1 A. Well, you asked me what it includes in
2 costs, right?

3 Q. Sure, yes.

4 A. You know, I have some examples in my
5 workpapers. And as you go down the cost line,
6 there's fuel, there's labor, dues fees and licenses,
7 license and rental costs, general business and
8 travel, materials and equipment, professional and
9 contractor, uncollectible expenses, other deductions,
10 construction overhead, state-reimbursed programs,
11 pension and OPEB, sale leaseback expense, service
12 company expense, property taxes, insurance and
13 general taxes, depreciation and appreciation expense
14 for total costs.

15 Q. Okay. Would you generally refer to those
16 costs as fuel and operations maintenance?

17 A. No.

18 Q. Why did you disagree with that?

19 A. I just call them costs.

20 Q. Does your profit and loss statements
21 listing of costs include additional things besides
22 operation and maintenance expense?

23 A. Could you rephrase your question?

24 Q. What part of my question don't you

1 understand?

2 A. What do you define as operation and
3 maintenance?

4 Q. The costs of operating any unit.

5 A. I'm not exactly sure what you are asking
6 me to parse out of a profit and loss statement on the
7 cost side.

8 Q. Okay. Let's take it from a different
9 angle. Your profit and loss statement does not
10 include any interest expense, equity return, or
11 income tax, correct?

12 A. Yes.

13 Q. And I want to make sure my next question
14 is not confidential before I say it. Just give me
15 one moment, please.

16 Okay. When you indicated earlier that
17 you reviewed profit and loss statements provided by
18 Witness Lisowski, are you referring specifically to
19 the profit and loss statements that Mr. Lisowski has
20 attached to his testimony?

21 A. It depends which one you're talking
22 about. I believe yes.

23 Q. Okay. Let me -- maybe you will
24 understand it this way, would you agree that all of

1 the projections that Mr. Lisowski has included in his
2 testimony are based upon a forecast of future
3 commodity prices provided by Witness Judah Rose?

4 A. Yes.

5 Q. Okay. Have you -- for purposes of your
6 testimony have you reviewed any of the projected
7 profit and loss statements that are based upon
8 FirstEnergy Solutions' internal forecast of future
9 commodity prices?

10 A. No.

11 Q. Will you make a recommendation to
12 Mr. Schneider to continue to operate Davis-Besse and
13 Sammis based upon Mr. Rose's forecast of future
14 commodity prices for FirstEnergy Solutions?

15 A. You're speaking hypothetically?

16 Q. Hypothetically or in reality if asked to
17 do so.

18 A. It would be based on FirstEnergy
19 Solutions' projections.

20 Q. And have you reviewed FirstEnergy
21 Solutions' projections of future commodity prices?
22 Sorry if I already asked that question.

23 A. No.

24 Q. Okay. In your testimony you talk about

1 avoidable costs. Do you have a definition of
2 avoidable costs, please?

3 A. I provide a simple definition of the
4 costs that would not be incurred should a generation
5 unit be shut down or mothballed.

6 Q. And if we go back to your profit and loss
7 statement, which of the costs that are on the profit
8 and loss statement are avoidable costs?

9 A. I would have to review the allowances in
10 the PJM tariff to give a good answer about that.

11 Q. Would you agree that depreciation is not
12 an avoidable cost?

13 A. Yes.

14 Q. What about accretion expense?

15 A. I would agree that's not an avoidable
16 cost.

17 Q. You -- you provide a third backcast of
18 the profit and loss of Davis-Besse and Sammis for
19 2009 to 2014.

20 MR. LANG: Objection.

21 MR. OLIKER: And I'm sorry, Jim. I am
22 just setting this up.

23 MR. LANG: You are still going.

24 Q. In 2009 was FES projecting to lose money

1 over the next five years for Sammis, Davis-Besse, and
2 OVEC?

3 A. I don't know.

4 Q. In 2010 do you know whether FES was
5 projecting to lose money for those same plants for
6 2014?

7 A. I don't know.

8 Q. What about in 2011?

9 A. Don't know.

10 Q. And the same question for 2012.

11 A. Don't know.

12 Q. 2013?

13 A. Don't remember.

14 Q. Going into 2014 did FES believe it would
15 lose money with those plants?

16 MR. LANG: Objection.

17 A. I don't remember.

18 Q. Now, in your testimony you seem to talk
19 about two options that FES has, they can either close
20 or continue to operate Davis-Besse and Sammis. Would
21 you agree that FES could also sell the plants?

22 A. Yes.

23 Q. And don't know if this is confidential or
24 not but has FES attempted to sell the plants?

1 THE WITNESS: Why don't we save that for
2 confidential.

3 MR. LANG: That would be confidential,
4 yeah. I don't know what the answer is but let's keep
5 that on the confidential side.

6 Q. Okay. I will make a note in my. Your
7 testimony focuses on historical performance of Sammis
8 and Davis-Besse and also notes that you have concern
9 over the next three or four years. Is FES's concern
10 about future markets only a near-term issue, say the
11 next three to four years, or is it a longer concern?

12 A. It's a longer concern.

13 Q. Let me ask a hypothetical. Assume that
14 capacity performance proposal --

15 THE NOTARY: I'm having trouble hearing
16 you.

17 Q. Assume that in August PJM holds
18 transition auctions for the capacity performance
19 proposal and the price comes in at a level that would
20 allow FirstEnergy Solutions to believe that it will
21 make money on its plants over the next three years.
22 Would FirstEnergy Solutions still feel the need for
23 the RRS?

24 MR. LANG: Objection.

1 A. Yes.

2 Q. And can you explain why?

3 A. It would provide certainty for the plants
4 in that longer-term view and it would still provide
5 value to the companies' customers and the reliability
6 benefits would be more certain as well.

7 Q. Just so I can try to synthesize that
8 down, it's your opinion that 10 to 11 percent return
9 that is guaranteed is better than a 15 to 20 percent
10 return that is not certain?

11 MR. LANG: Objection.

12 A. There's -- there's too many hypotheticals
13 in there, a 10 to 20 percent return. You are making
14 an assumption on some clearing prices that I have no
15 guarantee of or certainty of.

16 Q. Okay. We'll have to talk a little bit
17 more about the capacity performance proposal. I'll
18 try not to be repetitive. What is your understanding
19 of how the capacity performance proposal modifies the
20 generation units' performance obligations?

21 A. That's a rather encompassing question but
22 I will try to make it succinct. There are greater
23 penalties during emergency hours as declared by PJM
24 and, therefore, greater risk to generators if they

1 don't perform during those emergency hours. As such,
2 they are allowing the addition of a risk and firm
3 fuel costs to be included as part of your offer into
4 the base residual auction and the transition
5 auctions.

6 Q. Would you agree that the capacity
7 performance proposal also eliminates a natural gas
8 commodity cycle unit's ability to declare a force
9 majeure event in which it can avoid its duty to
10 perform?

11 A. That's my understanding, yes.

12 Q. Okay. What is your understanding of the
13 natural gas price spikes that occurred during the
14 polar vortex? Would you agree that the price
15 increases were larger in areas with pipeline
16 transmission constraints?

17 A. Yes.

18 Q. Would you agree that if a natural gas
19 combined cycle unit has firm pipeline capacity, it
20 would not be subject to those price spikes?

21 A. No.

22 Q. And why is that?

23 A. I read the PJM report from 2015, so a
24 year later, and gas restrictions accounted for

1 30 percent of the unavailability of generation in
2 February of 2015. And it was spread -- split pretty
3 equally between gas plants behind an LDC as well as
4 those on a transmission pipeline with -- with
5 reservations from the day before, so it's susceptible
6 to a reliability impact whether it's on a
7 transmission system or on an LDC.

8 Q. Did you review -- would you agree that
9 those units, as we discussed before, are able to
10 declare a force majeure event?

11 A. I don't know.

12 Q. And do you know what prices those units
13 for natural gas, those units were experiencing?

14 A. I don't know.

15 Q. Have you managed pipeline reservation
16 assets?

17 A. Could you rephrase that question?

18 Q. Do you have any experience transporting
19 natural gas between two points in a pipeline?

20 A. What do you define as experience?

21 Q. Have you ever scheduled the delivery of
22 natural gas for a natural gas power plant?

23 A. Yes.

24 Q. And how recently?

1 A. Well, every day, my group supplies the
2 natural gas for our gas fleet.

3 Q. And this may have to go to the
4 confidential, do any of those natural gas-fired power
5 plants have firm pipeline transportation?

6 A. Yes.

7 Q. And would you agree that those natural
8 gas-fired power plants are able to purchase gas in
9 unconstrained areas and deliver it to constrained
10 areas using the firm pipeline transportation?

11 A. I don't know.

12 Q. Have you evaluated the price
13 differentials for natural gas paid by combined cycle
14 generators with firm pipeline transportation versus
15 generators that purchase gas in the spot market?

16 A. No.

17 Q. Has anybody in your group performed that
18 analysis?

19 A. With respect to what? To what end?

20 Q. My question is whether or not you have an
21 understanding of the prices that a generator with
22 firm transportation pays for natural gas versus a
23 generator that does not have firm transportation.

24 A. Yes.

1 Q. You've done that analysis?

2 A. We've evaluated the cost for our plants,
3 yes.

4 Q. And I'm not sure if this is confidential
5 but would you please share the results that you have
6 determined from that analysis.

7 A. All I can tell you, and it doesn't matter
8 if it's confidential or not, it varies by plant.

9 Q. And why is that?

10 A. It depends on the pipeline configuration,
11 where the plant sits, availability of that firm
12 transportation on the gas pipelines themselves.
13 There are a lot of variables that factor into the
14 cost.

15 Q. Would you agree that with the capacity
16 performance proposal being approved, a natural gas
17 combined cycle plant can now procure firm pipeline
18 capacity and enter into a long-term contract for
19 natural gas?

20 A. I don't know.

21 Q. You don't believe that's possible?

22 A. I just don't know. It depends on the
23 plant and the pipeline configuration, where that
24 plant is.

1 Q. And it is possible in certain locations,
2 correct?

3 A. Yes.

4 Q. Okay. And if a natural gas power plant
5 does, in fact, procure firm pipeline transportation
6 and secures a long-term contract for natural gas, it
7 can operate as reliable baseload generation?

8 A. Is that a question?

9 Q. Yes.

10 A. Are you asking do I believe that?

11 Q. Yes.

12 A. I believe it can, yes.

13 Q. Have you reviewed current NYMEX prices
14 for natural gas?

15 A. Yes.

16 Q. Would you agree that the one-year strip
17 is trading right below \$3?

18 A. Yes.

19 Q. And at that price would you agree that
20 natural gas-fired generators could currently enter
21 into a long-term contract that would make it
22 competitive with most, if not all, coal generators?

23 A. I don't know.

24 Q. And why don't you know?

1 A. It varies by plant and their ability to
2 get that contract.

3 Q. You referenced earlier that natural gas
4 pipelines are susceptible to outages.

5 A. Joe, you are breaking up. We can't hear
6 your question.

7 Q. Sure. Do you remember a discussion
8 earlier where you referenced interstate pipeline
9 outages?

10 A. Yeah.

11 Q. Can you identify a pipeline that has had
12 a large outage?

13 A. I referenced it from the PJM winter 2015
14 report, so I can't tell you the specific pipeline.

15 Q. Do you know how long the outage was?

16 A. I do not.

17 Q. And the PJM report you referred to, is
18 that the 2015 winter performance report?

19 A. Yes.

20 Q. Would you agree that in that report PJM
21 identifies that conditions in 2015 were very similar
22 to polar vortex conditions in 2014?

23 A. Yes.

24 Q. Would you agree that PJM also identified

1 that generation actually performed quite well
2 relative to performance during the polar vortex?

3 A. Yes.

4 Q. In your testimony you explain that demand
5 response participation in the wholesale market will
6 influence a generation owner's decision to invest.
7 Can you explain that?

8 A. You broke up right at the very beginning.

9 Q. Was it --

10 A. Could you repeat the question?

11 Q. Sure. Let's -- in your testimony you
12 talk about demand response, correct?

13 A. Yes.

14 Q. And you indicate that demand response
15 participation in the wholesale market can influence
16 the generation owner's decision to invest. Can you
17 explain what you mean by that?

18 A. Yes. I mean that demand response being
19 paid as a capacity resource has a depressing effect
20 on the clearing price in the marketplace so that
21 limits the revenues from capacity payments to
22 generators.

23 Q. Okay. Is it your opinion that demand
24 response only has two options in either being

1 considered capacity resource that is paid or it goes
2 away completely?

3 A. No.

4 Q. Are you familiar with PJM's proposal to
5 modify demand response as a reduction of the peak
6 load?

7 A. Yes.

8 Q. And wouldn't you agree under that
9 scenario with demand response treated as an avoided
10 cost the result on price is the same?

11 A. I don't know.

12 Q. Would you agree that the existence of
13 demand response in general will have a tendency to
14 decrease capacity prices either by reducing load or
15 by paying as a capacity resource?

16 A. Yes.

17 Q. Can you explain how FirstEnergy has
18 proposed to expand rider ELR?

19 MR. LANG: Objection. Far beyond the
20 scope of the testimony.

21 A. The answer is I don't know.

22 Q. In your testimony you indicate that
23 natural gas generation will not be available in the
24 near-term. Can you explain the basis for this

1 statement?

2 MR. LANG: What's the page and line
3 number?

4 MR. OLIKER: It's toward the end. Give
5 me one second. I believe it is on page 9, line 10.
6 No, I'm sorry, it's page 8, line 10.

7 Q. You say "Moreover, adequate natural gas
8 generation will not be in place in the near term."

9 A. Yes.

10 Q. Can you explain the basis for that
11 statement?

12 A. Yeah. It's based on my review of what's
13 in the PJM queue. It's based on historical
14 performance outlined in Rod Phillips' testimony and
15 what we've typically seen go into the queue versus
16 actually what gets built.

17 Q. Okay. And what natural gas would need to
18 be built -- actually before I ask that question what
19 location are you referring to? Are you referring to
20 PJM or in Ohio or both?

21 A. I was really referring to Ohio in my
22 testimony.

23 Q. Okay. And what amount of natural gas
24 would need to be built in Ohio to have a sufficient

1 amount of natural gas generation available?

2 A. I don't know.

3 Q. Can you help me explain -- can you help
4 me understand how you know there will not be enough
5 available if you don't know how much needs to be
6 available? And I am not trying to be argumentative.

7 A. The reason I don't know is because it
8 depends on where the plant is built and how it would
9 fit into the transmission system. There's nothing
10 proposed on the sites of Sammis and Davis-Besse that
11 would have that same reliability benefit of on-site
12 fuel. So what we see in the queue and what we
13 believe might actually get built doesn't fit into
14 that -- that criteria.

15 Q. Okay. When you talk about the queue -- I
16 am going to look at a few power plants that you may
17 have read about in the news. Can you tell me if any
18 of these plants are in the queue you reviewed? Was
19 the Carroll County plant in the queue?

20 A. Yes.

21 Q. How about the Lordstown plant?

22 A. Yes.

23 Q. How about the Middletown plant?

24 A. I don't remember that one.

1 Q. How about Oregon Clean Energy?

2 A. Yes.

3 Q. How about Rolling Hills?

4 A. I don't remember that one.

5 Q. How about the Avon Lake retrofit?

6 A. Yes.

7 Q. And that was about six power plants I
8 just mentioned, correct?

9 A. Yes.

10 Q. If all of those plants are built by 2018,
11 do you believe that there would still be a
12 reliability problem in Ohio even if Sammis and
13 Davis-Besse were to retire?

14 MR. LANG: Objection.

15 A. I don't know. I don't believe all those
16 plants will be built.

17 Q. Assume for a second that they are. In
18 that event would you agree there would be -- would
19 your concerns be alleviated?

20 A. No.

21 Q. And why is that?

22 A. Because all of those plants would rely on
23 a just in time delivery system of fuel and they would
24 not control the 30 days of coal or two years' worth

1 of fuel on site.

2 Q. Assume each of those plants has firm fuel
3 and pipeline capacity. Would your concerns be
4 alleviated if they were all constructed under those
5 conditions?

6 MR. LANG: Objection.

7 A. No.

8 Q. And why is that?

9 A. Firm fuel is just a contract. It can be
10 breached, and you can still have reliability problems
11 associated with pipeline delivery.

12 Q. Have you reviewed the penalties in
13 natural gas contracts for breach?

14 A. No.

15 Q. Okay. Just to follow up on some of the
16 power plants I believe you discussed earlier, what is
17 your understanding of the Rolling Hills project that
18 I referenced?

19 A. I have not reviewed that one in depth.

20 Q. Would you agree that it's approximately a
21 600-megawatt expansion project?

22 A. I don't know.

23 Q. Do you know whether it's a project to
24 convert a combustion turbine to a combined cycle

1 power plant?

2 A. I don't remember.

3 Q. What's your familiarity with the Avon
4 Lake project?

5 A. It's a conversion of the Avon Lake coal
6 plant to burn natural gas.

7 Q. Would you agree that three weeks ago the
8 power -- Ohio Power Siting Board approved a
9 certificate of need to construct a pipeline to that
10 plant?

11 A. Yes.

12 Q. FirstEnergy participated in that case,
13 correct?

14 A. I don't know.

15 Q. Sorry to jump around here but earlier you
16 mentioned there are problems with price formation in
17 PJM. And I believe you referred to uplift as one of
18 those problems, correct?

19 A. Yes.

20 Q. And you referred to the FERC initiative.
21 Are you talking about the four workshops that FERC
22 scheduled?

23 A. Yes.

24 Q. Do you know who Michael Schnitzer is?

1 A. No.

2 Q. Did you attend any of those workshops?

3 A. No.

4 Q. Are there any other problems with price
5 formation besides uplift?

6 A. Could you rephrase the question?

7 Q. What was it about my question you didn't
8 understand?

9 A. I just want to understand in general what
10 you are asking me. Could you rephrase your question?

11 Q. Well, in your testimony you indicate that
12 there are market flaws in PJM, and price formation is
13 one of those market flaws, correct?

14 A. Yes.

15 Q. Did I cut off?

16 A. Yeah, sorry, I might have got cut off. I
17 said "Yes."

18 Q. Okay. First, are there any other issues
19 besides price formation that you consider a market
20 flaw?

21 A. I believe I previously mentioned the
22 reliance on uplift payments.

23 Q. Okay. Anything else?

24 A. None that I am remembering right now.

1 Q. Isn't it true that the capacity
2 performance proposal is in part designed to reduce
3 uplift payments?

4 A. Yes.

5 Q. Do you know who Joe Bowring is?

6 A. Yes.

7 Q. Have you read his testimony about the
8 balances on the impact of capacity performance of
9 reducing uplift payments?

10 A. I have not.

11 MR. OLIKER: If I could have just one
12 more minute, that might be all I have in the public
13 session but give me a second.

14 MR. LANG: Is there anyone else on the
15 phone that has questions for the public session?

16 I take that as a no.

17 MR. OLIKER: If you want to take a break,
18 then I can let you know when I get back.

19 MR. LANG: No. Do you know if you are
20 done or not?

21 MR. OLIKER: I think I am but I would
22 like to have just 2 more minutes. But I will let you
23 know when I get back from the break.

24 MR. LANG: Why don't you take the 2. If

1 you are done, we will take a break and dial in on the
2 confidential.

3 MR. OLIKER: Okay. Good point. Just
4 give me one second.

5 Q. (By Mr. Oliker) Okay. I just have a few
6 more questions and then I'm done. Mr. Moul, just to
7 go back you mentioned you have experience managing
8 natural gas power plants with firm pipeline
9 transportation; is that correct?

10 A. Yes.

11 Q. And did you have trouble getting gas with
12 those plants during the winter of 2015?

13 A. No.

14 Q. Did you pay any exorbitant costs for the
15 gas that you procured for those plants?

16 MR. LANG: Objection.

17 A. That's really outside the scope of the
18 plants we're talking about here. What would you
19 define as exorbitant?

20 Q. Double the average monthly NYMEX price.

21 A. I don't remember.

22 Q. And if you are more comfortable saying
23 this in the confidential, could you tell me the
24 highest price you paid of gas at any of the power

1 plants with firm transportation?

2 MR. LANG: Objection. Beyond the scope
3 and I am sure it's confidential but.

4 A. I don't remember.

5 MR. LANG: But he doesn't remember.

6 Q. I understand if you want that to be
7 confidential, but if you know the answer, I would
8 like it.

9 MR. LANG: He said he doesn't remember,
10 so I guess that resolves that problem.

11 Q. Okay. Do you have a general idea,
12 Mr. Moul?

13 A. We typically hedge our gas forward, so I
14 don't -- I don't recall the prices though.

15 Q. And when you say you hedge your gas
16 forward, is it your -- are you saying that you
17 purchase gas for the power plants a month in advance
18 or a week in advance?

19 A. Let's save this for the confidential
20 portion.

21 Q. That's fine. Okay. The -- I think this
22 may be the last one. Is it your testimony that the
23 capacity performance proposal will not ensure PJM
24 maintains reliability?

1 A. Could you say that again?

2 Q. Very simply do you believe that the
3 capacity performance proposal will allow PJM to
4 maintain reliability on the grid?

5 A. I don't know.

6 Q. And why is that?

7 A. There's still uncertainty with respect to
8 market participant behavior.

9 MR. OLIKER: Okay. That's all I have for
10 the public session, I believe.

11 MR. LANG: Okay. Let's -- let's -- we
12 are going to drop off this line and for the folks
13 with confidential questions who have signed the
14 nondisclosure agreement, we'll come back at 15 after
15 the hour and then start up with Sierra Club again.

16 (Recess taken.)

17 (CONFIDENTIAL PORTION EXCERPTED.)

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1 State of Ohio :
2 County of Summit : SS:

3 I, Donald A. Moul, do hereby certify that I
4 have read the foregoing transcript of my deposition
5 given on Wednesday, June 24, 2015; that together with
6 the correction page attached hereto noting changes in
7 form or substance, if any, it is true and correct.

8 
9 Donald A. Moul

10 I do hereby certify that the foregoing
11 transcript of the deposition of Donald A. Moul was
12 submitted to the witness for reading and signing;
13 that after he had stated to the undersigned Notary
14 Public that he had read and examined his deposition,
15 he signed the same in my presence on the 29th day
16 of June, 2015.

17 
18 Notary Public

19 My commission expires Dec. 3, 2019.



Debra S. Flowers
Notary Public, State of Ohio
My Commission Expires 12-03-2019

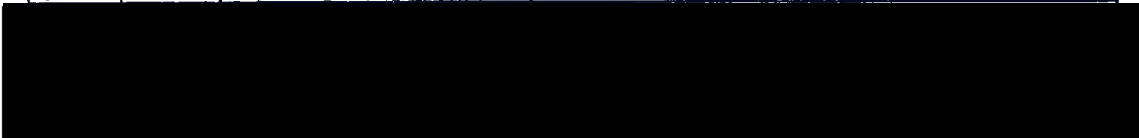
ERRATA SHEET

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 24th day of June, 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
27	8	consistently to consistency	Incorrect word
27	9	consistently to consistency	Incorrect word
34	16	of to in	Incorrect word
68	19	of to as	Incorrect word
115	2	believe provide to provide	Incorrect word



Date 6/29/2015 Signature: Donald H. Hual


1 CERTIFICATE

2 State of Ohio :
3 County of Franklin : SS:

4 I, Karen Sue Gibson, Notary Public in and for
5 the State of Ohio, duly commissioned and qualified,
6 certify that the within named Donald A. Moul was by
7 me duly sworn to testify to the whole truth in the
8 cause aforesaid; that the testimony was taken down by
9 me in stenotypy in the presence of said witness,
afterwards transcribed upon a computer; that the
foregoing is a true and correct transcript of the
testimony given by said witness taken at the time and
place in the foregoing caption specified and
completed without adjournment.

10 I certify that I am not a relative, employee,
11 or attorney of any of the parties hereto, or of any
12 attorney or counsel employed by the parties, or
financially interested in the action.

13 IN WITNESS WHEREOF, I have hereunto set my
14 hand and affixed my seal of office at Columbus, Ohio,
on this 26th day of June, 2015.

15 
16 Karen Sue Gibson, Registered
17 Merit Reporter and Notary Public
in and for the State of Ohio.

18 My commission expires August 14, 2015.

19 (KSG-6061)
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Case No(s). 14-1297-EL-SSO

Summary: Deposition (Public) of Donald A. Moul, Vol. II, electronically filed by Mr. Tony G. Mendoza on behalf of Sierra Club