

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 Joanne M. Savage, 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 Tuesday, January 27,
2015, at 8:30 a.m.

- - -

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11 On behalf of the Applicants.

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17 On behalf of the Residential Consumers of
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19 Electric Illuminating Company, and The
20 Toledo Edison Company.

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On behalf of the Sierra Club.

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6 On behalf of the Ohio Partners for
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12 On behalf of the Industrial Energy Users
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18 On behalf of IGS Energy.

19 Vorys, Sater, Seymour & Pease, LLP
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23 On behalf of PJM Power Providers Group
24 and the Electric Power Supply
Association.

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29 On behalf of the Ohio Manufacturers'
30 Association Energy Group.

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1 APPEARANCES: (Continued)

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6 On behalf of the Environmental Law &
7 Policy Center.

8 ALSO PRESENT:

9 Mr. Mike Hull, OCC (via speakerphone).

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Tuesday Morning Session,
January 27, 2015.

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JOANNE M. SAVAGE

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

CROSS-EXAMINATION

By Mr. Soules:

Q. My name is Michael Soules. I am
representing the Sierra Club in this proceeding.
Could you please state your full name for the record.

A. My name is Joanne M. Savage.

Q. Okay. And what is your business address?

A. My business address is 76 South Main
Street, Akron, Ohio.

Q. That address sounds familiar. And what's
your educational background, Ms. Savage?

A. I have a Bachelor's Degree and a Master's
Degree.

Q. Okay. And what's your Bachelor's in?

A. Accounting and finance.

Q. Okay. And your Master's is an MBA; is
that correct?

A. That's correct.

1 Q. Okay. And in your MBA program you
2 specialized in corporate finance; is that correct?

3 A. That's correct.

4 Q. What -- what sorts of courses did you
5 have to take to get that specialization?

6 A. I took a course. I think it was called
7 corporate finance.

8 Q. Okay, okay. And when did you graduate
9 from your MBA program?

10 A. December, 2010.

11 Q. Okay. Other than your Bachelor's Degree
12 and your MBA, have you had any formal education or
13 training?

14 A. Could you rephrase that?

15 Q. Sure. So you -- you obviously graduated
16 from undergrad, and then you got an MBA. Have you
17 had any other kind of advanced, you know,
18 college-level training?

19 A. No.

20 Q. Okay. How about as part of your -- in
21 your position with FirstEnergy, have you had any kind
22 of formal training in aspects of finance or other
23 parts related to your job?

24 A. Yes, from time to time I have attended

1 training.

2 Q. Okay. And what types of training?

3 A. I attended a NARUC training on
4 ratemaking.

5 Q. Okay. Anything else?

6 A. I attended a course on accounting and
7 finance for utility finance.

8 Q. Okay. And who sponsored that course?

9 A. I don't remember.

10 Q. Okay. And if we could just talk for a
11 few minutes about the employment history that you
12 list in your written testimony. You have been
13 employed by FirstEnergy Service Company since 2005;
14 is that correct?

15 A. That's correct.

16 Q. Okay. Have you had any jobs in the
17 utility industry prior to coming to FirstEnergy?

18 A. I have not.

19 Q. Okay. And in your testimony you state
20 that during your employment with FirstEnergy Service
21 Company, you've held various positions of increasing
22 responsibility in the rates and regulatory affairs
23 department; is that correct?

24 A. That's correct.

1 Q. Okay. Prior to your current position,
2 what positions have you held at FirstEnergy Service
3 Company?

4 A. I started as an intern, and then I have
5 been an analyst of various degrees since that time.

6 Q. Okay. And when did you become an analyst
7 at FirstEnergy?

8 MR. SOULES: I'm sorry. Did someone just
9 join?

10 MR. KUTIK: Let's go off the record for a
11 minute.

12 (Discussion off the record.)

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

14 MR. SOULES: Thank you.

15 Q. So when did you become -- first become an
16 analyst at FirstEnergy?

17 A. Could you rephrase that?

18 Q. So you said that you first began as an
19 intern at FirstEnergy; is that correct?

20 A. At FirstEnergy Service Company.

21 Q. Okay, I'm sorry, FirstEnergy Service
22 Company. And then at some point you transitioned to
23 being an analyst; is that correct?

24 A. That's correct.

1 Q. Okay. When did that transition occur?

2 A. May, 2006.

3 Q. Okay. And have you been an analyst ever
4 since that time?

5 A. Yes, I have.

6 Q. Okay. And in your testimony you state --

7 MR. SOULES: Did someone just join?

8 MS. HUSSEY: I did. This is Rebecca
9 Hussey on behalf of OMAEG. My apologies.

10 Q. Okay. Ms. Savage, in your testimony you
11 had stated you spent six years providing regulatory
12 support and analyses for the FirstEnergy Corp.
13 Pennsylvania utilities; is that correct?

14 MR. KUTIK: Do you want to point her to
15 her testimony?

16 Q. Sure. So I was looking at the top of
17 page 2 of your written testimony, lines 1 and 2.

18 MR. SOULES: And while you are looking
19 did someone else just join the deposition?

20 MR. OLIKER: Hi. This is Joe Oliker with
21 IGS Energy.

22 MR. SOULES: Hi, Joe.

23 MR. OLIKER: How are you doing?

24 MR. SOULES: Good.

1 Q. So you spent six years providing
2 regulatory support and analyses for the FirstEnergy
3 Corp. Pennsylvania utilities; is that correct?

4 A. That's correct.

5 Q. And what types of support did you provide
6 those utilities?

7 A. I provided support for any regulatory
8 proceedings that would have been going on during
9 those -- that time period.

10 Q. Okay. And what do you mean by -- let's
11 unpack that phrase "support." What types of work
12 were you doing?

13 A. Could be rider calculations.

14 Q. Okay. Anything else?

15 A. Nothing else comes to mind.

16 Q. Okay. And were you supporting all four
17 of FirstEnergy's Pennsylvania utilities during that
18 time?

19 A. No.

20 Q. Okay. Which ones were you providing
21 support for?

22 A. Metropolitan Edison --

23 Q. Okay.

24 A. -- Penelec, and Penn Power.

1 Q. Okay. Thank you. And what is your
2 current job title?

3 A. Currently I am an analyst 5.

4 Q. Okay. And that's within the rates and
5 regulatory affairs department of FirstEnergy Corp. --
6 Service Corporation; is that correct? FirstEnergy
7 Service Company; is that correct?

8 A. Yes, within FirstEnergy Service Company.

9 Q. Okay. And does that mean that the
10 paycheck you receive comes from FirstEnergy Service
11 Company?

12 A. That's correct.

13 Q. Okay. And you've been in your current
14 position since February of 2011; is that correct?

15 A. I have been an analyst in supporting Ohio
16 since February of '11.

17 Q. Okay. You were -- you said you were an
18 analyst 5. Were you an analyst -- a lower numbered
19 analyst prior to that time?

20 A. Yes.

21 Q. Okay. And how long have you been an
22 analyst 5?

23 A. Since June of this -- of 2014, June,
24 2014.

1 Q. Okay. Yeah, I am still writing 2014 on
2 letters and stuff, so you are in good company.

3 In your current position do you supervise
4 other FirstEnergy employees?

5 MR. KUTIK: Objection.

6 Q. You can go ahead and answer.

7 A. Could you rephrase that?

8 Q. Do you have any supervisory
9 responsibilities in your current position?

10 A. I do not.

11 Q. Okay. So nobody reports to you; is that
12 correct?

13 A. That's correct.

14 Q. Okay. And who do you report to within
15 FirstEnergy?

16 MR. KUTIK: Objection.

17 Q. You can go ahead and answer.

18 A. I report to Santino Fanelli.

19 Q. Okay. And do you know what his job title
20 is?

21 A. Manager of revenue requirements.

22 Q. Okay. And do you know who he reports to?

23 A. Yes.

24 Q. And who is that?

1 A. Eileen Mikkelsen.

2 Q. Okay. And do you know who she reports
3 to?

4 A. Yes.

5 Q. And who is that?

6 A. William Ridmann.

7 Q. And who is William Ridmann?

8 A. Vice president, rates and regulatory
9 affairs.

10 Q. Okay. Within FirstEnergy Service
11 Company; is that correct?

12 A. That's correct.

13 Q. Okay. Now, in your written testimony you
14 discuss a number of responsibilities that you have in
15 your current position, and I just wanted to take a
16 few minutes to walk through those job
17 responsibilities.

18 MR. KUTIK: Before you do this, someone
19 else joined? Could you identify yourself? All
20 right. Mr. and Ms. Mysterious.

21 Go ahead.

22 Q. So, first of all -- and, by the way, for
23 reference I am looking on page 1 of your written
24 testimony. You state that you're responsible for

1 analyzing financial data of Ohio Edison Company, The
2 Cleveland Electric Illuminating Company, and The
3 Toledo Edison Company for various projects; is that
4 correct?

5 A. That's correct.

6 Q. Okay. And if I refer to those three
7 utilities collectively as the companies, will you
8 understand what I mean?

9 A. Yes.

10 Q. Okay. So what types of projects do
11 you -- do you work on?

12 MR. SOULES: Hi. Did someone just join?

13 MS. PETRUCCI: Yes. This is Gretchen
14 Petrucci.

15 MR. BURK: And this is Jim Burk. I
16 joined a few minutes ago.

17 MR. SOULES: Hi, guys.

18 Q. Okay. So.

19 A. I can't think of just one project per se.
20 It would be various regulatory proceedings.

21 Q. Can you give me some examples of projects
22 that come to mind?

23 A. Yes. For example, this ESP I would be
24 working on.

1 Q. Okay. Any other examples?

2 A. Calculation of our rider mechanisms.

3 Q. Is that in terms of where you have an
4 existing rider and you are trying to determine how in
5 actual practice that should be implemented?

6 MR. KUTIK: Objection.

7 A. Could you rephrase that?

8 Q. When you say -- what do you mean by
9 "calculation of rider mechanisms"?

10 A. We have riders and the rates change on a
11 regular basis, so in the rate department we calculate
12 the new rate change, say, every quarter or every six
13 months or every year.

14 Q. Okay. And you do that regularly for the
15 companies; is that correct?

16 A. That's correct.

17 Q. Okay. Are there other types of financial
18 analyses that you perform in your current position?

19 A. Yes.

20 Q. Okay. And what are those analyses?

21 A. The specifics don't come to mind, but I'm
22 sure there's others.

23 Q. Okay. Is there -- is there anything that
24 would refresh your memory as to the types of analyses

1 you regularly perform?

2 A. I don't know.

3 Q. Okay. In your -- in your written
4 testimony on page 1, and I am looking at starting at
5 line 19, you state that you participate in the
6 strategic direction and conduct research and analyses
7 for a number of regulatory proceedings including, but
8 not limited to, the FirstEnergy SmartGrid
9 modernization initiative, electric security plans,
10 the companies' securitization, and various riders; is
11 that correct?

12 A. That's correct.

13 Q. What -- what types of strategic direction
14 do you provide in those different initiatives?

15 MR. KUTIK: Objection, mischaracterizes
16 her testimony.

17 Q. What types of strategic direction do you
18 provide for those various proceedings?

19 MR. KUTIK: Same objection.

20 Q. You can go ahead and answer.

21 A. I don't remember.

22 Q. Okay. Do you -- in your current position
23 do you provide strategic direction on any regulatory
24 proceedings?

1 MR. KUTIK: Objection, mischaracterizes
2 her testimony.

3 A. I participate in the planning process for
4 regulatory proceedings.

5 Q. And what is your participation?

6 A. I think it would vary depending on the
7 proceeding.

8 Q. Okay. Maybe we could talk about electric
9 security plans specifically. Apart from this
10 proceeding, which we will talk about in a bit more
11 detail a little later, what types of work do you do
12 on electric security plans?

13 A. I participated in the FirstEnergy
14 companies -- or I guess the companies' ESP III
15 proceeding.

16 Q. Okay. And what types of work did you do
17 on -- for that proceeding?

18 A. I supported witnesses in that case.

19 Q. Okay. And what types of support did you
20 provide?

21 MR. KUTIK: At this point I'll object.
22 To the extent that this question would require you to
23 reveal information or tasks that you were requested
24 to do by counsel, I will instruct you not to answer.

1 If you can answer this question without revealing
2 that type of information, you can go ahead and
3 answer.

4 Q. So apart from any conversations you may
5 have had with counsel or direction you got from
6 lawyers, what types of support did you provide to
7 witnesses in the ESP III proceeding?

8 MR. KUTIK: Same objection, same
9 instruction.

10 A. I don't remember.

11 Q. So you know you worked on ESP III?

12 A. That's correct.

13 Q. Okay. Do you remember any of the
14 specifics of the work that you did for the ESP III
15 proceeding?

16 MR. KUTIK: That question would not
17 require you to divulge attorney work product if you
18 answer "yes" or "no" so you can answer that question
19 "yes" or "no." His question is do you remember. Go
20 ahead.

21 A. Can you repeat the question?

22 MR. SOULES: Can we have the question
23 read back?

24 (Record read.)

1 A. Yes.

2 Q. Okay. And, again, without inquiring into
3 communications you had with counsel, what work did
4 you do on the ESP III proceeding that you recall?

5 MR. KUTIK: Well, again, I will instruct
6 you not to reveal anything that you were doing at the
7 request of counsel. If you can identify other things
8 that you did, you can go ahead and answer the
9 question.

10 A. An example would be I sent letters to our
11 rider ELR customers.

12 Q. Letters about what?

13 A. About the ESP III and the extension of
14 rider ELR.

15 Q. Okay. Any other examples?

16 A. Not that come to mind.

17 Q. So going back in your written testimony,
18 when you state that you participate in the strategic
19 direction for a number of regulatory proceedings,
20 what do you mean by that?

21 A. Can you rephrase?

22 Q. Well, I am just trying to understand in
23 your written testimony you've stated you participate
24 in the strategic direction for a number of regulatory

1 proceedings; is that correct?

2 A. That's correct.

3 Q. Okay. And I am just trying to get an
4 understanding of what your participation is and what
5 types of strategic direction, if any, you provide in
6 those proceedings.

7 MR. KUTIK: Objection, mischaracterizes
8 her testimony, also compound. Go ahead.

9 A. Can you rephrase?

10 Q. What part of that do you not understand?

11 A. Is there a specific proceeding?

12 Q. Well, why don't we talk about the ESP III
13 proceeding. Did you participate in the strategic
14 direction for that proceeding?

15 A. Yes.

16 Q. In what way?

17 MR. KUTIK: Same instruction as before.
18 I don't want you to reveal anything that would
19 indicate any work that you did at the request of
20 counsel.

21 A. I would have done work at the request of
22 counsel leading up to the filing of ESP III.

23 Q. Apart from work that you did at the
24 request of counsel, did you participate in any

1 strategic direction in relation to ESP III?

2 A. No. It would have been at the request of
3 counsel.

4 Q. Okay. Have you worked on any ESPs apart
5 from ESP III and ESP IV?

6 MR. KUTIK: This is for the company? For
7 the companies?

8 MR. SOULES: Yes, for the companies.

9 A. No.

10 Q. Are you aware of there being any other
11 ESP proceedings in any other states?

12 A. I believe ESP is an Ohio term.

13 Q. Okay. Thank you. So all together you
14 have worked on two ESPs; is that correct?

15 A. For the companies, yes, that's correct.

16 Q. Have you worked on ESPs for other
17 entities?

18 A. Can you rephrase that?

19 Q. So you just qualified my question by
20 stating that you have worked on two ESPs for the
21 companies. I am wondering if there is another ESP
22 that you worked on that was not for the companies.

23 A. No.

24 Q. Okay. So you have worked on two ESPs all

1 together; is that correct?

2 A. Yes.

3 Q. Okay. And you also conduct research and
4 analyses for a number of regulatory proceedings; is
5 that correct?

6 A. Yes.

7 Q. And what types of research and analyses
8 do you perform?

9 MR. KUTIK: Again, I will instruct you
10 not to divulge anything that you have been asked to
11 do at the request of counsel in anticipation of
12 litigation.

13 A. I would put together an analysis that
14 could become an exhibit in a case.

15 Q. Do any specific examples come to mind?

16 A. Yes.

17 Q. Okay. And what are those examples?

18 A. For the companies' securitization I put
19 together a lot of the exhibits that were included in
20 the application.

21 Q. Okay. Any other examples?

22 A. Yes.

23 Q. Okay. And what are those?

24 A. The exhibits in my testimony for this

1 case would be an example.

2 Q. Okay. Any others?

3 A. Not that come to mind.

4 Q. Okay. In your testimony you also state
5 that you interact with customer service
6 representatives on various issues related to the
7 companies' tariffs and electric service regulations;
8 is that correct?

9 A. That's correct.

10 Q. Okay. And are these customer service
11 representatives employed by the companies?

12 A. Yes.

13 Q. And what types of issues do you discuss
14 with the customer service representatives?

15 A. They could vary.

16 Q. Okay. Which ones come to mind?

17 A. Oftentimes if there is a rider rate
18 change, they'll verify with us what was the rate,
19 what date did the rate change go into effect.

20 Q. Okay. Any others?

21 A. Yes.

22 Q. Okay. And what are those?

23 A. Questions about rider ELR.

24 Q. And what rider is ELR?

1 A. It's our economic load response rider.

2 Q. Okay. So questions that customers may
3 have about that rider?

4 MR. KUTIK: Objection.

5 Q. I'm sorry, did you say "yes"?

6 A. I didn't say anything.

7 Q. Oh, okay. I saw you nod so, yeah.

8 MR. SOULES: Could we have the question
9 read back.

10 (Record read.)

11 A. Questions from the customer service rep.

12 Q. Okay. Apart from the issues -- I'm
13 sorry. Apart from the job responsibilities we have
14 just discussed, do you have any other job
15 responsibilities?

16 A. Well, I support various projects, but I
17 feel like we covered the main things that come to
18 mind.

19 Q. Okay.

20 MR. SOULES: Did somebody just join?

21 MR. KUTIK: There's three people that
22 joined since the last question.

23 MS. FLEISHER: This is Madeline, sorry.
24 Just moved phones.

1 MR. DARR: This is Frank Darr
2 representing IEU. I joined about 10 minutes ago.

3 MR. KUTIK: Thank you, Frank.

4 Q. Okay. Thank you. So apart from what
5 we've just discussed, no other job responsibilities
6 come to mind in your current position; is that
7 correct?

8 A. That's correct.

9 Q. Okay. So it sounds like in your current
10 position you regularly provide services for the Ohio
11 Edison Company; is that correct?

12 A. That would be one of them, yes.

13 Q. Okay. Do you receive any financial
14 compensation from Ohio Edison Company?

15 A. Can you rephrase that?

16 Q. What part of that confuses you?

17 A. The term "financial compensation."

18 Q. Do you receive a paycheck from Ohio
19 Edison Company?

20 A. No.

21 Q. Do you know if any part of your current
22 paycheck is provided by Ohio Edison Company?

23 A. I don't know.

24 Q. Okay. Do you report to anyone at Ohio

1 Edison Company?

2 A. No.

3 Q. Okay. Does anyone from Ohio Edison
4 Company report to you?

5 A. No.

6 Q. Okay. And in your current position you
7 regularly provide services to The Cleveland Electric
8 Illuminating Company; is that correct?

9 A. That's correct.

10 Q. Okay. Do you receive any financial
11 compensation from the Cleveland Electric Illuminating
12 Company?

13 A. Can you rephrase?

14 Q. Do you receive a paycheck from Cleveland
15 Electric Illuminating Company?

16 A. I do not.

17 Q. Okay. Do you know if any part of your
18 paycheck from FirstEnergy Service Company is paid for
19 by the Cleveland Electric Illuminating Company?

20 A. I don't know.

21 Q. Okay. Do you report to anyone at that
22 company?

23 A. No.

24 Q. Does anyone at the company report to you?

1 A. No.

2 Q. Okay. And you regularly provide services
3 to The Toledo Edison Company; is that correct?

4 A. That's correct.

5 Q. Okay. Do you receive a paycheck from
6 Toledo Edison Company?

7 A. No.

8 Q. Okay. Do you know one way or the other
9 whether any part of your current paycheck is provided
10 by The Toledo Edison Company?

11 A. I don't know.

12 Q. Okay. Do you report to anyone at Toledo
13 Edison Company?

14 A. I don't.

15 Q. Okay. And does anyone from Toledo Edison
16 report to you?

17 A. No.

18 Q. Okay. Are you familiar with FirstEnergy
19 Solutions Corporation?

20 A. Generally, yes.

21 Q. Okay. If I refer to that company as FES,
22 will you know what I mean?

23 A. That's fine.

24 Q. Okay, okay. Do you provide any services

1 to FES?

2 A. From time to time I may.

3 Q. Okay. And what services do you provide
4 from time to time?

5 A. I could look at a regulatory proceeding
6 that they are a part of.

7 Q. And by "look at," what do you mean by
8 that?

9 A. I could be asked to read intervenor
10 testimony in that case and provide an opinion.

11 Q. Do any specific examples come to mind
12 where you did that for FES?

13 MR. KUTIK: Well, again, I will instruct
14 you at this point not to reveal any information or
15 tasks that you were requested to do at the request of
16 counsel in anticipation of litigation. If you can
17 answer that question otherwise, you can go ahead.
18 You can answer.

19 A. I don't remember.

20 Q. Is it that you don't remember, or you're
21 not answering because of the privilege objection?

22 A. I don't remember the specific case number
23 or cases.

24 Q. Okay. Do you receive a paycheck from

1 FES?

2 A. No.

3 Q. Okay. Do you report to anyone at FES?

4 A. No.

5 Q. Does anyone from FES report to you?

6 A. No.

7 Q. Okay. Apart from the occasional work for
8 certain regulatory proceedings that FES is involved
9 in, are there any other services you provide to FES?

10 A. No.

11 Q. Okay. Is it your understanding that
12 FirstEnergy Corporation has both a regulated side of
13 its business and a competitive marketing side of its
14 business?

15 MR. KUTIK: May I have the question read,
16 please.

17 (Record read.)

18 MR. KUTIK: Objection.

19 A. Could you rephrase?

20 Q. Do you not understand that question?

21 A. Could you repeat? What FirstEnergy did
22 you say?

23 MR. SOULES: Could we have that question
24 read back again.

1 (Record read.)

2 A. Yes.

3 Q. Okay. And the companies are on the
4 regulated side of the business; is that correct?

5 A. Yes.

6 Q. Okay. And FES is on the competitive
7 marketing side of the business; is that correct?

8 A. Yes.

9 Q. Okay. And FirstEnergy also has what are
10 known as shared services employees?

11 MR. KUTIK: Objection.

12 Q. Is that correct?

13 MR. KUTIK: Objection.

14 A. FirstEnergy Service Company has shared
15 service employees.

16 Q. Okay. And do shared services employees
17 provide services to both the regulated side and the
18 competitive marketing side of FirstEnergy
19 Corporation?

20 MR. KUTIK: Objection.

21 A. I don't know.

22 Q. Are you a shared services employee?

23 A. Yes, I am.

24 Q. Okay. But you don't know whether or not

1 shared services employees provide services to both
2 the regulated and competitive marketing sides of
3 FirstEnergy Corporation?

4 A. I can't speak for all shared service
5 employees.

6 Q. Okay. What is your understanding of a
7 shared service employee?

8 MR. KUTIK: Objection.

9 A. They provide support as accounting or
10 legal or functions such as that.

11 Q. Does the term shared services mean that
12 they are able to provide services to both the
13 regulated side and the competitive marketing side?

14 A. Yes.

15 Q. Okay. And you personally provide
16 services to both the regulated side and competitive
17 marketing side of FirstEnergy Corporation, correct?

18 MR. KUTIK: Objection, asked and
19 answered.

20 A. Yes.

21 Q. Okay. Do you do any work with the
22 business development department of FirstEnergy
23 Service Company?

24 A. Occasionally.

1 Q. Okay. What types of work do you do with
2 that department?

3 A. In anticipation of litigation for this
4 case, I talked to them.

5 Q. Have you worked with the business
6 development department prior to this case?

7 A. I don't remember.

8 Q. Okay. Are you generally aware of the
9 economic dispatch modeling of power plants that the
10 business development department performs?

11 MR. KUTIK: Objection, assumes facts. Go
12 ahead.

13 A. Generally I would be aware of that.

14 Q. Okay. Is it your understanding that the
15 business development department does economic
16 dispatch modeling of power plants?

17 A. I don't know.

18 Q. So you're not familiar with any dispatch
19 model that business development uses in its work?

20 A. I'm aware there is a dispatch model. I
21 am not familiar with the specifics.

22 Q. Okay. Are you aware of anything about
23 the dispatch model other than the fact that it
24 exists?

1 A. Yes.

2 Q. Okay. What do you know about it?

3 A. I am familiar enough to know that I
4 believe you put various assumptions into the dispatch
5 model.

6 Q. Okay. And then something comes out of
7 the model on the other side?

8 A. I don't know how it works.

9 Q. Okay. Have you ever personally reviewed
10 any modeling results prepared by the business
11 development department?

12 A. I don't remember.

13 Q. Did you review any modeling results
14 prepared by the business department in this case?

15 MR. KUTIK: Again, to the extent that
16 would require you to divulge information that you
17 were requested to do at the request of counsel in
18 anticipation of litigation, I will instruct you not
19 to answer the question. Other than doing that you
20 can go ahead, please.

21 A. I don't remember.

22 Q. Have you ever in your career worked with
23 an economic dispatch model?

24 A. No.

1 Q. Okay. Have you ever verified the
2 accuracy of the results of a dispatch model?

3 A. No.

4 Q. Okay. Do you know if the business
5 development department performs any dispatch modeling
6 for the companies?

7 A. I don't know that.

8 Q. Okay. So shifting gears a little bit
9 you've testified before in proceedings before the PUC
10 Ohio and the Pennsylvania PUC; is that correct?

11 A. That's correct.

12 Q. Okay. What topics did you testify about
13 in the Pennsylvania proceedings?

14 A. In the Pennsylvania cases those were cost
15 recovery cases. I believe the topics were energy
16 efficiency and conservation rider and the consumer
17 education rider.

18 Q. And what did you testify about with
19 respect to those riders?

20 A. The revenues and the expenses of those
21 riders and that they were properly calculated.

22 Q. Okay. And for your testimony before the
23 Ohio Commission, what was your testimony about?

24 A. It was a complaint case.

1 Q. What type of complaint?

2 A. It was a -- I represented Toledo Edison
3 Company on behalf of the -- them. A customer
4 received a penalty for their participation in rider
5 ELR, and they disputed this penalty.

6 Q. Okay. Have you ever been deposed before?

7 A. I have not.

8 Q. Okay. Have you ever offered live
9 testimony in a proceeding?

10 MR. KUTIK: Other than the one she has
11 talked about?

12 MR. SOULES: I'm not clear as to whether
13 she offered live testimony in the Pennsylvania cases
14 so.

15 Q. Yeah. Have you ever offered live
16 testimony in a proceeding?

17 A. Yes, I have.

18 Q. Okay. And was that the Pennsylvania
19 cases?

20 A. It was all the cases we've discussed.

21 Q. Okay, okay. Great. Have you ever
22 testified in a court case?

23 A. Can you rephrase that?

24 Q. So we have been talking about Commission

1 proceedings in Ohio and Pennsylvania, correct?

2 A. Yes.

3 Q. Okay. And those are different than a
4 judicial court; is that your understanding? Those
5 are different?

6 MR. KUTIK: Well, to the extent you are
7 calling for a legal conclusion, I'll object, but she
8 can answer.

9 Q. Let me rephrase. Have you ever testified
10 in Ohio state court?

11 A. I have not.

12 Q. Okay. Have you ever testified in a state
13 court in some other state?

14 A. No.

15 Q. Have you ever testified in federal court?

16 A. No.

17 Q. Okay. Are you familiar with the proposed
18 agreement under which FES would sell its capacity,
19 energy, and ancillary services to the companies?

20 A. Could you rephrase that?

21 Q. Okay. So shifting gears a little bit to
22 talk about some of the specifics in this proceeding,
23 are you familiar with the proposed agreement under
24 which FES would sell its capacity, energy, and

1 ancillary services to the companies?

2 A. I'm familiar with the proposed
3 transaction.

4 Q. Okay. And that's the proposed agreement
5 under which FES would sell capacity, energy, and
6 ancillary services to the companies; is that correct?

7 A. Yes, that's correct.

8 Q. Okay. And the generating assets that are
9 the subject of the proposed transaction are the
10 Sammis plant, the Davis-Besse plant, and FES's share
11 of the OVEC plants; is that correct?

12 A. That's correct.

13 Q. Okay. And if we refer to this agreement
14 as the proposed transaction, you understand what I
15 mean?

16 MR. KUTIK: You mean the proposed
17 agreement as a proposed transaction.

18 Q. Yes, the -- if I refer to the proposed
19 agreement as the proposed transaction, will you
20 understand what I mean?

21 A. Yes.

22 Q. Okay.

23 MR. SOULES: Thank you.

24 Q. Do you know, was FES the company that

1 initially proposed entering into a purchase power
2 agreement?

3 A. I don't know.

4 Q. Okay. When did you first hear that there
5 might be a purchase power agreement between FES and
6 the companies?

7 A. I don't remember.

8 Q. Do you remember approximately, or you
9 don't remember at all?

10 A. 2014.

11 Q. Sometime in 2014?

12 A. That's my recollection, yes.

13 Q. Okay.

14 MR. KUTIK: Just to be clear, and you
15 have been doing a good job so far, but you need to
16 make sure all your answers are oral because the court
17 reporter can't take down nods of the head or
18 gestures.

19 THE WITNESS: Okay.

20 MR. SOULES: Thank you.

21 Q. How did you first hear about the proposed
22 transaction?

23 A. I don't remember.

24 Q. Do you remember who notified you about

1 the proposed transaction?

2 A. I don't remember.

3 Q. Okay. When you first heard about the
4 proposed transaction, did you hear any reason as to
5 why FES was interested in entering into the proposed
6 transaction?

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

9 (Record read.)

10 A. I don't remember.

11 Q. Okay. What is your personal
12 understanding as to why FES wants to enter into the
13 proposed transaction?

14 A. It's a business decision for them.

15 Q. And when you say "business decision,"
16 what do you mean?

17 A. I mean they are choosing to express
18 interest in a proposed agreement with the companies.

19 Q. Okay. Do you know why specifically they
20 want to enter into a proposed transaction?

21 A. I don't know specifically.

22 Q. Okay. Have FES and the companies
23 executed a final agreement for this transaction?

24 A. No.

1 Q. Okay. But they -- FES and the companies
2 prepared a term sheet for the proposed transaction;
3 is that correct?

4 A. That's correct.

5 Q. Okay. Are you familiar with the economic
6 stability program that the companies have proposed
7 for Commission approval?

8 A. Yes.

9 Q. Okay. And what is the economic stability
10 program?

11 A. It is part of the companies' ESP where
12 they provide long-term benefits to customers.

13 Q. Okay.

14 MR. SOULES: Could we have this marked
15 Exhibit 1.

16 MR. KUTIK: Let's go off the record for a
17 second.

18 (Discussion off the record.)

19 (EXHIBIT MARKED FOR IDENTIFICATION.)

20 MR. KUTIK: All right. Let's go back on
21 the record.

22 Q. So, Ms. Savage, you have been passed a
23 document that's been marked as Savage Exhibit 1.

24 This document was attached to a discovery response

1 IEU Set 1-INT-25. And the document is entitled "IEU
2 Set 1-INT-25 Attachment 1." Are you familiar with
3 this document?

4 A. I'm familiar that this is the term sheet
5 for the proposed transaction. I'm not sure if this
6 is necessarily the most recent draft or which one was
7 provided in discovery.

8 Q. Okay, okay. But this -- this document
9 generally looks familiar to you?

10 A. Yes.

11 Q. Okay. Do you know when the term sheet
12 was finalized?

13 A. I don't remember.

14 Q. Do you know approximately?

15 A. I prefer not to guess.

16 Q. Fair enough. So we will talk about this
17 a little bit more later, but we can set this aside
18 for the moment. You were a member of a team that
19 represented the companies in evaluating and
20 negotiating the proposed transaction; is that
21 correct?

22 A. That's correct.

23 Q. Okay. And if I refer to that team as the
24 EDU team, will you understand what I mean?

1 A. I will.

2 Q. Okay. Great. When did you first hear
3 that an EDU team was going to be created?

4 A. May, 2014.

5 Q. Okay. And who told you that a team was
6 going to be created?

7 A. My manager.

8 Q. And is that Santino Fanelli?

9 A. It is.

10 Q. Okay, all right. And how did you hear
11 about it? Was it a meeting? An e-mail? A phone
12 call?

13 A. He verbally came to my desk and told me.

14 Q. Okay. And what did he tell you about the
15 EDU team?

16 A. Nothing specific, just that a team had
17 been formed and I would be a member of the team.

18 Q. Okay, okay. Do you remember him saying
19 anything else about the team other than just that it
20 was being formed and you would be a member?

21 A. No.

22 Q. Okay. Did he describe anything about the
23 mission of the EDU team?

24 A. No.

1 Q. Did he tell you that the EDU team was
2 going to relate to a proposed transaction between FES
3 and the companies?

4 A. I don't remember.

5 Q. Okay. Had you heard about the proposed
6 transaction before Mr. Fanelli came to your desk?

7 A. I would have heard about the -- generally
8 about the idea.

9 Q. Okay. Do you recall what you had heard
10 prior to Mr. Fanelli coming to your desk?

11 MR. KUTIK: Well, at this point I will
12 instruct you not to reveal anything that you heard in
13 discussions with counsel or at any activities that
14 you were engaged at the request of counsel in
15 anticipation of litigation.

16 A. Any discussions would have been at the
17 request of counsel.

18 Q. So you had no knowledge about the
19 proposed transaction before Mr. Fanelli came to your
20 desk other than discussions with counsel; is that
21 correct?

22 MR. KUTIK: Well, that misrepresents your
23 testimony so I object.

24 Q. You can go ahead and answer.

1 A. No.

2 Q. That's not correct. Why is that not
3 correct?

4 A. The potential for a proposed transaction
5 had been discussed on a public earnings call at
6 FirstEnergy Corp.

7 Q. Did you participate in that call?

8 A. No.

9 Q. But it was public knowledge there was a
10 proposed transaction percolating before May of 2014?

11 MR. KUTIK: Objection.

12 A. I think there was the potential for a
13 proposed transaction.

14 Q. And apart from that earnings call, any
15 other knowledge you would have had about the proposed
16 transaction was privileged; that's your testimony?

17 A. That's correct.

18 Q. Okay.

19 MR. KUTIK: Counsel, before you ask your
20 next question would now be a good time for a break?

21 MR. SOULES: Yeah, sure.

22 MR. KUTIK: Thank you. Let's go off the
23 record.

24 (Recess taken.)

1 Q. Welcome back, Ms. Savage.

2 A. Thank you.

3 Q. So before we took a break we were talking
4 a little bit about kind of the early parts of the EDU
5 team process. Do you recall that discussion?

6 A. Yes.

7 Q. Okay. And we'll talk a little bit more
8 about that in a minute but just going back to
9 something you had said before the break, the public
10 earnings call that you referenced, do you know when
11 that -- when that was?

12 A. I don't remember.

13 Q. You just recall that it was sometime
14 before May, 2014?

15 A. I recall it was before I was on the EDU
16 team.

17 Q. Okay. Without getting into any specifics
18 of what was discussed did you first hear about the
19 proposed transaction from discussions with counsel?

20 A. Yes.

21 Q. Okay. And which attorney was that?
22 Again, without asking you about what was discussed,
23 who did you speak to?

24 A. I don't remember specifically.

1 Q. You just remember it was an attorney.

2 A. Yes.

3 Q. So I believe you said -- and tell me if
4 I'm wrong. I believe you said you first heard about
5 the EDU team from Mr. Fanelli when he came to your
6 desk in May of 2014, correct?

7 A. That's correct.

8 Q. Do you know who selected you to be a
9 member of the EDU team?

10 A. I don't know.

11 Q. Okay. Do you know why you were selected
12 to be a member of the EDU team?

13 A. No.

14 Q. And at that time you weren't given any
15 specifics about what the EDU team's mission was; is
16 that correct?

17 A. That's correct.

18 Q. Okay. Did you know generally that the
19 EDU team was going to be representing the companies?

20 A. Yes.

21 Q. Okay. Do you remember anything else
22 about the conversation with Mr. Fanelli?

23 A. No.

24 Q. Okay.

1 MR. SOULES: Could we have this marked as
2 Savage Exhibit 2.

3 (EXHIBIT MARKED FOR IDENTIFICATION.)

4 Q. Ms. Savage, you have just been passed a
5 document that's been marked Savage Exhibit 2. This
6 document is a response to discovery request OCC Set
7 1-INT-19. Please take a minute to review this
8 exhibit.

9 A. Okay.

10 Q. Okay. Now, I know you are not the
11 sponsoring witness -- I'm sorry.

12 MR. KUTIK: Somebody going off.

13 MR. SOULES: Okay. Sorry. I have to
14 learn the codes.

15 Q. Ms. Savage, I know you are not the
16 sponsoring witness for this discovery response, but
17 are you familiar with this document?

18 A. I've seen it before.

19 Q. Okay. Could you take a look at part A of
20 the request on page 1. Do you see where it asks
21 for -- well, beginning at the top referring to page 4
22 of the direct -- I believe that should be testimony
23 of companies' witness Ruberto for individuals from
24 regulated generation, transmission, legal, rates and

1 accounting that served on the EDU team, and then it
2 asks for each person's names, job title, and the
3 entity that employs him or her. Do you see where it
4 asks that?

5 MR. KUTIK: We'll stipulate that's what
6 it says. What's your next question?

7 MR. SOULES: Okay. Fair enough.

8 Q. Could you turn to page 2 to part A of the
9 response. Do you see the list of nine people that
10 are listed there?

11 A. Yes, I see the list.

12 Q. Okay. Were those nine people the members
13 of the EDU team?

14 A. Yes.

15 Q. Okay. Apart from these nine people, do
16 you recall anyone else that was a member of the EDU
17 team?

18 A. No.

19 Q. Okay. Do you recall the discussion we
20 had earlier about how FirstEnergy Corporation has
21 both a regulated side and a competitive marketing
22 side?

23 A. Yes.

24 Q. Okay. Looking at this list of nine

1 people, do you know if any of them are -- I guess one
2 way or another do you know whether they are on the
3 regulated side, the competitive marketing side, or
4 shared services?

5 MR. KUTIK: Objection.

6 A. Can you rephrase that?

7 Q. Yeah, I'm sorry. That's a very inartful
8 way of asking. Do you know if any of these nine
9 people are on the regulated side of the business?

10 A. I don't know.

11 Q. Okay. Do you know if any of these nine
12 people are the competitive marketing side of the
13 business?

14 A. I don't know.

15 Q. Okay. Apart from yourself, do you know
16 if any one of these nine -- or apart from yourself do
17 you know if any of the other eight members of the EDU
18 team are shared services employees?

19 A. Yes.

20 Q. Okay. Which ones?

21 A. Tracy Ashton, James Burk, Anne Rericha,
22 Amy Morrow.

23 Q. And with respect to Mr. Ruberto,
24 Ms. Barwood, Mr. Ziegler, and Mr. Thorn, you don't

1 know what side of the business they are on; is that
2 correct?

3 A. I don't know.

4 Q. Okay.

5 MR. KUTIK: And by that you meant if they
6 were shared services, was that the import of your
7 question?

8 MR. SOULES: Yeah.

9 MR. KUTIK: Thank you. Is that how you
10 understood?

11 THE WITNESS: Yes.

12 Q. Do you recall anyone outside of the
13 members of the EDU team providing assistance to the
14 EDU team process?

15 A. I don't recall.

16 Q. Okay. When the team was first created,
17 was the team given any directions regarding its
18 responsibilities or duties?

19 A. We were -- yes.

20 Q. Okay. And who gave the team those
21 directions?

22 A. I don't remember.

23 Q. Okay. Do you remember what the
24 directions were?

1 A. Yes.

2 Q. Okay. What were they?

3 A. We were tasked with evaluating the
4 proposed transaction.

5 Q. Okay. Were there any specifics beyond
6 just you should evaluate the proposed transaction?

7 A. I don't remember.

8 Q. Okay. Do you remember if there were any
9 criteria the EDU team was supposed to look at
10 specifically?

11 A. I don't remember.

12 Q. Okay. Do you remember if the directions
13 were provided in writing?

14 A. I don't remember.

15 Q. Did the -- apart from these initial
16 directions, did the EDU team have anything in writing
17 that it was working from when evaluating the proposed
18 transaction?

19 MR. KUTIK: Objection.

20 A. Can you rephrase?

21 Q. So I think sometimes when groups are
22 evaluating business deals, they might come up with a
23 list of, say, you know, these are the things we
24 should be looking at or, you know, checklist or these

1 are the criteria we are considering. Was there
2 anything in writing that you were using as a
3 benchmark for your evaluation?

4 A. I don't remember.

5 Q. Okay. So you don't remember if the EDU
6 team had any written guidance as to its
7 responsibilities; is that correct?

8 A. Can you rephrase that?

9 MR. SOULES: Could we have the question
10 read back.

11 (Record read.)

12 MR. KUTIK: She asked you to rephrase it.

13 Q. You still don't understand that question?

14 A. I don't.

15 Q. Okay. When the EDU team was conducting
16 its evaluation process, you don't -- strike that.

17 You don't recall whether or not the EDU
18 team had any written guidance when performing its
19 evaluation; is that correct?

20 A. Can you rephrase?

21 Q. What don't you understand about that
22 question?

23 A. What do you mean by "written guidance"?

24 Q. So earlier I asked if there was any --

1 anything in writing that provided a benchmark for the
2 EDU team's evaluation process. Do you recall that?

3 A. Yes.

4 Q. And you said you don't remember if there
5 was or wasn't anything in writing that provided the
6 benchmark for the evaluation; is that correct?

7 A. Can you rephrase that?

8 Q. Sure. We'll come back to that in a
9 minute. Let me ask you a different question. Did
10 the EDU team have any written materials before it --
11 when it was conducting its evaluation process?

12 MR. KUTIK: Objection.

13 A. Can you repeat the question?

14 Q. Let's kind of take a step back to May,
15 2014. After Mr. Fanelli first told you that you were
16 going to be on this team, when was the next time you
17 heard about the EDU team? What happened next?

18 A. I received an e-mail from counsel that
19 said I was on the EDU team.

20 Q. And who -- which counsel? Which
21 attorney?

22 A. I don't remember.

23 Q. Do you remember how long after the
24 conversation with Mr. Fanelli you received that

1 e-mail?

2 A. I don't remember.

3 Q. Okay. So after receiving the e-mail from
4 counsel, what happened after that?

5 A. I received an e-mail from Jay Ruberto.

6 Q. Okay. And do you remember when you
7 received that e-mail?

8 A. I don't remember.

9 Q. Okay. Do you remember what the e-mail
10 said?

11 A. No.

12 Q. Okay. What happened after you received
13 an e-mail from Jay Ruberto? Did the EDU team meet at
14 some point?

15 A. Yes.

16 Q. Okay. And when did that happen?

17 A. I don't remember.

18 Q. Do you remember approximately?

19 A. No.

20 Q. Okay. Do you know, was the first meeting
21 a team meeting or a phone call?

22 A. Can you rephrase?

23 Q. I'm sorry. The first time that the EDU
24 team met, did you meet in person, or did you have a

1 phone call?

2 A. It was a phone call.

3 Q. Okay, okay. And do you recall what was
4 discussed on that call?

5 A. Yes.

6 Q. And what did you talk about or what was
7 discussed?

8 A. We introduced the team members and were
9 told that we were tasked with evaluating the proposed
10 transaction.

11 Q. Okay. Was there anything beyond
12 introductions and a brief statement of its purpose?

13 A. Yes.

14 Q. Okay. And what -- what was discussed?

15 A. We discussed there were some data
16 requests that had been submitted on behalf of the
17 companies to FES.

18 Q. Okay. Anything else?

19 A. I don't remember.

20 Q. Did -- did you have a copy of those data
21 requests before you when you were having that call?

22 A. Yes.

23 Q. Okay. Had those been e-mailed by Jay
24 Ruberto?

1 A. I don't remember.

2 Q. Okay. Did you have anything else in
3 writing before you for that first call?

4 A. I don't remember.

5 Q. Did you take any notes during that first
6 call?

7 A. I don't remember.

8 Q. Okay. Were you given a specific
9 responsibility as a member of the EDU team?

10 A. No.

11 Q. Okay. Do you know if anyone else on the
12 EDU team had a specific responsibility or role?

13 A. Yes.

14 Q. Okay. And what -- who was that and what
15 was their role?

16 A. Jay Ruberto said he was the team lead.

17 Q. Okay. Anyone else?

18 A. No.

19 Q. Okay. Do you have any understanding as
20 to why the other members of the EDU team were
21 selected to join it?

22 MR. KUTIK: Objection. Calls for
23 speculation but she can answer.

24 A. I don't know.

1 Q. Okay. So the EDU team was responsible
2 for evaluating the proposed transaction on behalf of
3 the companies, correct?

4 A. That's correct.

5 Q. Okay. And, I'm sorry, did you state
6 before you don't remember if there were any outside
7 experts -- or outside people providing assistance to
8 the EDU team?

9 MR. KUTIK: Objection. You asked
10 questions about other people, but you didn't say
11 outside experts.

12 MR. SOULES: Yes.

13 MR. KUTIK: So rephrase your question.

14 MR. SOULES: Happy to.

15 Q. Am I remembering correctly you don't
16 remember whether or not anyone outside of the EDU
17 team provided assistance to that effort?

18 A. I don't remember.

19 Q. Okay. Do you know if the EDU team
20 employed an expert to assist with the evaluation of
21 the proposed transactions?

22 A. I don't know if the EDU team did.

23 Q. Do you know if the companies retained an
24 outside expert to help with the evaluation of the

1 proposed transactions?

2 A. I don't know.

3 Q. Recognizing that the evaluation process,
4 you know -- scratch that.

5 I would like to see if we could list out
6 in general terms the steps that the EDU team took in
7 evaluating the proposed transaction. Recognizing
8 this is to the best of your recollection, what steps
9 did the team take in evaluating the proposed
10 transaction?

11 A. The team reviewed the data requests that
12 had been asked, and then they looked if they should
13 ask any other questions.

14 Q. Okay. And did the EDU team ask other
15 questions?

16 A. Yes.

17 Q. Okay. Do you recall what those questions
18 were?

19 A. I recall some of them.

20 Q. Okay. What do you recall?

21 A. I recall we requested historic cost
22 data --

23 Q. Okay.

24 A. -- and historic outage rates.

1 Q. Okay. And that was after you received an
2 initial set of data from FES; is that correct?

3 A. I don't remember the timing.

4 Q. Okay. Was there any other additional
5 data that you remember the team asking for?

6 A. I don't remember.

7 Q. Okay. So we have the data requests.
8 What other steps did the EDU team take in evaluating
9 the proposed transaction?

10 A. We toured the plants.

11 Q. Toured the plants, okay. Any other steps
12 that you recall?

13 A. We discussed the economic development
14 impacts.

15 Q. And what do you mean by economic
16 development impacts?

17 A. We looked at the impact to Ohio if the
18 plants were to close.

19 Q. Was the EDU team concerned that the
20 plants were going to close?

21 A. Yes.

22 Q. Okay. And why -- why were they
23 concerned -- why was the team concerned about that?

24 A. Because of the potential impact that

1 could have on our customers.

2 Q. Did the EDU team think that the plants
3 were at risk of closing?

4 A. I don't know.

5 Q. Why did the EDU team consider the
6 economic development impacts if the plants were to
7 close?

8 MR. KUTIK: Objection, asked and
9 answered. No, it wasn't. I withdraw my objection.

10 A. I don't know.

11 Q. Has anyone ever told you the plants would
12 be at risk of closing if the proposed transaction is
13 not executed?

14 A. That's my understanding.

15 Q. Okay. Where did you get that
16 understanding?

17 A. From conversations with either the EDU
18 team or FES team.

19 Q. Okay, okay. So we've talked about the
20 data requests, we've talked about the plant tours,
21 and we've talked about looking at economic
22 development impacts if the plants were to close.
23 Were there any steps that the EDU team took to
24 evaluate the proposed transaction?

1 A. Yes.

2 Q. Okay. And what were those steps?

3 A. The EDU team looked at the accounting
4 impacts of this transaction.

5 Q. Okay. What do you mean by accounting
6 impacts?

7 A. If this was -- if we were to go through
8 with this transaction, would it have an impact on the
9 companies' balance sheets.

10 Q. Okay. Were you personally involved in
11 that part of the evaluation?

12 A. No, I wasn't.

13 Q. Do you know who was?

14 A. The accounting representatives on the
15 team.

16 Q. Okay. Any other steps that you recall
17 the EDU team taking?

18 A. Yes.

19 Q. Okay. And what were those?

20 A. The potential impacts to the transmission
21 system.

22 Q. And what impacts?

23 A. I don't know.

24 Q. Were those impacts related to the worry

1 that the plants might close?

2 A. I don't know.

3 Q. Okay. Any other steps that you remember?

4 A. Yes.

5 Q. Okay. And what are those?

6 A. Analyzing the date that we got back from
7 FES.

8 Q. Were you involved in analyzing that data?

9 A. Yes.

10 Q. Okay. And what did you do specifically?

11 A. I looked at the customer impact over the
12 15-year term of the proposed transaction.

13 Q. Okay. Let's put a pin in that. I will
14 have a few more questions about that in a minute, but
15 in terms of these --

16 MR. KUTIK: I'm sorry. What did you say?
17 Let's put a pin in that?

18 MR. SOULES: Yes.

19 Q. We'll put that one aside for a minute.

20 MR. KUTIK: That reference I understand.

21 Q. Yeah. Sorry for the colloquial language.
22 Were there -- in terms of these kind of general steps
23 we've been listing out, are there any other steps
24 that we haven't talked about?

1 A. I don't remember.

2 Q. Okay. Is there anything that would
3 refresh your memory as to whether there are any other
4 steps?

5 A. Potentially.

6 Q. Okay. Well, what would that be?

7 A. I don't know.

8 Q. Okay. All right. How often did the EDU
9 team meet during the evaluation process?

10 A. I don't remember.

11 Q. Do you remember approximately?

12 A. I don't remember.

13 Q. Did the EDU team ever meet in person --

14 A. Yes.

15 Q. Okay.

16 MR. KUTIK: You need to wait until he
17 finishes his answer. Go ahead.

18 Q. Do you remember how many times the EDU
19 team met in person?

20 A. I don't remember.

21 Q. Okay. And the EDU team also had a phone
22 call or some phone calls; is that correct?

23 A. Yes, that's correct.

24 Q. Okay. What -- so after that initial

1 conference call where, you know, kind of the
2 introductory call, how soon after that did you begin
3 working on evaluating the proposed transaction?

4 A. Can you rephrase that?

5 Q. So at some point after the meeting with
6 Mr. Fanelli, you guys had an introductory conference
7 call, correct? The EDU team had an introductory
8 conference call?

9 A. That's correct, the EDU team had a
10 conference call.

11 Q. Okay. And then how soon after that did
12 the EDU team begin doing the actual work of
13 evaluation? Was it a day? Did you -- you know, did
14 you set it aside for a couple of weeks and come back
15 to it?

16 MR. KUTIK: Objection.

17 A. I don't know.

18 Q. Okay. Do you know how long the EDU
19 team's evaluation process lasted?

20 A. I don't remember.

21 Q. If you were going to ballpark the number
22 of hours that you personally spent on these
23 evaluation efforts, how many hours would that be?

24 MR. KUTIK: Objection. Calls for

1 speculation.

2 Q. You can answer.

3 A. I don't remember.

4 Q. Was your work on the evaluation process
5 something that was consuming a lot of your time
6 during the summer of 2014?

7 A. Can you rephrase?

8 Q. Sure. During the period that the
9 evaluation process was ongoing, I am trying to get a
10 general sense of how much time you were spending on
11 that. You know, was it an hour or two a week? Was
12 it an almost full-time job? You know, was it
13 something in between? Do you have a sense of how
14 much time you spent working on it?

15 A. I have a sense of it.

16 Q. Okay. And what is your sense?

17 A. It was a major responsibility of mine
18 throughout that time.

19 Q. Okay. And do you know ballpark how many
20 hours any given week you would be working on this?

21 MR. KUTIK: Objection.

22 A. I don't remember.

23 Q. Did you have to reallocate some of your
24 other job responsibilities in order to devote time to

1 working on the EDU team evaluation process?

2 MR. KUTIK: Well, I will just state this
3 at this time, we are getting a little far afield. I
4 will let you -- I will let her answer that question,
5 but in terms of what her other responsibilities were
6 or how it jived with other responsibilities, we are
7 going to shut that down, but go ahead.

8 MR. SOULES: Could we have the question
9 read back.

10 (Record read.)

11 A. Yes.

12 Q. And which job responsibilities were
13 those?

14 MR. KUTIK: Well, I am going to object at
15 this point and instruct her not to answer.

16 MR. SOULES: On what grounds?

17 MR. KUTIK: It's irrelevant. It's
18 harassing. It's burdensome. To the extent it calls
19 for work that's done at the direction of counsel,
20 attorney-client privilege. I will stop with those.

21 MR. SOULES: The whole ballpark? Kitchen
22 sink? That's fine. We can move on.

23 MR. KUTIK: And all with merit but go
24 ahead.

1 MR. SOULES: We can respectfully
2 disagree, but I am happy to move on.

3 MR. KUTIK: Okay. Yes. I don't mind you
4 talking about what time she spent and her work on the
5 EDU team, but her other responsibilities are beyond
6 the scope of her testimony and any issue in this
7 case.

8 Q. Okay. So just looping back, you don't
9 recall how many hours a week you spent working on the
10 EDU team process; is that correct?

11 MR. KUTIK: Objection, asked and
12 answered. Tell him again.

13 A. I don't remember.

14 Q. Okay. So earlier I think you had said
15 you had done some work in terms of estimating the
16 customer impacts related to the proposed transaction;
17 is that correct?

18 A. That's correct.

19 Q. Okay. And that was something you were
20 personally involved in, correct?

21 A. Yes.

22 Q. Okay. Where did that -- where did the
23 data come from that you're using to perform that
24 analysis?

1 A. It came from FES.

2 Q. Okay. Do you know who at FES sent that
3 data?

4 A. I don't remember.

5 Q. Okay. Are you familiar with the cost and
6 revenue projections that Jason Lisowski provided?

7 A. Yes.

8 MR. KUTIK: Are you talking about in his
9 testimony?

10 MR. SOULES: Pardon?

11 MR. KUTIK: In his testimony.

12 MR. SOULES: I am asking about if the --
13 if --

14 Q. Are you familiar with the cost and
15 revenue projections that Mr. Lisowski provided the
16 EDU team?

17 A. I don't know.

18 Q. Have you ever spoken with Mr. Lisowski
19 about the proposed transaction?

20 A. Yes.

21 Q. Okay. And what did you discuss with him?

22 A. I discussed the form we would need the
23 material in for the EDU team to do its evaluation.

24 Q. The form of?

1 A. The form of the data.

2 Q. Okay. So does that mean that
3 Mr. Lisowski provided the EDU team with data?

4 A. Yes.

5 Q. Okay. And what type of data did he
6 provide?

7 A. He provided a template with projected
8 cost revenues and seller-invested capital.

9 Q. Okay. And was that over -- is that like
10 a 15-year forecast?

11 A. Yes.

12 Q. Okay. And what form did he provide that
13 data to you in?

14 A. Varied forms.

15 Q. Okay. And which forms do you recall?

16 A. He provided -- we were provided data in
17 response to the data requests asked by the EDU team
18 to FES. We may have gotten a few revisions to that
19 data, and ultimately the analysis was based on his
20 attachments to his testimony.

21 Q. Okay. Is it your understanding that the
22 attachments to his testimony is the same data that
23 was provided to the EDU team when it was evaluating
24 the proposed transaction?

1 MR. KUTIK: May I have the question read,
2 please.

3 (Record read.)

4 A. Nearly the same data.

5 Q. Okay. What was different?

6 A. I don't remember.

7 Q. Okay. But you think there may have been
8 some differences.

9 A. Yes.

10 Q. Okay. Do you know why Mr. Lisowski was
11 asked to prepare that data?

12 A. Can you rephrase that?

13 Q. So -- so you received some data from
14 Mr. Lisowski. Do you know why he was the guy in
15 charge of providing that data?

16 A. I don't know.

17 Q. Okay. Do you know if the EDU team
18 provided any inputs for the data that Mr. Lisowski
19 generated?

20 A. Yes.

21 Q. Okay. Yes, the EDU team did provide
22 data -- or did provide inputs?

23 MR. KUTIK: Your question was did she
24 know.

1 Q. Right. Now, I am following up with --

2 MR. KUTIK: Don't mischaracterize her
3 testimony but go ahead.

4 A. Can you repeat the question?

5 Q. So did the EDU team provide inputs to
6 Mr. Lisowski he used to generate the data he provided
7 back to the EDU team?

8 A. Yes.

9 Q. Okay. And what were those inputs?

10 A. They provided the revenue forecasts for
11 Mr. Rose.

12 Q. Revenue forecasts or price forecasts?

13 A. Price forecasts, sorry.

14 Q. Okay. So the EDU team had already
15 received some price forecasts from Judah Rose; is
16 that correct?

17 A. The companies had.

18 Q. Okay. And then the -- that data made it
19 to the EDU team?

20 A. Yes.

21 Q. Okay. Did you personally review
22 Mr. Rose's price forecasts?

23 A. Can you rephrase that?

24 Q. Did you look at Mr. Rose's price

1 forecasts that have been provided to the EDU team?

2 MR. KUTIK: Objection.

3 A. Can you rephrase that?

4 Q. Can you explain what you don't understand
5 about that question?

6 A. What do you mean by "provided to the EDU
7 team"? Meaning?

8 Q. Okay. All right. Sure. So Mr. Rose
9 provided price forecasts to the companies, correct?

10 A. Correct.

11 Q. And then at some point that price
12 information made its way to the EDU team; is that
13 correct?

14 A. That's correct.

15 Q. Okay. And then did you personally review
16 that price information?

17 A. I don't remember.

18 Q. Okay. It -- stepping back, in this case
19 are you offering any opinions about the
20 reasonableness of Mr. Rose's price projections?

21 A. I am not.

22 Q. Okay. Apart from the price forecasts,
23 were there any other inputs that the EDU team
24 provided Mr. Lisowski?

1 A. Yes.

2 Q. Okay. And what were those inputs?

3 A. We agreed upon a 50/50 debt equity ratio.

4 Q. Okay. Anything else?

5 A. Yes.

6 Q. Okay. And what are those inputs?

7 A. We agreed upon the calculation of
8 seller-invested capital to be consistent with other
9 ratemaking riders in Ohio.

10 Q. I'm sorry, this is well beyond my scope
11 of knowledge, can you just explain to me what
12 seller-invested capital means?

13 A. It's typically thought of as rate based.

14 Q. Oh, rate based, okay. All right. Thank
15 you. Were there any other inputs that the EDU team
16 provided to Mr. Lisowski?

17 A. I don't remember.

18 Q. Okay. And when did the EDU team receive
19 back the forecast information from Mr. Lisowski?

20 A. I don't remember.

21 Q. Okay. But those forecasts were sent
22 directly to you; is that correct?

23 A. Can you rephrase?

24 Q. Sure. Did Mr. Lisowski send that

1 forecast information directly to you?

2 A. I don't remember.

3 Q. Okay. Do you know if the forecast
4 information was provided in Microsoft Excel format?

5 A. Yes, I know.

6 Q. And, yes -- and was it?

7 A. Yes, it was in Excel.

8 Q. Okay. Did he provide any additional
9 notes or explanation of the forecasts data when he
10 sent it?

11 A. I don't remember.

12 Q. And you don't remember whether or not
13 that information was sent directly to you, correct?

14 MR. KUTIK: Objection, asked and
15 answered. Tell him again.

16 A. I don't remember.

17 Q. Okay. Do you recall the first time you
18 communicated with Mr. Lisowski?

19 MR. KUTIK: And, again, we are talking
20 about as part of her responsibilities in the EDU
21 team?

22 Q. Sure. Do you recall the first time that
23 you spoke with Mr. Lisowski regarding the proposed
24 transaction?

1 A. I don't remember.

2 Q. Okay. Were you having -- am I correct
3 that you were communicating with him prior to him
4 preparing those forecasts; is that correct?

5 A. Can you rephrase that?

6 Q. I thought you said, correct me if I'm
7 wrong, but that you had provided some direction to
8 him about the format of the data that the EDU team
9 was going to receive it; is that correct?

10 A. Yes.

11 Q. Okay. And were you having those
12 communications telephonically? In person? By
13 e-mail?

14 A. Yes, a mixture.

15 Q. Okay. Including e-mail?

16 A. I don't remember.

17 Q. Once the EDU team had received that
18 forecast information, did the team have any follow-up
19 information requests for Mr. Lisowski?

20 A. Can you rephrase that?

21 Q. Sure. So the EDU team received the
22 forecasted information from Mr. Lisowski, right?

23 A. There were multiple variations so I'm not
24 sure which -- which one you're calling the forecast

1 data.

2 Q. So this -- so this is actually -- this is
3 helpful. Like what I am trying to understand is, you
4 know, did you send inputs to Mr. Lisowski, and he
5 sent one set of forecasts back and that was it or if
6 there were follow-up requests or follow up, you know,
7 asked of Mr. Lisowski by the EDU team?

8 MR. KUTIK: Objection.

9 A. Can you rephrase?

10 Q. Once -- so at some point the EDU team
11 received Mr. Lisowski's forecast information,
12 correct?

13 A. The EDU team received forecast
14 information.

15 Q. Okay. What happened after that?

16 A. Based on the initial data, it wasn't
17 quite in the right format that the EDU team needed to
18 evaluate the transaction, so we went back to get it
19 in the format we needed.

20 Q. Okay. What was wrong with the format
21 initially?

22 A. It didn't give enough detail.

23 Q. In what respect?

24 A. I don't remember.

1 Q. Were you -- were you the one who then
2 communicated to Mr. Lisowski you needed that
3 information in a different format?

4 MR. KUTIK: Object, asked and answered.
5 Go ahead.

6 A. I don't remember.

7 Q. Did the EDU team take any steps to verify
8 the accuracy of the forecast information?

9 A. Yes.

10 Q. Okay. And which members of the EDU team
11 were involved in that effort?

12 A. I don't know.

13 Q. Were you at all involved in verifying the
14 accuracy of that forecast information?

15 A. I don't remember.

16 MR. KUTIK: Are you moving to a different
17 topic?

18 MR. SOULES: Not quite yet.

19 MR. KUTIK: Okay. We should break pretty
20 soon but go ahead.

21 MR. SOULES: We can take a break now.

22 MR. KUTIK: Okay. Let's do that. Come
23 back at 11?

24 MR. SOULES: Sure.

1 (Recess taken.)

2 Q. Go back on the record.

3 So welcome back, Ms. Savage.

4 A. Thank you.

5 Q. Now, right before the break we were
6 talking a little bit about Mr. Lisowski's cost and
7 revenue forecasts. Do you recall that discussion?

8 A. I recall the discussion.

9 Q. Okay. And I had asked you if the EDU
10 team had taken any steps to verify the accuracy of
11 that forecast information. Do you recall that?

12 A. I recall, yes.

13 Q. Okay. And it's your understanding that
14 the team did verify the accuracy of that forecast
15 information, correct?

16 A. They verified the reasonableness of it.

17 Q. The reasonableness of Mr. Lisowski's
18 forecast?

19 A. Of the forecasted data provided to them.

20 Q. Okay. And you don't know who on the EDU
21 team performed that verification?

22 A. That's correct, I don't know.

23 Q. And you don't know if you personally were
24 involved in that effort?

1 MR. KUTIK: Objection. Asked and
2 answered.

3 A. I don't remember.

4 Q. Do you have an understanding of what
5 steps the EDU team took generally to verify the
6 reasonableness of the forecast information?

7 A. I have a general understanding, yes.

8 Q. Okay. Now, at the end of the evaluation
9 process that the EDU team conducted, prior to the ESP
10 filing in early August, the team had concluded that
11 the proposed transaction would provide the companies'
12 customers with benefits whose net present value is a
13 little over \$800 million; is that correct?

14 A. No, that's not correct.

15 Q. Okay. Why is that not correct?

16 A. There was an errata filing to that
17 exhibit.

18 Q. Okay. And that errata was filed in
19 November; is that correct?

20 A. I don't remember.

21 Q. Okay. It was filed after the original
22 ESP application was filed.

23 A. That's correct.

24 Q. Okay.

1 MR. SOULES: Can we have this marked
2 Exhibit 3.

3 (EXHIBIT MARKED FOR IDENTIFICATION.)

4 Q. Ms. Savage, you have been passed a
5 document that's been marked as Exhibit 3. This
6 document is entitled Attachment JAR-1, and it was
7 attached to the direct testimony of Jay Ruberto that
8 was filed on August 4, 2014. Are you familiar with
9 this document?

10 A. Yes, I am.

11 Q. Okay. I recognize there is a revised
12 version of this. I am just asking about this
13 original version so. Did you prepare this document?

14 A. Yes, I did.

15 Q. Okay. And did you create these
16 spreadsheets based on the forecast information that
17 Mr. Lisowski had provided?

18 A. I prepared this exhibit with the
19 information provided in Jason Lisowski's attachments
20 to his testimony.

21 Q. Okay. So that's the 15-year forecast
22 information that was attached to his direct testimony
23 in August; is that correct?

24 A. That's correct.

1 Q. Okay. And just -- just so I'm clear, the
2 dollar values that are shown here are in 2015
3 dollars; is that correct?

4 A. That's correct.

5 Q. Okay. In the net present value figures
6 that are shown in this document, those reflected the
7 estimated benefits to the companies over the 15-year
8 term of the proposed transaction; is that correct?

9 A. I'm sorry. Could I correct my prior
10 statement?

11 Q. Yeah.

12 A. The NPV numbers would be given in 2015
13 dollars. The other values would be in nominal
14 dollars.

15 Q. Okay. Could we look at the large table
16 at the bottom of the document. Well, actually it's
17 two-thirds of the document but the bottom of the
18 text. Do you see the line that says --

19 MR. KUTIK: The box that starts in the
20 upper left-hand side as "Total"?

21 MR. SOULES: Correct, yes. Thank you.

22 Q. Do you see the fourth line down where it
23 says "NPV Under (Over) Recovery"?

24 A. I see that.

1 Q. Okay. And then there's a series of
2 numbers that are provided across that row, correct?

3 A. That's correct.

4 Q. And are those numbers in 2015 dollars?

5 MR. KUTIK: Objection, asked and
6 answered.

7 A. Yes. Those are the dollars in 2015
8 dollars.

9 Q. Okay. Great. Did you personally
10 calculate these net present value estimates?

11 A. Yes, using Excel.

12 Q. Okay.

13 MR. KUTIK: May we go off the record?
14 (Discussion off the record.)

15 MR. KUTIK: Back on the record.

16 Q. So, I'm sorry, you say you calculated
17 these net present value figures in Excel, correct?

18 A. That's correct.

19 Q. Okay. And what discount rate did you use
20 in developing the net present value estimate?

21 A. 7.85 percent.

22 Q. Okay. And that's the weighted average
23 cost to capital figure listed in the upper left box?

24 A. That's correct.

1 Q. Okay. Did you personally select that
2 rate?

3 A. Can you rephrase that?

4 Q. Did you -- did you develop that
5 7.85 percent figure?

6 A. The 7.85 is a calculation based on the
7 other assumptions that are shown in that box.

8 Q. Okay. And the return on equity
9 assumption, was that provided by Mr. Staub?

10 A. That's correct.

11 Q. Okay. And who provided the cost of debt
12 assumption?

13 A. That is FES's actual current cost of debt
14 and it was provided to us by Mr. Lisowski.

15 Q. Okay. Great. Thank you. Now, in
16 addition to evaluating the proposed transaction, the
17 EDU team was also responsible for negotiating a term
18 sheet related to the proposed transaction; is that
19 correct?

20 A. That is correct.

21 Q. Okay. And FES had a separate group
22 representing its interests in that negotiation
23 process; is that correct?

24 A. That's correct.

1 Q. Okay. Could we go back to Exhibit 2?

2 MR. KUTIK: You mean Exhibit 1.

3 Q. Exhibit 2. So that's the response to OCC
4 Set 1-INT-19. And could you take a look at -- do you
5 see under part E of the -- of the request where it
6 says "Who from FES (name and job title) negotiated
7 the proposed transaction?"

8 A. Yes, I see that.

9 Q. Okay. And then could you turn to the
10 response to that which is on pages -- starts near the
11 bottom of page 2 and it goes over to page 3. Are
12 these 11 names the members of the FES team that you
13 were negotiating with?

14 MR. KUTIK: Objection.

15 A. Can you rephrase the question?

16 Q. Do you see the list of names under part E
17 of the response?

18 A. Yes, I see the list.

19 Q. Okay. Are the names on that list the
20 members of the FES team?

21 A. Yes.

22 Q. Okay. Apart from the names listed here,
23 do you recall anyone else from FES negotiating on
24 behalf of FES in these negotiations?

1 A. I don't remember.

2 Q. Okay. Now would be helpful to bring up
3 Exhibit 1. All right. Just without referring to
4 anything specifically in the document, were there any
5 provisions of the term sheet that you were involved
6 in negotiating?

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

9 (Record read.)

10 A. I was a member of the team who was tasked
11 with negotiating the term sheet.

12 Q. Okay. Was there a specific part of the
13 term sheet you were responsible for, a certain
14 provision?

15 A. Not specifically.

16 Q. Okay. Do you know -- I'm sorry. Just my
17 memory is failing, you don't know precisely when the
18 term sheet was finalized; that's correct?

19 A. That's correct, I don't know.

20 Q. Do you remember approximately when it was
21 finalized?

22 A. I don't remember.

23 Q. Okay. Can you kind of walk me through
24 how this negotiation process happened. Were there

1 meetings with the FES team?

2 A. Yes, there were meetings.

3 Q. Okay. And did you attend those meetings?

4 A. Yes, I did.

5 Q. Okay. Do you recall how many times the
6 EDU team met with the FES team?

7 A. It was multiple times.

8 Q. Okay. Where were the meetings held?

9 A. Akron.

10 Q. Akron like in this building?

11 A. No, not in this building.

12 Q. Okay. Some other part of Akron?

13 A. Yes.

14 Q. Okay. All right. When the two teams
15 met, was there a given agenda that you -- like how
16 did these meetings unfold? Did you have a --

17 MR. KUTIK: Go ahead.

18 Q. The first time that the EDU team met with
19 the FES team, was there a specific agenda for the
20 meeting?

21 A. I don't remember.

22 Q. Okay. Do you recall what was discussed
23 at the first meeting?

24 A. Generally, yes.

1 Q. Okay. And what was discussed?

2 A. We discussed the proposed term sheet.

3 Q. Okay. Do you recall -- beyond just the
4 fact that you were discussing the proposed term
5 sheet, do you recall anything about the discussions?

6 A. I don't recall.

7 Q. Do you remember any portions of the term
8 sheet being particularly contentious or a subject of
9 greater focus?

10 A. Yes.

11 Q. Okay. Which provisions?

12 A. I remember that the EDU team wanted to be
13 able to dispatch the units. I don't remember where
14 that fits in this term sheet.

15 Q. Okay. That's okay. It's quite a lengthy
16 document. So the EDU team wanted -- I'm sorry. You
17 said for the -- the companies -- can you repeat what
18 you said before?

19 A. The companies wanted to be able to
20 dispatch the units.

21 Q. Okay. And did FES agree with that
22 request to the companies?

23 A. Yes, they did.

24 Q. Okay. Apart from disagreement over who

1 would control the dispatch, do you recall any
2 other --

3 MR. KUTIK: Well, she didn't say it was a
4 disagreement so I'll object. Go ahead.

5 Q. Apart from the discussion regarding the
6 dispatch to the units, do you recall any other
7 provisions being a subject of greater focus?

8 A. I don't remember.

9 Q. Okay.

10 MR. SOULES: Did somebody just join?

11 MR. OLIKER: This is Joe Olikier.

12 MR. SOULES: Hi, Joe.

13 Q. One of the issues the EDU team considered
14 during the process was the length of the proposed
15 transaction; is that correct?

16 A. That's correct.

17 Q. Okay. And the EDU team concluded a
18 15-year term was a reasonable length for the proposed
19 transaction; is that correct?

20 A. That's correct.

21 Q. Okay. As you are probably aware, Jay
22 Ruberto offered some opinions about the term length
23 in his direct testimony. Are you offering any
24 opinions of your own in this proceeding regarding the

1 reasonableness -- reasonableness of a 15-year term?

2 A. Mr. Ruberto is testifying to that.

3 Q. Okay. And you're not offering any
4 opinions on that subject, correct?

5 A. I think 15 years is reasonable.

6 Q. Okay. Why do you think 15 years is
7 reasonable?

8 A. Based on the customer impact analysis
9 shown in Mr. Ruberto's testimony.

10 Q. And which impact specifically are you
11 referring to?

12 A. Attachment JAR-1 Revised.

13 Q. Okay, okay. Anything else?

14 A. No.

15 Q. Okay. Let's assume that the companies
16 entered --

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

18 (Discussion off the record.)

19 MR. KUTIK: Back on the record.

20 Q. So, Ms. Savage, let's assume the
21 companies enter into the purchase power -- enter into
22 a power purchase agreement with FES for a 15-year
23 term and let's assume further that, you know, 4 or 5
24 years from now the plants begin earning more revenues

1 than their costs. In that circumstance are you aware
2 of any provision in the contract that would prevent
3 FES from terminating the agreement prior to May 31,
4 2031?

5 MR. KUTIK: Objection. Can you rephrase
6 that?

7 Q. Can you tell me what is confusing about
8 that?

9 A. I don't know that there is any contract
10 in place.

11 Q. I'm sorry. Any what?

12 A. I don't know that there is any contract
13 in place.

14 Q. Because all there is currently is a term
15 sheet; is that correct?

16 A. Yes.

17 Q. Okay. Are you aware of any requirement
18 in or outside the term sheet that would prevent FES
19 from terminating a 15-year purchase power agreement
20 early?

21 A. I don't remember.

22 Q. Okay. Could we take a quick look at
23 Section 19 of Exhibit 1 which is on page 10. This is
24 entitled "Limitations of Liability." Are you

1 familiar with this provision of the term sheet?

2 A. Not really.

3 Q. No?

4 A. No.

5 Q. Do you recall any discussion of this
6 section of the term sheet in the negotiations?

7 MR. KUTIK: Again, to the extent that you
8 had conversation within the EDU team with counsel, I
9 will instruct you not to answer, not to divulge that
10 information. But if you can answer this question
11 without divulging that information, you can go ahead.

12 A. We reviewed each provision of this. I
13 don't remember specifics about this section.

14 Q. Okay. When you say we reviewed each
15 section of this document, was that -- did that review
16 occur internal to the EDU team, or was this only in
17 the context of the meetings with the FES team?

18 A. Both.

19 Q. Okay. Do you know how many times the EDU
20 team met with the FES team?

21 MR. KUTIK: Objection, asked and
22 answered.

23 A. I don't remember.

24 Q. Okay. In the meeting -- the negotiation

1 meetings with the FES team, did you take any notes?

2 A. Yes.

3 Q. Okay. Just personal notes as to what was
4 going on?

5 MR. KUTIK: Objection.

6 A. I would have taken notes at the request
7 of counsel during this evaluation.

8 Q. I am not asking about the evaluation
9 process right now. I am asking with respect to the
10 negotiation meetings if you were taking notes.

11 MR. KUTIK: Objection, asked and
12 answered.

13 A. Yes, I would have taken some notes.

14 Q. Okay. Did you share those notes with the
15 other members of the EDU team after the meetings?

16 A. I don't remember.

17 Q. Okay. When the EDU team met
18 internally -- I'm sorry. So the EDU team met
19 internally after at least one of these negotiation
20 meetings; is that correct?

21 A. That's correct.

22 Q. Okay. What did the EDU team discuss in
23 that meeting or meetings?

24 A. We would have discussed conversations

1 about the term sheet and what we had discussed in
2 that prior meeting.

3 Q. Okay. Do you recall in the internal EDU
4 team meetings related to the negotiation if there
5 were any parts of the term sheet that were of
6 particular focus?

7 A. I don't remember.

8 Q. Okay. Were there certain members of the
9 EDU team that were in charge of the negotiations that
10 were kind of leading the effort?

11 A. I don't know.

12 Q. Did the EDU team have a formal decision
13 making rule as to how you were going to reach
14 conclusions or make decisions?

15 A. No.

16 Q. Okay. Apart from the in person
17 negotiation meetings with the FES team, did you
18 communicate with the FES team related to the proposed
19 transaction?

20 A. Yes.

21 Q. Okay. And who?

22 A. Sharon Noewer and Karen Sealy.

23 Q. Okay. Were those conversations before or
24 after the negotiations?

1 A. During.

2 Q. Okay. What did you communicate with them
3 about?

4 A. One of the definitions in the term sheet,
5 I don't remember the specifics.

6 Q. Do you remember which definition?

7 A. I don't remember.

8 Q. Okay. Did you exchange e-mails with
9 Ms. Noewer or Ms. Sealy regarding the proposed
10 transaction?

11 A. Yes, there was an e-mail where I provided
12 input on a definition for the term sheet.

13 Q. Okay. Thank you. Do you know who Kelley
14 Mendenhall is?

15 A. Yes.

16 Q. Okay. Have you ever communicated with
17 her about the proposed transaction?

18 A. I have not.

19 Q. Okay. Do you know Donald Moul?

20 A. Yes.

21 Q. Okay. Have you ever communicated with
22 him about the proposed transaction?

23 A. No.

24 Q. Okay. Do you know Donald Schneider?

1 A. Yes.

2 Q. Have you ever communicated with him about
3 the proposed transaction?

4 A. No, I have not.

5 Q. Okay. So let's shift gears a little bit.
6 I would like to talk a little bit more about a few of
7 the topics in your testimony. And on page 2 of your
8 testimony you -- you state that, among other things,
9 the purpose of your testimony is to explain the
10 mechanics and rate design of the proposed retail rate
11 stability provider -- stability rider or rider RRS;
12 is that correct?

13 A. That's correct.

14 Q. Who designed rider RRS?

15 A. I did.

16 Q. You did? Okay. Was anyone else involved
17 in designing it?

18 A. Yes.

19 Q. And who was that?

20 A. I would have discussed this with my
21 management.

22 Q. With Mr. Fanelli?

23 A. Yes, that's correct.

24 Q. Okay. Anyone else besides Mr. Fanelli?

1 A. Yes.

2 Q. And who was that?

3 A. Ms. Mikkelsen.

4 Q. Okay. And beyond the two of them, is
5 there anyone else?

6 A. Legal counsel would have reviewed it.

7 Q. Okay. But anyone else besides legal
8 counsel, Mr. Fanelli, and Ms. Mikkelsen; is that
9 correct?

10 A. I don't remember.

11 Q. Okay. What types of issues were you
12 considering when designing the rider?

13 A. Can you rephrase that?

14 Q. Sure. So when you were putting together
15 the rider, were there certain issues or puzzles that
16 you had to work through in designing it?

17 MR. KUTIK: Objection.

18 A. I'm not sure I understand the question.

19 Q. Can you explain to me what the process
20 that you took to design the rider was.

21 A. I would have considered when the rider
22 should go into effect.

23 Q. Okay. Anything else?

24 A. How often the rider should be changed.

1 Q. Anything else?

2 A. Yes.

3 Q. Okay. And what else did you consider?

4 A. The rate design of the rider.

5 Q. And by rate design, what do you mean?

6 A. I mean how it should be allocated to the
7 companies and then to the rate schedules.

8 Q. Okay. And the rider would apply to all
9 customers on a nonbypassable basis; is that correct?

10 A. That is correct.

11 Q. Okay. Did you consider or did the team
12 working on it consider the possibility of making the
13 rider bypassable for certain classes of customers?

14 A. No.

15 Q. Okay. So from the beginning it was
16 assumed that it was going to be a nonbypassable
17 rider; is that correct?

18 A. That's correct.

19 Q. Okay. Who had to approve the proposed
20 rider before it could be included in the ESP
21 application?

22 A. I don't know.

23 Q. Okay. In your role as a member of the
24 EDU team, did you have discussions with the team

1 about the design of the rider?

2 A. I don't remember.

3 Q. So let's assume for the sake of argument
4 that the companies entered into a PPA with FES, and
5 rider RRS gets approved by the Commission. In that
6 circumstance would the Commission have the authority
7 to review the reasonableness of the costs that would
8 be passed on to the customers through the rider?

9 A. There would be an audit process.

10 Q. Okay, an audit process. And would that
11 audit process consider the reasonableness of the
12 costs being passed along to customers?

13 MR. KUTIK: I'll object to the extent it
14 is beyond the scope of her testimony. She can
15 testify. If she knows, she can answer.

16 A. I don't know.

17 Q. Okay. Does the rider itself include
18 language regarding an audit process?

19 A. I don't remember.

20 Q. Do you know where that -- do you know
21 where the requirement for an audit process can be
22 found?

23 A. I believe I said the companies proposed
24 an audit process. I don't know that I said that it

1 was required.

2 Q. Okay. So the audit process is part of
3 the companies' proposal in this proceeding?

4 A. That's correct.

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

6 (Discussion off the record.)

7 Q. Go back on.

8 Under the -- under the companies'
9 proposed audit process, would the Commission be able
10 to reject costs that it considered to be
11 unreasonable?

12 MR. KUTIK: Same objection as before.

13 A. I don't know.

14 Q. Okay. Do you know how frequently that
15 audit process would occur?

16 MR. KUTIK: Same objection.

17 A. We're proposing a two-tier audit process
18 with one being checking the rider for mathematical
19 errors every time the rider is updated. The other
20 one is more of a period audit.

21 Q. Okay. So you previously worked on ESP
22 III for the companies, correct?

23 A. That's correct.

24 Q. Okay. Are you aware of whether the

1 Commission has ever reviewed the reasonableness of
2 costs under an electric security plan after the ESP
3 had been approved?

4 A. Can you rephrase that?

5 Q. Sure. So under the companies' proposal
6 here, there would be an audit process; is that
7 correct?

8 A. Specific to rider RRS.

9 Q. Oh, right, specific to rider RRS. Are
10 you aware under any prior ESP that has been approved
11 by the Commission whether the Commission has reviewed
12 and rejected costs that it would consider to be
13 unreasonable?

14 A. I know the Commission audits many of our
15 other riders. I don't know the specifics.

16 Q. Okay. When the EDU team was reviewing
17 the proposed transaction, did the team have any
18 discussion about the extent to which the Commission
19 could review the reasonableness of costs that were
20 being passed along from FES?

21 A. Can you repeat that?

22 Q. Did the EDU team have any discussion
23 about whether costs that were being passed along from
24 FES could be reviewed for reasonableness by the

1 Commission?

2 A. I don't remember.

3 Q. Okay. Now, in addition to the rate
4 design -- rider design, you also provided some
5 testimony about estimated customer rates for rider
6 RRS; is that correct?

7 A. That's correct.

8 Q. Okay. And in your original testimony
9 that was submitted last August, you had concluded
10 under the rider a typical residential customer would
11 nominally have received approximately \$360 over the
12 term of the economic stability program; is that
13 correct?

14 MR. KUTIK: You are referring to the 5th
15 page, line 23?

16 MR. SOULES: And page 2, lines 12 to 14.

17 A. That's correct.

18 Q. Okay. And that original \$360 estimate is
19 reflected in Attachment JMS-4 of your testimony; is
20 that correct?

21 A. That is correct.

22 Q. Okay. Now, since that time you've
23 submitted a revised version of JMS-4 which reduces
24 the estimate to about \$343 over the 15-year period;

1 is that correct?

2 A. That's correct.

3 Q. Okay. And that change was prompted by
4 Mr. Ruberto's submittal of a revised version of
5 Attachment JAR-1; is that correct?

6 A. That's correct.

7 Q. Okay. And the revised version of JAR-1
8 reduced the estimated net present value of the
9 proposed transaction by about \$35 million; is that
10 correct?

11 A. That sounds about right.

12 Q. Okay. Do you know why that estimate was
13 reduced by approximately \$35 million?

14 A. I don't know.

15 Q. Okay. But your estimates of customer
16 impacts are essentially tiered to Attachment JAR-1
17 and the figures presented there, correct?

18 A. JAR-1 Revised.

19 Q. Oh, right.

20 A. Yes.

21 Q. So when it was \$360, that was when it was
22 JAR-1 Original and when it was reduced to 343, that
23 was JAR-1 Revised, correct?

24 A. That's correct.

1 Q. Okay. In the projections that are
2 provided at JAR-1 and revised, both original and
3 revised, those are based on the projections that
4 Jason Lisowski provided, correct?

5 A. That's correct.

6 Q. Okay. Are you offering any opinions in
7 this proceeding about the reasonableness about
8 Mr. Lisowski's projections?

9 MR. KUTIK: Objection.

10 A. That's beyond the scope of my testimony.

11 Q. Okay. So is the answer to that question
12 no?

13 MR. KUTIK: Objection, asked and
14 answered.

15 A. That's correct.

16 Q. Okay. Are you offering any opinions in
17 this proceeding about the reasonableness of
18 Mr. Ruberto's forecast in JAR-1 Revised?

19 MR. KUTIK: Objection.

20 A. Can you rephrase that?

21 MR. SOULES: Could we read it back.

22 (Record read.)

23 MR. SOULES: Thank you.

24 MR. KUTIK: And she asked you to rephrase

1 the question.

2 Q. Do you not understand that question?

3 A. I don't understand it.

4 Q. Why? What don't you understand about it?

5 A. I don't understand what you mean by

6 "Mr. Ruberto's" because Mr. Ruberto's source is

7 Mr. Lisowski.

8 Q. Okay. Fair enough. So I think I'm just
9 trying to confirm that the numbers that are presented
10 in JAR-1, that's not something you are offering an
11 opinion about the reasonableness of those numbers; is
12 that correct?

13 MR. KUTIK: I'll object because her
14 direct testimony is what it is. Go ahead.

15 A. I rely on that exhibit to support my
16 testimony.

17 Q. Okay. Are you offering any opinions in
18 this proceeding about the benefits or disadvantages
19 of the economic stability program?

20 MR. KUTIK: May I have the question read,
21 please.

22 (Record read.)

23 MR. KUTIK: Objection. The testimony is
24 what it is.

1 A. I'm testifying to the potential benefit
2 of rider RRS.

3 Q. Are you referring specifically to the
4 \$343 estimate?

5 A. That would be one of them.

6 Q. Okay. What would be the others?

7 A. The other rates shown in my exhibits.

8 Q. Okay. In the attachment to your
9 testimony?

10 A. That's correct, yes.

11 Q. Can you point me to which ones you're
12 referring to?

13 A. The rates shown on JMS-2 Revised.

14 Q. Okay. And the sole basis for these rates
15 were the estimates that are in JAR-1 Revised; is that
16 correct?

17 A. Can you rephrase that?

18 Q. Sure. What is the basis for the benefits
19 that you are identifying in JMS-2 Revised?

20 A. The input for this would be JAR-1
21 Revised.

22 Q. Okay. And is there any other -- apart
23 from that input, is there any other basis for your
24 opinions about the benefits of the economic stability

1 program?

2 A. I believe that's discussed in other
3 people's testimony.

4 Q. Okay. Are you relying on those other
5 people's testimony to support your own opinions in
6 this proceeding?

7 A. Yes.

8 Q. Okay. And whose testimony?

9 A. The testimony of Mr. Ruberto and
10 Mr. Strah.

11 Q. Okay. Anyone else?

12 A. I don't remember.

13 Q. Okay. And with respect to the opinion
14 you are providing here about the benefits of the
15 economic stability program, is that limited just to
16 the rate information in JMS-2 Revised?

17 MR. KUTIK: Objection, asked and
18 answered.

19 A. Can you rephrase that?

20 Q. Sure. So many of the witnesses have
21 offered testimony about what they consider to be the
22 benefits of the economic stability program including
23 Mr. Ruberto, Mr. Strah, and that testimony goes well
24 beyond the rate information in your attachments. I

1 am wondering if you are offering opinions about any
2 of those other issues or just what's in Attachment
3 JMS-2 and the related testimony?

4 MR. KUTIK: Objection.

5 A. My opinions would relate to my testimony
6 and my attachments.

7 Q. Okay. So outside of the four squares of
8 your written testimony and your attachments, you are
9 not offering any opinions related to the benefits of
10 the economic stability program; is that correct?

11 A. That's correct.

12 Q. Okay. When were you first assigned the
13 task of providing testimony in support of the ESP?

14 A. I don't remember.

15 Q. Okay. Who asked you to prepare testimony
16 in support of the ESP application?

17 A. I don't remember.

18 Q. Do you know why you were selected to
19 provide testimony in support of the ESP?

20 A. I don't know.

21 Q. Okay. Do you know when you started
22 working on your testimony?

23 A. I don't remember.

24 Q. Okay. Did you personally draft your

1 entire testimony?

2 A. Yes, I did.

3 Q. Okay. Did anyone assist you with that?

4 A. No.

5 Q. Okay. And with respect to Mr. Ruberto's
6 testimony, you provided some assistance to him with
7 respect to Attachment JAR-1, correct?

8 A. That's correct.

9 Q. Okay. Did you draft any portions of his
10 testimony?

11 A. No.

12 Q. Okay. Was there anything else you did to
13 assist him with his testimony?

14 A. Yes.

15 Q. What assistance did you provide?

16 A. I would have reviewed it, provided either
17 grammar errors or any type of just general comments.

18 Q. Okay. And beyond reviewing his testimony
19 for comments and grammatical errors, was there
20 anything else you assisted him with?

21 A. I don't remember.

22 MR. SOULES: Okay. Could we go off for
23 like 2 minutes?

24 (Discussion off the record.)

1 (EXHIBIT MARKED FOR IDENTIFICATION.)

2 Q. Go back on the record. Ms. Savage, did
3 you provide any assistance to Steven Strah for any
4 portions of his testimony? And you don't need to
5 look at that quite yet.

6 A. Yes.

7 MR. KUTIK: Well, just so the record
8 reflects you handed her a document which purports to
9 be the direct testimony of Steven E. Strah in this
10 case but go ahead.

11 Q. Yeah, I was going to cover that
12 momentarily.

13 So you did provide some assistance to
14 Mr. Strah with his testimony?

15 A. Yes, I did.

16 Q. And what did you do? Actually okay.
17 Strike that.

18 You have been passed a document that's
19 been marked as Exhibit 4. This document includes a
20 few excerpts of the direct testimony of Mr. Strah,
21 the version that was filed on August 4, 2014. In
22 particular these excerpts include the cover sheet,
23 pages 1 and 2 and pages 13 and 15 of his testimony.

24 MR. KUTIK: 13 through 15 of his

1 testimony.

2 MR. SOULES: Did I say 13 and 15?

3 MR. KUTIK: Yes.

4 MR. SOULES: Thank you. 13 through 15.

5 MR. KUTIK: And could we ask the people
6 on the phone to mute their phones?

7 MR. SOULES: Yes. That would be lovely.

8 MR. KUTIK: Among other adjectives but go
9 ahead.

10 Q. Ms. Savage, are you familiar with Figures
11 1 and 2 that are on pages 14 and 15 of this
12 testimony?

13 A. Yes, I am.

14 Q. Okay. Did you prepare these figures?

15 A. I put those together for Mr. Strah.

16 Q. Okay. Did he ask you to prepare these
17 figures for him?

18 A. Yes.

19 Q. Okay. Did you have any follow-up
20 conversations with Mr. Strah about these figures
21 after you provided them?

22 A. Yes.

23 Q. And what did you discuss?

24 A. We would have had conversations with

1 counsel in reviewing his drafts of his testimony and
2 inclusion of these figures.

3 Q. Okay. Did you consider putting these
4 figures in your own testimony?

5 A. No.

6 Q. Okay. Did you assist him with any other
7 portions of his testimony?

8 A. I don't remember.

9 MR. SOULES: Okay. Could we have this
10 marked Exhibit 5 -- or Confidential Exhibit 5,
11 rather.

12 Q. Ms. Savage, you will momentarily be
13 passed a document marked Confidential Exhibit 5.

14 MR. KUTIK: And just so the record would
15 reflect we are not in the confidential section.

16 MR. SOULES: I am quite aware of that.

17 MR. KUTIK: And I want to caution the
18 witness also not to reveal anything about the
19 substance of this document as we are in the public
20 section. Go ahead.

21 (EXHIBIT MARKED FOR IDENTIFICATION.)

22 A. Okay. I have the document.

23 Q. Okay. So Confidential Exhibit 5 is a
24 confidential version of Steven Strah's workpaper that

1 was filed with the ESP application on August 4, 2014.
2 And as noted, we're not going to discuss any of the
3 numbers in this workpaper. I would though like to
4 know if you were the person who prepared this
5 document.

6 A. I did prepare this document.

7 Q. Okay. Who asked you to prepare it?

8 A. Mr. Straub.

9 Q. Okay. What -- and if we begin treading
10 in something that should be saved for a confidential
11 session, please let me know. But what directions did
12 he give you about putting together his workpaper?

13 A. This workpaper is to support the
14 figure -- one of the two figures shown in his
15 testimony.

16 Q. Okay, okay. So that you had to put this
17 together in preparing those figures for him; is that
18 correct?

19 A. Yes, at least one. I am not sure if it's
20 both of the figures but one of them.

21 Q. Okay. Great. Thank you. Did you also
22 prepare the revised version of this workpaper that
23 was filed last fall?

24 A. Yes, I did.

1 Q. Okay. Thank you. We can put that aside.
2 Shifting gears a little bit, did you have any
3 involvement in stipulation -- scratch that.

4 Without treading on anything that's
5 privileged were you involved in developing any part
6 of the stipulation that was filed on December 22,
7 2014?

8 A. I think anything that I would have to say
9 would be privileged.

10 Q. Okay. Fair enough. The estimated
11 customer impacts that you have provided in your
12 testimony, are those affected at all by the
13 stipulation?

14 A. Can you rephrase that?

15 Q. Sure. So, for example, I believe you've
16 testified that over the 15-year period of the
17 proposed transaction customers could expect to
18 receive \$343 on a nominal basis; is that correct?

19 A. That is specific to a typical residential
20 customer.

21 Q. Oh, okay. Yeah, thank you for that
22 clarification. Would that \$343 estimate change at
23 all based upon the proposed stipulation?

24 A. It would not.

1 Q. Okay. Would the customer impacts for any
2 class of customers change based upon the proposed
3 stipulation?

4 MR. KUTIK: Well, just to be clear it
5 isn't a proposed stipulation. It's a stipulation.
6 Go ahead.

7 MR. SOULES: Thank you for the
8 clarification.

9 A. Yes.

10 Q. They would change; is that -- and which
11 classification of customers would see changes to
12 their estimated impacts?

13 A. The nonresidential and nonlighting
14 schedules.

15 Q. Okay. And would they -- would those
16 customers receive greater savings or fewer savings
17 than what they would without the stipulation?

18 A. Can you rephrase that?

19 Q. What -- so the -- what effect would the
20 stipulation have on those classes of customers?

21 A. I don't know that.

22 Q. You just know there would be some impact;
23 is that correct?

24 A. I was speaking relating -- relating to

1 rider RRS.

2 Q. Okay. In -- what with respect to rider
3 RRS? Would that -- would the effect of that rider on
4 some classes of customers change as a result of the
5 stipulation?

6 A. Yes.

7 Q. And would those classes of customers in
8 your opinion receive more savings or less savings
9 than without the stipulation?

10 A. Maybe I misspoke. There will be no
11 change to the savings on a class basis.

12 Q. Will there be changes to savings for
13 certain customers?

14 A. There could be, yes.

15 Q. Okay. And which -- what changes could
16 there be?

17 A. I don't know. It would depend on the
18 individuals' load characteristics.

19 Q. Okay. But it is your understanding
20 residential customers would not be affected at all by
21 the stipulation; is that correct?

22 A. The proposed rate design of rider RRS did
23 not change as a result of the stipulation.

24 Q. Okay. Ms. Savage, you are a shared

1 services employee, correct?

2 A. That's correct.

3 Q. Okay. Does FirstEnergy have a policy
4 regarding the extent to which the regulated side of
5 its business can communicate with the competitive
6 marketing side of its business?

7 MR. KUTIK: Okay.

8 A. Can you rephrase that?

9 Q. Sure. So do you remember earlier we were
10 talking a little bit about how FirstEnergy
11 Corporation has both a regulated side of its business
12 and a competitive marketing side of its business?

13 A. Yes.

14 Q. Okay. Are you aware of there being any
15 policies prohibiting communications between those two
16 sides of the business?

17 A. Yes.

18 Q. Okay. And what is that policy?

19 MR. KUTIK: I'll object.

20 A. There are code of conduct policies.

21 Q. Do you know what they require
22 specifically?

23 A. I don't remember.

24 Q. Okay. Are there any steps that you

1 personally take to comply with that policy?

2 A. Yes.

3 Q. Okay. And what -- what steps do you
4 take?

5 A. I take annual training.

6 Q. And apart from attending an annual
7 training, on a day-to-day basis what steps do you
8 take?

9 A. I have an ID badge so in the event I
10 enter a specific floor on a specific building, it
11 would track where I have been and if I'm -- it could
12 deny my access depending on where I was trying to get
13 into.

14 Q. Okay. Anything else?

15 A. We have shared drives on our computers,
16 and we can't access certain drives depending on our
17 classification.

18 Q. Do you -- so you've done some work for
19 FES in the past, correct?

20 A. From time to time.

21 Q. Yeah. And you regularly do work for the
22 companies, right?

23 A. That's correct.

24 Q. Do you have separate drives regarding the

1 work you do for FES as opposed to the work you do for
2 the companies?

3 A. Yes, there is a separate drive.

4 Q. Okay. And you have access to both, but
5 they don't have access to each other; is that
6 correct?

7 A. That's correct. I have access to both.
8 Not everyone would have access to both.

9 Q. Okay. Do you keep separate physical
10 files for your work on behalf of the FES as opposed
11 to your work on behalf of the companies?

12 A. Can you -- can you rephrase?

13 Q. Sure. Do you have physical files?

14 A. Yes.

15 Q. Okay. Do you keep your files related to
16 FES work physically separated from your files related
17 to work for the companies?

18 A. They would be in different folders.

19 Q. Okay.

20 A. Physical folders.

21 MR. SOULES: Okay. All right. Okay. We
22 have nothing further for the public session.

23 MR. KUTIK: Okay. Let's go off the
24 record for a moment.

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(Discussion off the record.)
(Thereupon, a lunch recess was taken at
12:19 p.m.)

- - -

1 Tuesday Afternoon Session,
2 January 27, 2015.

3 - - -

4 MR. KUTIK: I guess we are back on the
5 record. I guess I will go in the quest -- in the
6 order that folks volunteered off the -- off the
7 record. So, first, Gretchen, do you have questions
8 for the witness?

9 MS. PETRUCCI: Yes. If you cannot hear
10 me, just let me know and I'll speak up louder.

11 MR. KUTIK: Okay. We will.

12 - - -

13 JOANNE M. SAVAGE

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

16 CROSS-EXAMINATION

17 By Ms. Petrucci:

18 Q. Let's turn to page 3, please, of your
19 direct testimony, Ms. Savage.

20 A. Okay. I'm there.

21 Q. The first question and answer involves an
22 updating of rider RRS. Is it intended to be an
23 automatically affected process for the updating of
24 the rider?

1 A. Yes. The rider would go into effect
2 unless the Commission ordered otherwise.

3 Q. Is there a particular timeframe for this
4 automatic process? I understand the two dates you
5 have listed in your answer, but I was wondering if
6 there was something that was intended to be proposed
7 that was different.

8 A. No, nothing different than what's written
9 in my written testimony.

10 Q. Then if we can turn to page 5 of your
11 testimony.

12 A. Okay.

13 Q. Line 6 you indicated that the estimate
14 for rider RRS was based on sales from summer, 2013,
15 data. Is that the only data that was used, demand
16 data that was used, to calculate the estimate?

17 A. Could you rephrase the question?

18 Q. If you look at line 6, you've indicated
19 that the demands are held constant based on summer,
20 2013, data. Does that mean you assumed only summer,
21 2013, data, demand data, for purposes of calculating
22 the estimate for rider RRS?

23 A. The allocation of rider RRS based on the
24 summer, 2013, data.

1 Q. Then what do you mean by the demands were
2 held constant?

3 A. I used that summer, 2013, data for each
4 year of my projections shown in my exhibit.

5 Q. Does that mean that an annual demand data
6 was not used to estimate -- estimate rider RRS
7 throughout the period?

8 MR. KUTIK: Objection.

9 A. Could you rephrase that?

10 Q. Did you use an annualized demand figure
11 for purposes of calculating an estimate of rider RRS
12 throughout the proposed period?

13 MR. KUTIK: Objection, mischaracterizes
14 her testimony.

15 Q. Go ahead and answer.

16 A. The allocations were based on the summer,
17 2013, data.

18 Q. What do you mean by the word "demand"
19 then on line 6?

20 A. The term demand refers to the amount of
21 energy used at a specific point in time.

22 Q. So does that mean that you only used
23 demand figures that you had from summer of 2013 in
24 order to calculate the numbers shown in Attachment

1 JMS-2 Revised?

2 A. The allocation factor shown in that
3 exhibit are based on the summer, 2013, data.

4 Q. Are the annual megawatt-hour sales that
5 are listed in part 2 of Attachment JMS-2 Revised
6 based on summer, 2013, data only?

7 A. No.

8 Q. In the erratas that you submitted you
9 have modified the dollar figures on lines 21 and 23
10 of page 5. One was changed from \$5 to \$4.80, and the
11 other we discussed earlier was 360 to 343. Does that
12 also have a bearing on the \$2 per month figure on
13 line 19?

14 A. No, it does not.

15 Q. Earlier today you indicated that when you
16 were designing RRS, you did not ever consider making
17 it bypassable to certain customers. Do you recall
18 that?

19 A. I recall that conversation.

20 Q. Would you consider making rider RRS
21 bypassable?

22 A. No.

23 Q. I'm sorry. I didn't hear your answer.

24 A. No.

1 Q. Also earlier you indicated, if I recall
2 correctly, that in evaluating the rider the \$343 per
3 month nominal savings as well as your JMS-2 were
4 items that you considered in evaluating the
5 reasonableness of the rider. Have I characterized
6 that correctly?

7 MR. KUTIK: Objection.

8 A. No, that's not correct.

9 Q. Okay. At this point in time is
10 Attachment JMS-2 Revised only including estimates for
11 the residential customers and the lighting customers?

12 A. Yes, that's correct, based on the errata
13 filed pursuant to the stipulation.

14 Q. Are there estimates then for the other
15 customer classes of the impact of rider RRS?

16 A. Yes.

17 Q. And can you point me to them?

18 A. Those are in the supplemental testimony
19 of Ms. Mikkelsen.

20 Q. Okay. And if we can turn to Attachment
21 JMS-4 Revised.

22 A. Okay.

23 Q. In looking at line 1, the estimate for
24 rider RRS, those estimated figures differ from the

1 estimated figures that are contained in lines 4
2 through 7. Can you explain to me why they are
3 different?

4 A. The figures on line -- on line 1 are
5 converted to a planning year basis meaning June
6 through May, whereas, the figures in Section 2 are on
7 a calendar year basis.

8 MR. KUTIK: Let's go off the record for a
9 second.

10 (Discussion off the record.)

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

12 Q. Does the fact that the company plans to
13 update the rider each year have an impact on the
14 difference between the figures in line 1 and those in
15 lines 4 through 7?

16 MR. KUTIK: Objection.

17 A. Can you rephrase that?

18 Q. When making the assumptions to calculate
19 or estimate the rider value in, let's say, 2017, did
20 you include the fact that there could be a revision
21 to the rider in the middle of that year?

22 A. I'm not sure I understand the question.

23 Q. What I am trying to understand is what
24 changes in the second half of the calendar year of

1 2017 that would make the number that you have listed
2 in line 1 for the rider value be different than what
3 you've listed for the year 2017 in line 5.

4 A. The figures in line 1 of Attachment JMS-4
5 Revised come from Attachment JMS-3.

6 Q. I'm sorry. Were you done or?

7 A. Yes, I was done.

8 Q. Okay. I'm sorry. I didn't realize it.
9 If we just look at line 4 for a second, that
10 estimated rider figure is for seven months in 2016,
11 correct?

12 A. That's correct.

13 Q. The -- what I am wondering is when you
14 create -- when you did the estimated rider value for
15 the time period June, 2016, to May, 2017, which is
16 going to be under line 1, did you include that same
17 estimate that's listed in line 4 and then figure out
18 what change would take place after those seven
19 months?

20 MR. KUTIK: Objection.

21 A. The rate calculated in line 1 is based on
22 the respective number of months in that -- each of
23 the calendar years.

24 Q. Is the difference between the numbers in

1 column -- lines 4 through 7 and the numbers listed in
2 line 1 the fact that they involve different months of
3 the year?

4 MR. KUTIK: Asked and answered.
5 Objection.

6 Q. Well, I am not sure I understood so if
7 you could please answer the question again.

8 MR. KUTIK: I am not going to instruct
9 her not to answer. She can tell you what she told
10 you before.

11 A. Figures on line 4 through 19 are for
12 calendar year basis. The figures on -- in line 1
13 would be for a June through May year basis to
14 coincide with when the rider changes.

15 Q. Okay. Let's go ahead and turn to the
16 generation costs reconciliation rider portion of your
17 testimony, page 6 and 7.

18 A. Okay.

19 Q. The modification that you made to your
20 testimony in this area following the December
21 stipulation -- let me start back -- let me go
22 backwards. How does the December stipulation affect
23 generation cost rider, reconciliation rider, rider
24 GCR?

1 A. The percentage they are holding for the
2 bypassability of GCR is changing with the
3 stipulation.

4 Q. Okay. And that's the only change with
5 respect to rider GCR that is involved due to the
6 stipulation, correct?

7 A. That's correct.

8 Q. But there is still the proposal to
9 include language referring to the two consecutive
10 quarters as part of the application.

11 A. Could you rephrase that?

12 Q. The company proposed to modify the tariff
13 language in -- for rider GCR to include a reference
14 to exceeding the threshold for two consecutive
15 quarters and that's not changed at all by the
16 December stipulation, correct?

17 A. With the application -- or at the time of
18 the application, we proposed to change the language
19 of the actual rider itself to reflect the words two
20 consecutive quarters. That's not changing as a
21 result of the stipulation.

22 Q. And with the new percentage moving from
23 the 5 percent to the 10 percent, can you explain how
24 that will -- how the rider then would work for me?

1 A. That's beyond the scope of my testimony.

2 Q. Can you then tell me what the percentage
3 will apply to? What will be the -- what does the
4 10 percent apply to?

5 A. 10 percent of the projected generation
6 expense.

7 Q. Over what time period? Do you know?

8 A. It would vary with each rider
9 calculation.

10 Q. And rider GCR is adjusted how frequently?

11 A. Quarterly.

12 Q. Does that mean then the company will look
13 at the -- at each of the underlying riders on a
14 quarterly basis and calculate the estimated
15 generation expense?

16 A. Can you rephrase that?

17 Q. If rider GCR is adjusted quarterly, does
18 that mean for purposes of the threshold that the
19 companies will calculate the generation expenses on a
20 quarterly basis to evaluate rider GCR?

21 MR. KUTIK: Objection. As part of the
22 rider calculation, the companies will look at the
23 projected generation expense.

24 Q. And will the companies look at that each

1 quarter to determine if the threshold has been met?

2 A. Yes.

3 Q. Is the intention behind this stipulation
4 to change the 5 percent to 10 percent intended to
5 alter what is looked at for purposes of the
6 threshold?

7 A. Can you rephrase that?

8 Q. Is the intention behind the percent to
9 change in the stipulation going to affect what
10 generations are -- expenses are looked at to
11 determine if the threshold has been exceeded?

12 A. No. There will be no change.

13 MS. PETRUCCI: Let me just double-check
14 that I don't have anything else. One moment, please.

15 Q. Let me make sure I'm clear, the proposed
16 10 percent would apply to projected generation
17 expenses. Would it also apply to any amounts that
18 are reconciled as well?

19 A. Can you rephrase that?

20 Q. Rider GCR will be calculated based on
21 certain expenses that took place in the past that
22 weren't previously collected; isn't this correct?

23 A. That's correct.

24 Q. You also stated that there would be

1 projected generation expenses. Are those collected
2 as part of rider GCR?

3 A. Rider GCR collects the difference between
4 the generation costs versus the projected generation
5 expense.

6 Q. So as a result, if the evaluation of the
7 threshold is done, it's only going to be looking at
8 what amounts had not been collected through the
9 generation rider; is that accurate?

10 A. Can you rephrase that?

11 Q. The GCR deferral balance that's referred
12 to in rider GCR, the amounts in that are only amounts
13 that have not been collected previously; is that
14 accurate?

15 A. That's correct.

16 Q. When the -- is the threshold going to be
17 looked at in comparison with the deferral balance for
18 purposes of determining if the threshold has been
19 met?

20 MR. KUTIK: Objection.

21 A. The deferral balance of rider GCR will be
22 compared to the projected generation expense.

23 Q. And if the difference is greater than 10
24 percent, then the company may make the rider

1 nonbypassable; is that correct?

2 A. I wouldn't call it a difference. You are
3 taking the GCR deferral balance, say it's \$5 million,
4 and then dividing by the projected generation
5 expense. So in this example let's say it's
6 100 million so it would be 5 million divided by
7 100 million would give you 5 percent.

8 Q. And over what time period -- it just --
9 it's done each quarter from what you said before but
10 what time period are the projected generation
11 expenses? Are they just at the current level? No,
12 I'm sorry. What time period is the projection for
13 the generation expense?

14 A. It would be the upcoming quarter in the
15 rider calculation.

16 Q. And the deferral balance has to exceed
17 the projected generation expenses by more than 10
18 percent under the stipulation in order for it -- the
19 rider to become nonbypassable; is that correct?

20 MR. KUTIK: Objection.

21 A. Can you rephrase that?

22 Q. The deferral balance has to exceed more
23 than 10 percent of the projected generation expenses
24 for the upcoming quarter in order for the

1 threshold -- in order for rider GCR to become
2 nonbypassable; is that correct?

3 A. No, that's not correct.

4 Q. Okay. Please tell me why.

5 A. It would need to exceed it for two
6 consecutive quarters.

7 Q. Thank you. So when the calculation is
8 done for one quarter and in the very next quarter it
9 again exceeds that 10 percent, then the companies --
10 the particular company would have the ability to make
11 their rider GCR nonbypassable, correct?

12 A. Yes, that's correct.

13 MS. PETRUCCI: Thank you. I have no
14 further questions.

15 MR. KUTIK: Mr. Olikier, you're next.

16 MR. OLIER: Thank you, Mr. Kutik.

17 - - -

18 CROSS-EXAMINATION

19 By Mr. Olikier:

20 Q. Good afternoon, Ms. Savage.

21 A. Good afternoon.

22 Q. Just a few questions for you today. My
23 name is Joe Olikier, and I represent IGS Energy.

24 Earlier you were discussing with counsel for Sierra

1 Club your responsibilities. Am I correct that it
2 wasn't until 2011 that you started representing the
3 Ohio utilities? And by that I mean supporting in
4 regulatory functions.

5 A. Generally that's correct.

6 Q. Did you do any work for the Ohio
7 utilities before 2011?

8 A. From time to time I may have.

9 Q. And let's take this a step at a time, I
10 guess. You mentioned previously with Sierra Club ESP
11 III. Are you familiar with that terminology if I use
12 that?

13 A. Yes, I am.

14 Q. And in that case did you review the
15 testimony of FirstEnergy witnesses?

16 A. Yes.

17 Q. Did you review the testimony of Robert
18 Stoddard?

19 A. I don't remember.

20 Q. Okay. But generally speaking you were
21 involved in the positions crafted by FirstEnergy in
22 that case who testified?

23 A. Can you rephrase that?

24 Q. I guess do you remember which witnesses'

1 testimony you did review in that case?

2 A. I don't remember.

3 Q. Okay. That's fine. Also prior to 2011,
4 there is what is known as ESP II. Are you familiar
5 with that case?

6 A. Yes, I am.

7 Q. And were you involved at all in
8 supporting or drafting testimony for FirstEnergy in
9 that proceeding?

10 A. No, I was not.

11 Q. Did you review after the fact any of the
12 testimony that FirstEnergy submitted in its ESP II
13 case?

14 A. I don't remember.

15 Q. That's fine. Thank you. And are you
16 also familiar with what is known as FirstEnergy's ESP
17 I?

18 A. Yes, I am.

19 Q. And were you involved at any level or any
20 stage of FirstEnergy's participation in that
21 proceeding?

22 A. Can you rephrase that?

23 Q. Sure. Are you aware that FirstEnergy's
24 first electric security plan was filed in the

1 2008-2009 timeframe?

2 A. Yes.

3 Q. And when FirstEnergy filed this case, and
4 I am not asking to reveal any confidence, did you
5 participate in FirstEnergy's preparation of its first
6 ESP case?

7 A. No, I did not.

8 Q. Did you review any of the testimony that
9 FirstEnergy filed in its first ESP case at any time
10 from the time it was filed to now?

11 A. I don't remember.

12 Q. Are you familiar with an individual by
13 the name of Bradley Miller?

14 A. Yes.

15 Q. At any time have you reviewed testimony
16 that Mr. Miller drafted, either an ESP case or any
17 other case?

18 A. I don't remember.

19 Q. Okay. Now, at any point in time in your
20 career have you -- let's break this up in sessions.
21 From 2011 until now, have you supported or
22 participated in any of FirstEnergy's activities at
23 the General Assembly --

24 MR. KUTIK: Objection.

1 Q. -- in Ohio?

2 MR. KUTIK: Objection.

3 A. Can you rephrase that?

4 Q. Sure. Are you aware that from time to
5 time FirstEnergy submits testimony to various
6 committees at the Ohio General Assembly?

7 MR. KUTIK: Objection.

8 A. Can you rephrase that?

9 Q. Can you explain what part of my question
10 you don't understand and maybe I can better help?

11 A. When you say "FirstEnergy," who are you
12 referring to?

13 Q. Sure. Let's -- are you familiar that
14 FirstEnergy and FirstEnergy Solutions from time to
15 time may submit testimony to the Ohio General
16 Assembly?

17 MR. KUTIK: Objection.

18 A. I don't know.

19 Q. So my follow-up to that question is at
20 any time have you supported or participated in any of
21 FirstEnergy or FirstEnergy Solutions' activities with
22 the Ohio General Assembly?

23 A. I don't know.

24 Q. Okay. And from 2011 to the current date,

1 have you supported FirstEnergy Solutions for any of
2 its regulatory activity in Ohio?

3 A. Occasionally.

4 Q. Could you identify which proceedings you
5 supported FirstEnergy Solutions?

6 A. I don't remember.

7 Q. Did you support FirstEnergy Solutions in
8 American Electric Power's second electric security
9 plan?

10 A. Yes.

11 Q. And if you remember that case, there was
12 a stipulation which was ultimately rejected and then
13 there was another hearing after that. Do you
14 remember that?

15 A. I'm aware there were hearings in that
16 case.

17 Q. And did you support FirstEnergy Solutions
18 in both set of hearings in that case?

19 MR. KUTIK: Well, at this point I'll
20 object and instruct the witness if this would require
21 you to reveal information or activities that you
22 undertook at the direction of counsel, I will
23 instruct you not to answer the question or to exclude
24 that information from your answers.

1 A. Can you repeat the question?

2 Q. Sure. I am just trying to determine if
3 you were involved in that case from the beginning to
4 the end.

5 MR. KUTIK: Same instruction.

6 A. I don't remember that.

7 Q. Did you review any of the testimony of
8 FirstEnergy Solutions submitted in that proceeding?

9 MR. KUTIK: Same instruction.

10 A. Can you rephrase that?

11 Q. Did you review any of the testimony that
12 FirstEnergy Solutions submitted in American Electric
13 Power's second electric security plan?

14 MR. KUTIK: Same instruction.

15 A. I would have read the testimony submitted
16 on behalf of FES or a subset of the testimony at some
17 point in time.

18 Q. Did you review Jonathan Lesser's
19 testimony?

20 MR. KUTIK: Same instruction.

21 A. I don't remember.

22 Q. Do you know who Jonathan Lesser is?

23 A. I know the name, yes.

24 Q. Do you know whose testimony you reviewed

1 in AEP's second electric security plan?

2 MR. KUTIK: Same objection.

3 Q. That is FES that we are speaking of.

4 MR. KUTIK: Same instruction.

5 A. I don't remember.

6 Q. Okay. Did you participate in Dayton
7 Power and Light's second electric security plan?

8 MR. KUTIK: Same instruction.

9 A. I don't remember.

10 Q. Are you familiar with the capacity case
11 that AEP Ohio filed?

12 A. I'm aware there was a capacity case.

13 Q. Did you participate in that proceeding
14 for FES?

15 MR. KUTIK: Objection. Can you rephrase
16 that?

17 MR. OLKER: Sure.

18 Q. Did you review any of the testimony that
19 FirstEnergy Solutions filed in AEP Ohio's capacity
20 case?

21 MR. KUTIK: Again, I will instruct you
22 not to reveal any tasks or communications that you
23 had at the direction of counsel or with counsel in
24 anticipation of litigation. If you can answer the

1 question without referring to that information, go
2 ahead. And the question is did you review any
3 testimony.

4 A. I don't remember.

5 Q. Okay. Are you familiar with AEP Ohio's
6 request for corporate separation?

7 A. Not specifically.

8 Q. Okay. Are there any specific regulatory
9 proceedings in Ohio that FirstEnergy Solutions
10 participated in and that you provided support that I
11 have not mentioned?

12 MR. KUTIK: Same instruction.

13 A. I don't remember.

14 Q. Okay. If I could have just one minute,
15 that might be it.

16 Just briefly when you indicated you
17 participated in AEP's electric security plan, what
18 was your role in that proceeding for FirstEnergy
19 Solutions?

20 MR. KUTIK: I will instruct you not to
21 answer that question to the extent it would require
22 you to reveal tasks or information that you were
23 requested by counsel in anticipation of litigation or
24 any communications that you had with counsel. If you

1 can answer without referring to that type of
2 information, you can answer the question.

3 A. Those tasks would have been requested by
4 counsel.

5 MR. OLIKER: I believe those are all the
6 questions I have. Thank you.

7 MR. KUTIK: Okay. Mr. Schuler, you're
8 next.

9 MR. SCHULER: Thank you, Mr. Kutik.

10 - - -

11 CROSS-EXAMINATION

12 By Mr. Schuler:

13 Q. Good afternoon, Ms. Savage. I'm Mike
14 Schuler. I am an attorney with the Office of Ohio
15 Consumers' Counsel. I would like to first turn you
16 to page 2, line 20 of your testimony. Let me know
17 when you're there.

18 A. I'm there.

19 Q. You will see there that you state "Rider
20 RRS will go into effect on a service rendered basis."
21 Do you see that?

22 A. I see that.

23 Q. What do you mean by the phrase "service
24 rendered basis"?

1 A. Meaning all service that occurs after
2 June 1 would receive this charge or credit.

3 Q. Is this as opposed to a bill rendered
4 basis?

5 A. That's correct.

6 Q. Let me take you down to the next line
7 there on line 21. You mentioned that RRS will be on
8 a nonbypassable basis. I think you've discussed this
9 a little bit at length today. I just want to ask you
10 a clarifying question. Would customers under special
11 contracts be able to bypass rider RRS?

12 A. I don't know.

13 Q. Are you aware of any customers that would
14 be able to bypass rider RRS?

15 A. No.

16 Q. And based on the discussions that have
17 taken place earlier today, it sounds like you are
18 familiar with the stipulation that was filed in this
19 case on December 22, 2014?

20 A. Can you rephrase that?

21 Q. Are you familiar with the stipulation
22 that was filed in this case on December 22, 2014?

23 A. I know that a stipulation was filed.

24 Q. Are you familiar with the terms of the

1 stipulation?

2 A. I am not testifying to the terms of the
3 stipulation.

4 Q. But are you familiar with the terms of
5 the stipulation?

6 A. Some.

7 Q. I'm sorry?

8 A. Some I am aware of.

9 Q. Based on your knowledge are you aware of
10 anything in the stipulation that will change whether
11 any customers will be able to bypass rider RRS?

12 A. No.

13 MR. KUTIK: May I ask that anyone other
14 than Mr. Schuler who is on the phone, if you could
15 put your phone on mute. Thank you.

16 Q. Let me take you down one more line, page
17 2, line 22 of your testimony, actually I think it's
18 on line 21, "Rider RRS is designed to be financially
19 neutral to the Companies." Do you see that?

20 A. Yes, I see that.

21 Q. And when you refer to the companies, you
22 are referring to Ohio Edison, Toledo Edison, and The
23 Cleveland Illuminating Company?

24 A. That's correct.

1 Q. What do you mean by the term "financially
2 neutral"?

3 A. The rider is a passthrough of revenues
4 and expenses.

5 Q. Is rider RRS financially neutral to
6 FirstEnergy Solutions?

7 MR. KUTIK: Objection.

8 A. Rider RRS is a rider of the companies.

9 Q. Let me take a step back. When you use
10 the phrase "financially neutral" as you've described
11 it, does that mean that the companies will not earn
12 profit from rider RRS?

13 A. Correct, absent any type of
14 reconciliation balance.

15 Q. Will FirstEnergy Solutions earn profit as
16 a result of rider RRS?

17 MR. KUTIK: Objection, beyond the scope
18 of her testimony.

19 A. I don't know.

20 Q. Will FirstEnergy Corporation -- strike
21 that.

22 Is rider RRS financially neutral to
23 FirstEnergy Corporation?

24 MR. KUTIK: Objection, beyond the scope

1 of her testimony.

2 A. I don't know.

3 Q. This morning I believe you explained that
4 rider RRS will be subject to two different reviews.
5 The first one is every time the rider is updated and
6 a second one on a more periodic basis; is that
7 correct?

8 A. That's correct.

9 Q. If I could turn you to page 3 of your
10 testimony, line 2, you state "Rider RRS will be
11 updated and reconciled on an annual basis." Do you
12 see that?

13 A. I see that.

14 Q. Is that the review -- strike that.

15 Is that the first review you referred to
16 that will happen every time the rider is updated?

17 A. Yes.

18 Q. What is the scope of that review?

19 A. I don't remember.

20 Q. Do you know what will be looked at as
21 part of that review?

22 A. It would be reviewed for mathematical
23 errors.

24 Q. Is that the extent of that review?

1 A. I don't know.

2 Q. What is the scope of the period review
3 that you referred to this morning?

4 A. That's beyond the scope of my testimony.

5 Q. Are you familiar with the period review?

6 A. I'm familiar that another company witness
7 has proposed a period review, and I have read that
8 testimony.

9 Q. What do you understand will be done as
10 part of that period review?

11 MR. KUTIK: Well, I'll object at this
12 point to the extent that she's testified she's relied
13 on someone else. She doesn't have personal knowledge
14 about it. If she knows, she can answer.

15 A. My understanding that's a more detailed
16 review, but I don't know the specifics.

17 Q. When you say more detailed, are you
18 referring -- are you comparing it to the mathematical
19 review we just previously spoke about?

20 A. That's correct.

21 Q. All right. Going down to line 7 on page
22 3, you state that the -- excuse me. You explain how
23 the revenue requirement for RRS will be derived,
24 correct?

1 A. That's correct.

2 Q. And beginning on line 8 you explain that
3 it is, in part, based upon a return on and return of
4 invested capital, correct?

5 A. That's correct.

6 Q. Have the companies proposed any limit on
7 the amount of invested capital?

8 A. I don't know.

9 Q. Has FirstEnergy Solutions committed to
10 any limit on the amount of invested capital?

11 A. I don't know.

12 Q. Will there be any review of the invested
13 capital?

14 MR. KUTIK: Again, I'll object. It's
15 beyond the scope of the witness's testimony.

16 A. I don't remember.

17 Q. Turning back to line 8, page 3 of your
18 testimony, you refer to return on capital. Is that
19 based upon the 11.15 percent return on equity that's
20 been proposed by the companies in this case?

21 A. It would be based upon the 11.15 ROE as
22 well as the return on the debt portion.

23 Q. Excuse me. I didn't hear the last couple
24 of words. As well as the what? I'm sorry.

1 MR. KUTIK: Let's have the answer read.

2 (Record read.)

3 MR. SCHULER: Thank you.

4 Q. Let me drop you down to line 12 and 13 on
5 page 3 of your testimony. You further explain the
6 revenue requirement of RRS will be calculated by
7 explaining the projected costs will be offset by the
8 PJM market revenues; is that correct?

9 A. Could you repeat the line numbers?

10 Q. Oh, I apologize. Line 12 to 13.

11 A. Yes, that's correct.

12 Q. As rider RRS has been proposed in this
13 case, is there any requirement for the companies to
14 sell the capacity of those plants into the PJM
15 capacity market?

16 MR. KUTIK: Objection. Beyond the scope
17 of her testimony.

18 A. I don't know.

19 Q. And as rider RRS has been proposed in
20 this case, is there any requirement to sell the
21 energy of those plants in the PJM energy market?

22 MR. KUTIK: Same objection. Also calls
23 for a legal conclusion.

24 A. I don't know.

1 Q. Let me turn you to page 4, line 6 and 7.
2 You state that "carrying costs will accrue on any
3 over or under collection of Rider RRS," correct?

4 A. That's correct.

5 Q. And the carrying charges will be accrued
6 at 8.48 percent; is that correct as well?

7 A. That's correct.

8 Q. And that is based upon the weighted
9 average cost of capital, correct?

10 A. It's based upon the weighted average
11 costs of capital approved in the companies' last
12 distribution rate case.

13 Q. When was the last rate -- excuse me.
14 Strike that.

15 When was the companies' last base
16 distribution case decided?

17 A. I don't remember the date.

18 Q. Do you have an approximation of the date?

19 MR. KUTIK: I'll object and actually at
20 this point instruct her not to answer. That's -- not
21 to answer. That's a matter of public record. Her
22 knowledge or understanding or recollection of that
23 has absolutely no bearing on this case. Ask your
24 next question, please.

1 MR. SCHULER: All right. We will have to
2 agree to disagree on that, Mr. Kutik, but I can move
3 along.

4 MR. KUTIK: Please do.

5 Q. Is 8 point -- excuse me. Strike that.
6 Is 8.48 percent still an accurate representation of
7 the companies' weighted average cost of capital?

8 A. I don't know.

9 Q. Was it your recommendation to use the
10 weighted average cost of capital for purposes of
11 calculating carrying costs for rider RRS?

12 A. Yes.

13 Q. Why did you recommend using the weighted
14 average cost of capital for purposes of calculating
15 carrying costs?

16 A. Based on what's done in our other riders.

17 Q. What other riders?

18 A. For example, our rider GCR uses this same
19 carrying costs on the over or under collection.

20 Q. Do the companies calculate carrying costs
21 on any other riders at a different level of carrying
22 costs?

23 A. Yes.

24 Q. What level?

1 A. I believe some of the riders are
2 calculated based on a -- the debt cost.

3 Q. What riders are calculated at the cost of
4 debt for purposes of carrying charges?

5 A. I don't remember.

6 Q. Would there be less carrying charges on
7 rider RRS if the cost of debt was used as opposed to
8 weighted average cost of capital?

9 MR. KUTIK: Objection.

10 A. It would depend on how the cost of debt
11 compares to the 8.48 which I proposed.

12 Q. What is the companies' cost of debt?

13 A. I don't believe that's public
14 information.

15 Q. Why did you recommend using the weighted
16 average cost of capital instead of the cost of debt
17 for purposes of accruing carrying charges on rider
18 RRS?

19 A. Based on my review of this rider, and my
20 familiarity with rider GCR, I thought that 8.48 would
21 be appropriate.

22 Q. You reference GCR. Why do you believe
23 comparing to rider GCR is more appropriate than
24 comparing to the other riders that you said are at

1 the carrying costs of the costs of debt?

2 A. I don't remember.

3 Q. Line 4, page -- excuse me. Page 4, line
4 15 of your testimony, actually beginning on line 14,
5 you state that "The demand value used in allocation
6 will be the average of the four monthly coincident
7 peaks." Do you see that?

8 A. I see that.

9 Q. And those four monthly coincident peaks
10 are for the month of June through September of the
11 prior year, correct?

12 A. That's correct.

13 Q. Did the companies consider a five-month
14 coincident peak -- excuse me, coincident demand peak
15 including the month of May?

16 A. No.

17 Q. Why not?

18 A. We recommended the four monthly
19 coincident peaks to be consistent with our rider GEN.

20 Q. The first -- strike that.

21 Do the companies have any other riders
22 that consider a five-month coincident demand peak?

23 A. I don't remember.

24 Q. Who made the decision to use an average

1 of the four-month coincident peak?

2 A. I made that proposal.

3 Q. Did you discuss that proposal with anyone
4 else?

5 A. It would have been reviewed by my
6 management.

7 Q. If I remember correctly from this
8 morning, your management would be Mr. Fanelli?

9 A. Mr. Fanelli is my manager, yes.

10 Q. Are you referring to anyone else when you
11 say "my management"?

12 A. Yes.

13 Q. Who else are you referring to?

14 A. My director.

15 Q. And excuse me if you said this earlier
16 this morning but your director is who?

17 A. Ms. Mikkelsen.

18 Q. Is there anyone else you discussed the
19 decision to use a four-month coincident peak?

20 A. I don't remember.

21 Q. Would using an average of a five-month
22 coincident peak change the rate design?

23 A. I haven't done that analysis.

24 Q. Are you able to answer that question

1 without an analysis?

2 A. No, I am not able to answer that.

3 Q. Why is rider RRS based on demand and not
4 on customer usage?

5 MR. KUTIK: Objection.

6 A. Can you rephrase that?

7 Q. Sure. On page 4 at line 14, you state
8 that "The demand values used in the allocation will
9 be the average of the four monthly coincident peaks,"
10 correct?

11 A. That's correct.

12 Q. And you are referring to the allocation
13 of rider RRS, correct?

14 A. That's correct.

15 Q. Why is the allocation based on demand
16 values as opposed to usage values?

17 A. To line up with the principles of cost
18 causation.

19 Q. Can you explain what you mean by that,
20 please?

21 A. Rider RRS relates to generation so,
22 therefore, it made sense to line it up with the --
23 the rate design of rider GEN.

24 Q. Who made that decision?

1 A. That was my proposal.

2 Q. At any time did you calculate rider RRS
3 based on usage as opposed to demand?

4 A. Can you rephrase that?

5 Q. Is there a certain portion of the
6 question you are not understanding to help me
7 rephrase that for you?

8 A. Yes. When you say "usage," can you
9 specify? You are just talking about the allocation?

10 Q. Yes, excuse me. That was what I was
11 referring to. I apologize.

12 A. I can't answer that question because it
13 would be based on conversations with counsel.

14 Q. I believe you testified earlier that
15 Attachment JMS-2 Revised was based upon information
16 you received from Witness Ruberto; is that correct?

17 A. That's correct.

18 Q. Did you independently verify the
19 information that you received from Mr. Ruberto?

20 A. Can you rephrase that?

21 Q. Sure. Attachment JMS-2 is based upon --
22 excuse me, Attachment JMS-2 Revised is based upon
23 information set forth in JAR Attachment 1, correct?

24 A. JAR Attachment 1 Revised.

1 Q. Thank you, yes. And in Attachment JAR-1
2 Revised, Mr. Ruberto set forth projected market
3 revenues and projected market -- excuse me, projected
4 costs, correct?

5 A. That's correct.

6 Q. Did you verify his projections for market
7 revenue and costs?

8 A. I verified that they were consistent with
9 the other witnesses' testimony.

10 Q. Did you do any projections of your own?

11 A. I did not.

12 Q. Now, Ms. Savage, I am almost finished up.
13 I am almost finished here. I wanted to touch on
14 something you began talking about to Ms. Petrucci a
15 little bit ago. On page 5 of your testimony, lines 5
16 to 6, you said "For simplicity, I have assumed total
17 sales remain constant at 2013 levels for 2016-2031,"
18 correct?

19 A. Yes, that's what the testimony says.

20 Q. Do you have reason to believe that the
21 total sales will remain at the 2013 level through
22 2031?

23 MR. KUTIK: Objection.

24 A. Can you rephrase that?

1 Q. What part of the question are you not
2 understanding?

3 A. I believe my testimony states that's what
4 I've assumed for simplicity. I don't believe I
5 testified to sales will actually remain at 2013
6 levels.

7 Q. And that was my question is do you have
8 reason to believe that they will actually be -- that
9 the total sales will actually be at the 2013 level
10 through 2031. And your answer is, no, they would
11 not?

12 A. Based on my belief, I believe sales will
13 be relatively flat.

14 Q. What do you mean by "sales will be
15 relatively flat"?

16 A. Meaning based on 2013 levels and looking
17 at a few years prior and even 2014 actuals, sales
18 haven't -- haven't changed a lot.

19 Q. Do you have experience in projecting
20 sales?

21 A. I do not.

22 Q. Do you have experience in projecting
23 demand?

24 A. I do not.

1 Q. And in the same context that I asked
2 about total sales, you do not have reason to believe
3 that the total demand for 2016 through 2031 will be
4 the same as in the summer of 2013, correct?

5 MR. KUTIK: Objection.

6 A. For purposes of my exhibit, I held both
7 sales and demand constant.

8 Q. Yes. And my question is with respect to
9 demand, you do not believe that the demand will
10 actually remain constant through 2031, do you?

11 A. I don't believe it would be exactly the
12 same each year.

13 Q. If the total sales or the demand are
14 different than 2013, that will impact your projected
15 costs accordingly, correct?

16 A. Can you rephrase that?

17 Q. Sure. Attachment JMS-2 Revised sets
18 forth projected costs of rider RRS, correct? Excuse
19 me. Let me rephrase.

20 Attachment JMS-2 Revised sets forth the
21 estimated rider RRS rate, correct?

22 A. That's correct, yes.

23 Q. And those numbers were based upon an
24 assumption that the total sales remain constant at

1 the 2013 levels and the demand are also held constant
2 at the summer of 2013 data, correct?

3 A. That's correct.

4 Q. So if the actual total sales -- or actual
5 demands are different than 2013, that will affect
6 your projections set forth in Attachment JMS 2
7 Revised, correct?

8 A. Yes. Mathematically the numbers would
9 change.

10 Q. Did the companies ever consider using a
11 five-year average of total sales as opposed to the
12 2013 levels?

13 MR. KUTIK: Objection.

14 A. Can you rephrase that?

15 Q. Sure. You use -- as we have been
16 discussing, you assumed that the total sales will
17 remain constant through 2013, correct?

18 A. Yes.

19 Q. At any time did you consider assuming the
20 five-year average of sales as opposed to the 2013
21 levels?

22 A. No, I did not.

23 Q. Why did you not consider that?

24 MR. KUTIK: Objection.

1 A. I never thought to do that.

2 Q. And similarly with respect to demand, at
3 any time did you consider a five-year average for
4 purposes of projecting costs going forward?

5 A. I did not.

6 Q. Why did you not make that consideration
7 with respect to demand?

8 MR. KUTIK: Objection.

9 A. I think it made sense to use the most
10 recent actual data we had rather than use an average
11 of older data.

12 Q. Can you explain why you believe that
13 makes more sense?

14 A. Because it's more recent.

15 Q. On Attachment JMS-4 Revised, this is the
16 estimated bill impacts for residential customers,
17 correct?

18 A. It's the estimated bill impact to an
19 average standard residential customer from rider RRS.

20 Q. Yes, thank you. On part 2 column B for
21 monthly kilowatt-hours you assumed 750
22 kilowatt-hours, correct?

23 A. That's correct.

24 Q. Why did you use 750 kilowatt-hours?

1 A. It's in the range of what an average
2 customer would consume on a monthly basis.

3 Q. When you use the term "range," what would
4 be the range that you are referring to?

5 A. Nothing specific, just that 750 is often
6 what we use for a typical residential customer.

7 Q. Do you base that on any specific studies
8 or statistic?

9 MR. KUTIK: Objection.

10 A. It's based on historical data.

11 Q. What years would that historical data
12 pertain to?

13 A. I don't know that.

14 MR. SCHULER: If you can give me 1
15 minute, I actually may be finished up here.

16 MR. KUTIK: Why don't we go off the
17 record while he's thinking.

18 (Off the record.)

19 MR. SCHULER: Ms. Savage, I have no
20 further questions for you. Thank you for your time
21 this afternoon.

22 MR. KUTIK: Okay. We have been going at
23 it for an hour and a half now. Before Ms. Hussey
24 asks whatever questions she has, let's take a break.

1 So we will go off the record at this point.

2 (Recess taken.)

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

4 Ms. Hussey, it's your turn.

5 MS. HUSSEY: Okay. Thank you.

6 - - -

7 CROSS-EXAMINATION

8 By Ms. Hussey:

9 Q. Good afternoon, Ms. Savage. My name is
10 Rebecca Hussey, and I am here on behalf of the Ohio
11 Manufacturers' Association Energy Group today. If I
12 could get you to turn your attention to JMS-2 Revised
13 and skip down to Section 2 entitled "Estimated Rider
14 RRS Rates."

15 A. Okay.

16 Q. Column 4 of that section entitled
17 "Allocation Factor." Could you tell me, did you
18 calculate those factors yourself?

19 A. Yes, I did.

20 Q. Okay. Could you tell me how those
21 factors are derived?

22 A. Yes. The template for how those are
23 derived is on Attachment JMS-1, page 2 of 2.

24 Q. Okay. Thank you. I believe we

1 established earlier that you are familiar with the
2 stipulation filed on December 22, 2014, in this case;
3 is that correct?

4 A. I'm familiar with there was a stipulation
5 and some aspects of it.

6 Q. Okay. What is your understanding of the
7 effect of the stipulation on rider RRS?

8 A. There was a proposal to change the rate
9 design for rates GS, GP, GSU, and GT.

10 Q. Okay. And is it your testimony then the
11 costs and credits will be allocated to the rate
12 schedules generally as described in the companies'
13 application? So it will be recovered from customers
14 on rates GS, GT, GSU, and GT based on those
15 customers' billing demand rather than energy
16 consumed?

17 A. There's no change to the allocation to
18 the rate schedules as proposed in the companies'
19 application. And, yes, I agree that the rates will
20 be charged on a demand basis to rates GS, GP, GSU,
21 and GT.

22 Q. Okay. Certain portions of your written
23 testimony were either revised or stricken after the
24 stipulation was filed, correct?

1 A. That's correct.

2 Q. If I could get you to turn your attention
3 back to Attachment JMS-2 Revised. It's my
4 understanding the number of the lines in the
5 estimated rider rate section have been excised from
6 that section; is that correct?

7 A. Could you repeat that?

8 Q. Sure. A certain number of lines because
9 of the stipulation in that section have been taken
10 out of that section or had a line drawn through them
11 or deleted or stricken?

12 A. That's correct.

13 Q. Okay. And so we're talking about the
14 figures provided for rates GS, GP, GSU, and GC,
15 correct?

16 MR. KUTIK: Could you repeat that,
17 please, or could we have it read, please?

18 (Record read.)

19 MR. KUTIK: The last one should be GT.
20 Is that what you meant to say?

21 MS. HUSSEY: Yes, I'm sorry. I thought I
22 did.

23 A. Those lines have been stricken.

24 Q. Okay. Thank you. And you mentioned

1 earlier Ms. Mikkelsen's supplemental testimony of her
2 estimated rider RRS rates or those schedules that are
3 the result of the stipulation; is that correct?

4 A. That's correct. Ms. Mikkelsen would now
5 be sponsoring those rates.

6 Q. Okay. So then is it true that you're not
7 offering any testimony on estimated rider RRS rates
8 for rate schedules GS, GP, GSU, and GT as a result of
9 the stipulation?

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

12 (Record read.)

13 A. That's correct.

14 Q. Okay. Let's turn briefly to
15 reconciliation rider RRS. Were you responsible for
16 determining how often rider RRS will be updated and
17 reconciled?

18 A. Yes.

19 Q. Okay. It's my understanding that it will
20 be updated and reconciled on an annual basis,
21 correct?

22 A. That's correct.

23 Q. And why did you decide on an annual basis
24 for update and reconciliation of rider RRS?

1 A. One of the reasons was to line it up with
2 a PJM year which starts in June and ends in May.

3 Q. Okay. Was there any other reasons?

4 A. In addition, capacity prices are set by
5 auctions and those change each year so, again, it
6 made sense to line up the rider change with the
7 change in the PJM capacity price changes.

8 Q. Okay. And are there any other reasons
9 that you decided on an annual reconciliation period?

10 A. I don't remember.

11 Q. Okay. And would the same be true for an
12 annual update period?

13 MR. KUTIK: Objection.

14 A. Can you rephrase that?

15 Q. Sure. And I asked you about
16 reconciliation on an annual basis. Would the same be
17 true for the update of rider RRS?

18 MR. KUTIK: Objection.

19 A. I believe I was answering the questions
20 in regards to the update of rider RRS.

21 Q. Okay. So when you said update -- when we
22 talked about updating and reconciling, we're talking
23 about the same thing?

24 A. Not necessarily.

1 Q. Okay. And what did you -- what's your
2 understanding of updating versus reconciling rider
3 RRS?

4 A. On a monthly basis on the companies'
5 books we will look at the monthly revenues versus
6 costs and that would be -- that reconciliation would
7 be tracked monthly.

8 Q. Okay. And in terms of updating though,
9 formally updating, we're talking about only the
10 annual update; is that correct?

11 A. Yes, the rider would change annually.

12 Q. Okay. But it would be in a way
13 reconciled on the companies' books monthly?

14 A. It would be tracked monthly.

15 MS. HUSSEY: Okay, tracked. All right.
16 Thank you. Those are my questions for the day.

17 MR. KUTIK: Thank you.

18 At this stage of the deposition we will
19 indicate since we are on the end of the public
20 session that we will read the transcript.

21 It is a quarter after. Why don't we give
22 ourselves about 3 or 4 minutes and we will come back
23 in about 4 or 5 minutes on the confidential session
24 of that number.

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MR. SOULES: Sounds good.

MR. KUTIK: Thank you, everyone.

(Recess taken.)

(Confidential portion excerpted.)

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State of Ohio :
County of Summit : SS:

I, Joanne M. Savage, do hereby certify that I have read the foregoing transcript of my deposition given on Tuesday, January 27, 2015; that together with the correction page attached hereto noting changes in form or substance, if any, it is true and correct.

Joanne M. Savage
Joanne M. Savage

I do hereby certify that the foregoing transcript of the deposition of Joanne M. Savage was submitted to the witness for reading and signing; that after she had stated to the undersigned Notary Public that she had read and examined her deposition, she signed the same in my presence on the 9th day of February, 2015.

Nancy E. Davis
Notary Public

My commission expires 2-8, 2016.

- - -

ERRATA SHEET

Please do not write on the transcript. Any changes in form or substance you desire to make should be entered upon this sheet.

TO THE REPORTER:

I have read the entire transcript of my deposition taken on the 27th day of January, 2015, or the same has been read to me. I request that the following changes be entered upon the record for the reasons indicated. I have signed my name to the signature page and authorize you to attach the same to the original transcript.

Page	Line	Change	Reason
63	6	"date" should be "data"	transcription error
70	8	"cost" should be "costs,"	transcription error
74	13	"based" should be "base"	transcription error
74	14	"based" should be "base"	transcription error
83	23	"to" should be "of"	transcription error
91	5	After objection, should be A. by witness Savage	transcription error
100	20	"period" should be "periodic"	transcription error
113	8	"Straub" should be "Strah"	transcription error
130	21	After objection, should be A. by witness Savage	transcription error
148	2	"period" should be "periodic"	transcription error
148	5	"period" should be "periodic"	transcription error
148	7	"period" should be "periodic"	transcription error
148	10	"period" should be "periodic"	transcription error

Date: 2/4/15 Signature: Joanne M. Savage

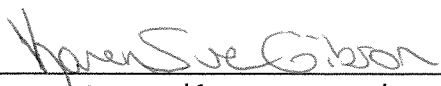
1 CERTIFICATE

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 Joanne M. Savage 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 30th 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 30th day of January, 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-5994)

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

Summary: Deposition (Public) of Joanne M. Savage electronically filed by Mr. Tony G. Mendoza on behalf of Sierra Club