

IN THE PUBLIC UTILITIES COMMISSION OF OHIO

- - -

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

- - -

DEPOSITION

of Steven E. Strah, taken before me, Carolyn D. Ross,
Registered Professional Reporter, and a Notary Public
in and for the State of Ohio, at the offices of
FirstEnergy Corporation, 76 South Main Street, Akron,
Ohio, on Friday, January 30, 2015, at 8:36 a.m.

- - -

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ALSO PRESENT:

Mr. Kevin Murray (via speakerphone),
Mr. Hisham Choueiki (via speakerphone).

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STRAH DEPOSITION EXHIBITS

IDENTIFIED

1 - State of Connecticut, Dept. of Public Utility Control, Docket No. 05-07-14PH02 Draft Decision	42
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1 Friday Morning Session,
2 January 30, 2015.

3 - - -

4 MR. MENDOZA: Good morning, Mr. Strah.

5 THE WITNESS: Good morning.

6 MR. MENDOZA: I'm Tony Mendoza, and I
7 represent Sierra Club in this proceeding. Could you
8 please --

9 MR. SOULES: Were we going to do
10 appearances before?

11 MR. LANG: Yeah. I didn't -- was he
12 sworn in? Why don't we swear the witness in first.

13 (Witness placed under oath.)

14 MR. LANG: And we'll take appearances.
15 Jim Lang representing the companies, also here with
16 Carrie Dunn.

17 MR. MENDOZA: And Tony Mendoza for
18 Sierra Club.

19 MR. SOULES: Michael Soules representing
20 Sierra Club.

21 MR. LANG: If we can get appearances
22 from the folks on the phone, please.

23 MR. PETRICOFF: This is Howard
24 Petricoff, and I'm here on behalf of the Retail

1 Energy Supply Association, the Electric Power Supply
2 Association, and the P-3 Group.

3 MR. OLIKER: This is Joe Olikar on
4 behalf of IGS Energy.

5 MR. DARR: Frank Darr on behalf of
6 Industrial Energy Users of Ohio.

7 MS. FLEISHER: Madeline Fleisher for the
8 Environmental Law & Policy Center.

9 MS. MOONEY: Colleen Mooney with Ohio
10 Partners for Affordable Energy.

11 MS. HUSSEY: Rebecca Hussey with Ohio
12 Manufacturers Association Energy Group.

13 MR. BORCHERS: Dylan Borchers, Northeast
14 Ohio Public Energy Council.

15 MS. BOJKO: Kim Bojko, also with the
16 OMA.

17 MR. CHOUYEIKI: Good morning. This is
18 Hisham Choueiki, Ohio PUC staff.

19 MR. LANG: All right. Sounds like we
20 have everyone.

21 MR. MENDOZA: Thank you, Jim.

22 MR. LANG: Why don't you go ahead.

23 - - -
24

1 STEVEN E. STRAH,
2 being by me first duly sworn, as hereinafter
3 certified, deposes and says as follows:

4 CROSS-EXAMINATION

5 BY MR. MENDOZA:

6 Q. Good morning again.

7 A. Good morning.

8 Q. As I said earlier, my name is Tony
9 Mendoza, and I represent the Sierra Club in this
10 proceeding.

11 Could you please state your full name
12 for the record?

13 A. Steven E. Strah.

14 Q. And what is your business address,
15 Mr. Strah?

16 A. It's 76 South Main Street, Akron, Ohio.

17 Q. Okay. And in order to speed things up
18 as we go along, I'd like to set up two definitions
19 that we can work with as we go. If I refer to the
20 Ohio Edison Company, The Cleveland Electric
21 Illuminating Company, and The Toledo Edison Company
22 collectively as the companies, will you understand
23 what I mean?

24 A. Yes.

1 Q. And similarly, if I refer to FirstEnergy
2 Solutions Corporation as FES, will you understand
3 what I mean?

4 A. Yes.

5 Q. Okay. Thank you, Mr. Strah.

6 And I'd just like to ask you a couple
7 questions about your previous employment experience.
8 You previously served as president of Jersey Central
9 Power & Light Company; is that correct?

10 A. No.

11 Q. Could you tell me what position you held
12 with the Jersey Central Power & Light Company,
13 please?

14 A. I was regional president of the northern
15 region of Jersey Central Power & Light.

16 Q. Okay. Where is the northern region
17 based?

18 A. Morristown, New Jersey.

19 Q. Okay. And what were the years that you
20 served as regional president of Jersey Central
21 Power & Light?

22 A. From October 2001 to March of 2006.

23 Q. Okay. And during those years that you
24 were president -- regional president, did Jersey

1 Central Power & Light own generation assets?

2 A. No.

3 Q. And so then how did Jersey Central
4 Power & Light serve its load during those years?

5 A. Through a generation auction process.

6 Q. And without focusing on the details,
7 would you say that is broadly similar to the SSO
8 process in Ohio?

9 A. Could you rephrase the question?

10 Q. You know, we won't have to focus on that
11 one.

12 During those years, what percentage of
13 the mix of generation served your customers of --
14 excuse me. Strike that, please.

15 During those years that you were
16 regional president, what was the mix of generation --
17 what -- excuse me. Can I strike that again.

18 During those years that you were
19 regional president, what percentage of the mix of
20 generation that served your customers was coal-fired?

21 A. I don't know.

22 Q. Do you know if it was less than 25
23 percent?

24 A. No.

1 Q. Okay. At the time you submitted your
2 direct testimony in August 2014 in this proceeding,
3 you were vice-president, district -- Distribution
4 Support for FirstEnergy Service Company; is that
5 correct?

6 A. Yes.

7 Q. Okay. And is that still your position
8 through the end of this month?

9 A. Yes.

10 Q. Okay. And as VP for Distribution
11 Support, have you provided support for the companies?

12 A. Yes.

13 Q. And what type of support did you provide
14 generally speaking?

15 A. Technical and support services for the
16 utilities.

17 Q. And what are technical services?

18 A. It's a set of services and a level of
19 expertise that helps us serve customers in the
20 companies.

21 Q. Okay. Thank you. Have you -- in the --
22 as your role as VP for Distribution Support, have you
23 provided advice on business decisions for the
24 companies?

1 A. Could you rephrase the question, please?

2 Q. Sure. Have you provided advice on
3 business decisions for the companies?

4 A. Could you rephrase the question?

5 Q. Could you tell me which part you were
6 having trouble with of the question, please?

7 A. I believe "business decisions" is
8 broadly spoken here in your question.

9 Q. And I just mean that in a broad sense.
10 Did you -- would you from time to time -- would
11 people within any of the three companies contact you
12 asking for your input or advice on decisions about
13 how those companies operate their business?

14 A. Yes.

15 Q. Okay. And as VP for Distribution
16 Support, have you provided support for FES?

17 A. No.

18 Q. Okay. And as VP for Distribution
19 Support, are you a shared services employee?

20 A. No.

21 Q. Okay. And what is -- and I understand
22 you were recently promoted; is that correct?

23 A. Yes.

24 Q. Okay. And what -- and what is your new

1 position? What is the title of your new position?

2 A. The title is senior vice-president and
3 president of FE Utilities -- FirstEnergy Utilities.

4 Q. And does that mean that you are
5 president of FirstEnergy Utilities, not just in Ohio,
6 but also in other states?

7 A. Could you rephrase your question?

8 Q. I think we can just move on.

9 And when does your promotion to senior
10 vice-president become effective?

11 A. February 1st, 2015.

12 Q. And this senior vice-president position
13 is with FirstEnergy Corporation; is that right?

14 A. Yes.

15 Q. And as senior vice-president, what will
16 your responsibilities be?

17 A. I'll have responsibility for all of
18 FirstEnergy's utility operations, transmission,
19 customer service, and energy efficiency.

20 Q. And who will you report to?

21 A. Charles Jones.

22 Q. And his position is chief executive
23 officer; is that correct?

24 A. He is CEO and president of FirstEnergy

1 Corporation.

2 Q. Okay. Thank you. And in this new
3 position, will you continue to provide support for
4 the companies?

5 A. Yes.

6 Q. And in this new position, will you
7 provide support for FES?

8 A. No.

9 Q. And then let's switch gears a little
10 bit.

11 Are you familiar with the proposed
12 agreement under which FES would sell its capacity,
13 energy, and ancillary services from certain
14 generation units to the companies?

15 A. Could you repeat the question, please?

16 Q. I'd be happy to.

17 Are you familiar with the proposed
18 agreement under which FES would sell its capacity,
19 energy, and ancillary services from certain
20 generation units to the Ohio companies -- excuse me,
21 to the companies?

22 A. Could you rephrase the question?

23 Q. Sure. Are you familiar with the
24 proposed agreement under which FES would sell its

1 capacity, energy, and ancillary services from certain
2 generation units to the companies?

3 A. Yes.

4 Q. And the -- and the generating assets
5 that are the subject of that proposed agreement are
6 the Sammis plant, the Davis-Besse plant, and FES's
7 share of the OVEC plants; is that correct?

8 A. Yes.

9 Q. And if I refer to the proposed agreement
10 as the proposed transaction, will you understand what
11 I mean today?

12 A. Yes.

13 Q. When did you first learn about the
14 proposed transaction?

15 MS. DUNN: Can you please go on mute?

16 THE WITNESS: May of 2014.

17 BY MR. MENDOZA:

18 Q. And how did you hear about the proposed
19 transaction?

20 A. Through a discussion with James Haney.

21 Q. And who is James Haney?

22 A. James Haney is vice-president of
23 Compliance and Regulatory Services.

24 Q. With which entity?

1 A. Could you rephrase your question,
2 please?

3 Q. We've been discussing a few different
4 FirstEnergy entities; FirstEnergy Corporation, FES,
5 the companies. And I'm wondering which of those, if
6 any, or -- employs Mr. Haney.

7 A. Jim is an employee of the FirstEnergy
8 Services Corporation.

9 Q. Okay. Thank you. And what -- in May --
10 in May 2014 when Mr. Haney spoke to you about the
11 proposed transaction -- or, scratch that.

12 In May 2014 when you learned of the
13 proposed transaction from Mr. Haney, what did he say?

14 A. He indicated that FES had approached the
15 companies with an idea for a proposed transaction.

16 Q. Okay. And from speaking with Mr. Haney
17 or otherwise, do you have an understanding of why FES
18 has offered -- offered to enter into the proposed
19 transaction with the companies?

20 MR. LANG: Objection to form.

21 THE WITNESS: No.

22 BY MR. MENDOZA:

23 Q. Okay. When you first heard about the
24 proposed transaction, were you given any details

1 about which plants this transaction might include?

2 A. No.

3 Q. And when you first heard about the
4 proposed transaction, were you given any details
5 about the likely term of years for the proposed
6 transaction?

7 A. No.

8 Q. Okay. Switching gears a little bit,
9 let's turn to Page 2 of your written testimony,
10 Mr. Strah.

11 On Lines 9 through 11, do you see where
12 it states, "This will offset the market-based retail
13 prices that are projected to increase through this
14 period and thus will stabilize retail electric rates
15 for all customers"? Do you see where it states that?

16 A. Yes.

17 Q. Okay. And the period you're referring
18 to here is the 15-year period starting on June 1st,
19 2016; is that correct?

20 A. Yes.

21 Q. And what is the basis of your opinion
22 that such prices are projected to increase?

23 A. Could you repeat the question?

24 Q. I'd be happy to.

1 What is the basis -- you know, looking
2 at your statement at Lines 9 through 11 on this page,
3 what is the basis for your opinion that such prices
4 are projected to increase?

5 A. It was based on a forecast.

6 Q. And did you produce that forecast
7 yourself?

8 A. No.

9 Q. Who provided you with that forecast?

10 A. Witness Rose.

11 Q. And are you offering any opinion on the
12 reasonableness of Mr. Rose's energy price forecasts?

13 A. Could you rephrase your question?

14 Q. Do you have an opinion on whether
15 Mr. Rose's energy price forecasts are or are not
16 reasonable?

17 A. Yes.

18 Q. And what is your opinion of Mr. Rose's
19 energy price forecasts?

20 A. His forecast is reasonable.

21 Q. And what is the basis for your opinion
22 that Mr. Rose's forecast is reasonable?

23 A. He's a widely recognized expert in such
24 matters.

1 Q. Did you perform any work on your own to
2 verify the reasonableability of Mr. Rose's forecast?

3 MR. LANG: Objection to form.

4 THE WITNESS: I'm sorry, could you
5 repeat the question?

6 BY MR. MENDOZA:

7 Q. Sure. I -- I believe in your last
8 answer you stated something to the effect that his
9 forecast is reasonable because of his credentials and
10 experience. And I'm wondering if in addition to that
11 you did anything -- any work on your own analyzing or
12 verifying his forecast to confirm or verify whether
13 his forecast is reasonable or not.

14 A. No.

15 Q. Okay. And aside from Mr. Rose's work,
16 do you have other bases -- do you have any other
17 basis -- strike that, please.

18 Aside from Mr. Rose's work, do you have
19 any other basis for your opinion that market-based
20 retail prices are projected to increase over this
21 period?

22 A. No.

23 Q. Okay. And let's turn to the next page,
24 Page 3, Lines 6 through 7. Do you see where your

1 direct testimony states that power prices have been
2 and are expected to be significantly volatile?

3 A. Yes.

4 Q. And when you say "power prices" here,
5 Mr. Strah, are you referring to retail electric
6 energy prices?

7 A. No.

8 Q. And so then what are you referring to on
9 Lines 6 and 7 of Page 3 when you say -- when you use
10 the term "power prices"?

11 A. Power prices in general.

12 Q. And so would that include both retail
13 electric energy prices and wholesale electric energy
14 prices, for example?

15 A. Yes.

16 Q. And when you say "have been," what
17 period of time are you referring to?

18 A. Over the course of time in general.

19 Q. Would you agree with me that "have been"
20 refers to the past?

21 A. Yes.

22 Q. And are you able to put a term of years
23 going backwards -- are you able to state a term of
24 years going backwards in time that you were referring

1 to in this line of your testimony?

2 A. An example would include the years of
3 2006 through 2008.

4 Q. Okay. Thank you. What is the basis for
5 your view that such prices have been significantly
6 volatile?

7 A. I would point back to that range of
8 years I've just indicated.

9 Q. And so for 2006 and 2008, on what do you
10 base your opinion that prices were significantly
11 volatile during that time?

12 A. I think a review of the history of that
13 period would indicate that.

14 Q. And if I wanted to review the history of
15 that period, could you direct me to any documents or
16 sources of data that I can review?

17 MR. LANG: You're asking him in addition
18 to the -- you know, as the sentence says "Company
19 Witness Rose testimony," are you asking him in
20 addition to that?

21 MR. MENDOZA: I haven't -- is the --
22 I'll withdraw the pending question.

23 BY MR. MENDOZA:

24 Q. Is your opinion regarding volatility of

1 power prices looking backward in time, is that based
2 on Mr. Rose's testimony?

3 A. Yes.

4 Q. Do you have -- do you have other bases
5 of information or analysis to -- that support this
6 statement other than Mr. Rose's testimony?

7 MR. LANG: Objection.

8 THE WITNESS: No.

9 BY MR. MENDOZA:

10 Q. Are you offering any opinion on the
11 reasonableness of Mr. Rose's historical observations
12 regarding volatility?

13 A. Could you repeat the question?

14 Q. Yes. Do you have an opinion on whether
15 Mr. Rose's historical observations regarding
16 volatility of power prices are reasonable or not
17 reasonable?

18 A. Yes.

19 Q. And -- and what is your opinion?

20 A. They're reasonable.

21 Q. Okay. And what is the basis of your
22 opinion that Mr. Rose's historical observations are
23 reasonable?

24 A. He's a widely recognized expert.

1 Q. Okay. Staying on Page 3, and also in
2 these same lines, Lines 6 through 7, when you say
3 "expected to be," what period of time are you
4 referring to?

5 A. A 15-year period.

6 Q. And is it the same 15-year period we
7 referred to earlier beginning on June 1st, 2016?

8 A. Yes.

9 Q. Would you agree with me, Mr. Rose (sic),
10 that some degree of price volatility is inherent in
11 any competitive market?

12 MR. LANG: Could I have the question
13 read back?

14 (Record read back as requested.)

15 MR. MENDOZA: Can I withdraw that
16 question.

17 BY MR. MENDOZA:

18 Q. Would you agree with me, Mr. Strah, that
19 some degree of volatility is inherent in a
20 competitive market?

21 A. Could you rephrase the question?

22 Q. Electric energy is a commodity, is it
23 not?

24 A. Yes.

1 Q. Would you agree with me that in a
2 competitive -- excuse me -- a competitive commodity
3 market, there will be some change in price of that
4 commodity over time?

5 A. Could you rephrase the question?

6 Q. Can you tell me what part you're having
7 trouble with?

8 A. I believe you used a reference to
9 some --

10 THE WITNESS: I'm sorry, could you read
11 the question back for me?

12 (Record read back as requested.)

13 THE WITNESS: The phrase "some change"
14 doesn't seem definitive enough for me.

15 BY MR. MENDOZA:

16 Q. In a competitive market, does the price
17 of a commodity vary over time?

18 A. Yes.

19 Q. Okay. And looking back at Page 3,
20 Lines 6 through 7, what is the basis for your view
21 that such prices are expected to be significantly
22 volatile?

23 MR. LANG: Objection; asked and
24 answered.

1 BY MR. MENDOZA:

2 Q. You can answer. If you would like me to
3 rephrase it, I'd be happy to.

4 A. Sure. Could you, please?

5 Q. Okay. So we were just talking about
6 your opinion that -- or, your testimony, I'm sorry,
7 that power prices are expected to be significantly
8 volatile, and we talked about how the period that
9 you're referring to is the 15-year period that we've
10 already discussed. And I'm wondering what is the
11 basis of your opinion that such prices are expected
12 to be significantly volatile?

13 MR. LANG: Objection; asked and
14 answered, but still it comes from company Witness
15 Rose, but if you want to answer it again.

16 THE WITNESS: It comes from company
17 Witness Rose.

18 BY MR. MENDOZA:

19 Q. Do you have an opinion about whether
20 Mr. Rose's opinion in this regard is reasonable or
21 not?

22 MR. LANG: Objection; asked and
23 answered. I swear we did all these questions, have
24 we not?

1 MR. MENDOZA: Well, we've looked back in
2 time and now we're looking forward in time.

3 MR. LANG: I think we also did the
4 forward, but go ahead if you can answer the question.

5 THE WITNESS: Could you repeat it,
6 please? I just got lost there for a second.

7 BY MR. MENDOZA:

8 Q. Well, is it fair to say that your
9 opinions about volatility are all based on -- is it
10 fair to say that your predictions about volatility in
11 your testimony are all based on Mr. Rose's testimony?

12 A. Yes.

13 Q. Okay. And is it also fair to say that
14 your belief that those -- that his forecasts are
15 reasonable is based on his credentials and his
16 experience and his reputation and things of that
17 nature?

18 A. Could you rephrase the question?

19 Q. Is it the case that your belief that
20 Mr. Rose's volatility forecast is reasonable -- is
21 based on his reputation and experience?

22 MR. LANG: Objection.

23 THE WITNESS: Yes.

24 BY MR. MENDOZA:

1 Q. Okay. We can move on.

2 Let's look at Page 2, Line 20. Do you
3 see -- actually starting on Line 19, do you see where
4 it says, "As Company witness Murley shows, the plants
5 involved in the Economic Stability Program produce
6 over \$1 billion in benefits to Ohio's economy
7 annually"?

8 A. Yes.

9 Q. And is the basis for this opinion the --
10 entirely the work -- is your basis for this opinion
11 entirely the work of Ms. Murley?

12 MR. LANG: Objection.

13 THE WITNESS: Could you rephrase the
14 question?

15 BY MR. MENDOZA:

16 Q. Maybe I'll just go through it step by
17 step.

18 What is the basis for your view that
19 these plants produce over 1 billion in benefits to
20 Ohio's economy annually?

21 A. I'm relying on a portion of it from
22 Witness Murley's testimony.

23 Q. Okay. And then for another portion of
24 it, what are you relying on?

1 A. I'm also relying on a level of
2 experience I have in economic development matters in
3 the state of Ohio.

4 Q. And is there anything else that you're
5 relying on?

6 A. No.

7 Q. And could you describe the experience
8 you have with respect to economic development matters
9 in Ohio?

10 A. One example would include presently
11 being vice chair of Economic Development for the
12 Greater Akron Chamber.

13 Q. And can you think of another example?
14 Can I withdraw that question.

15 Can you think of another example that is
16 not provided in your written testimony? If it's
17 helpful, I believe you discussed this topic on Page 1
18 of your testimony, if you'd like to review that,
19 beginning on Line 15 of Page 1.

20 A. Could you repeat your question?

21 Q. So we're talking about the basis for
22 your opinions in your written testimony about
23 economic impacts of these plants generally. We've
24 established that you relied in part on Ms. Murley's

1 testimony and also your experience in economic
2 development matters. And then I asked you for an
3 example, and you mentioned your work, I believe, on
4 the Greater Akron Chamber, and then I was
5 wondering -- and then you described some other
6 specific examples here on Lines 15 through 18 of
7 Page 1 of your written testimony.

8 And I'm wondering if there are other
9 examples of economic development experience other
10 than these.

11 A. Yes.

12 Q. And could you tell me about those?

13 A. When I served as president of Ohio
14 Edison, I interacted on various economic development
15 matters.

16 Q. And that interaction would involve state
17 regulators?

18 A. No.

19 Q. Okay. I think we can -- we can move on.

20 Let's turn to Page 3 of your written
21 testimony, Mr. Strah. And on lines -- starting at
22 the very end of Line 15 through 18 it says, "As I
23 explain below, implementing the Economic Stability
24 Program, including Rider RRS, will: (1) promote

1 certainty and stability regarding the long term
2 pricing of retail electric service," and then that
3 sentence goes on.

4 Do you see the language that I'm
5 referring to?

6 A. Yes.

7 Q. And now going back to the proposed
8 transaction that we had previously discussed, are the
9 revenues for each of the plants included in the
10 proposed transaction known with certainty for future
11 years?

12 A. Could you rephrase your question?

13 Q. Are the revenues for each of the plants
14 included in the proposed transaction known with
15 certainty in the future?

16 A. Could you rephrase your question?

17 Q. Maybe if I'm more specific it will help.

18 With respect to the Sammis coal-fired
19 plant in particular, do you know with certainty what
20 the revenues will be for that plant over the 15-year
21 period of this transaction?

22 A. Could you rephrase your question?

23 Q. Could you tell me what part of that
24 question is giving you trouble?

1 A. Plant revenues, what is meant by that?

2 Q. I'm referring to the revenues that the
3 plant would generate from selling its electric
4 energy, capacity, and ancillary services.

5 A. I don't know.

6 Q. You don't know whether those revenues
7 are certain?

8 A. I don't know.

9 Q. Can you -- can you tell me that you know
10 with certainty the revenues for the Sammis plant over
11 this 15-year period?

12 A. No.

13 Q. So there is uncertainty regarding the
14 level of revenues that the companies' ratepayers
15 would receive under the proposed Rider RRS, isn't
16 that right?

17 MR. LANG: Objection.

18 THE WITNESS: Could you rephrase the
19 question?

20 BY MR. MENDOZA:

21 Q. There is uncertainty regarding the level
22 of revenue the companies' ratepayers would receive
23 under the proposed Rider RRS during the 15-year term
24 of this proposed transaction, isn't that right?

1 MR. LANG: Objection.

2 THE WITNESS: I just don't understand
3 your question.

4 BY MR. MENDOZA:

5 Q. Does the company know the revenue that
6 will be credited to its customers under Rider RRS for
7 each year of the proposed transaction?

8 MR. LANG: Maybe to speed this up, are
9 you asking him if the customers know what the amount
10 of the charge of the credit will be?

11 MR. MENDOZA: No. I'm talking about --
12 we're not talking about the credit or the charge.
13 We're talking about the revenues that will be used to
14 calculate the credit or the charge. Obviously the
15 cost would be the other factor, but for now we're
16 talking about the revenues. But I'm wondering if we
17 know, sitting here today, what the revenues will be
18 for these three plants in, for example, 2024.

19 THE WITNESS: I don't have knowledge
20 relative to the revenues of the plants.

21 BY MR. MENDOZA:

22 Q. But you know, don't you, Mr. Strah, that
23 nobody knows what those revenues for, for example,
24 the Sammis plant will be in 2024 with exact

1 precision, that's correct, isn't it?

2 A. Could you repeat the question, please,
3 or perhaps we could have it read?

4 (Record read back as requested.)

5 A. Yes.

6 Q. Okay. Thank you. And now let's talk
7 about the cost side of the equation. Are the costs
8 for each of these plants known with certainty for
9 future years?

10 A. Could you rephrase the question?

11 Q. Sure. Are the costs for the Sammis
12 plant known -- do we know what the costs for the
13 Sammis plant will be in 2024 as an example?

14 A. No.

15 Q. Okay. So there is uncertainty regarding
16 the costs that the companies' ratepayers would be
17 responsible for paying under the proposed Rider RRS,
18 isn't that right?

19 MR. LANG: Objection.

20 THE WITNESS: Could you rephrase the
21 question?

22 BY MR. MENDOZA:

23 Q. So you just agreed with me -- well, do
24 you understand how Rider RRS is -- is proposed to

1 operate?

2 A. Yes.

3 Q. Okay. And I think you just agreed with
4 me that nobody sitting here today in 2015 knows
5 exactly what the costs of the -- for example, the
6 Sammis plant would be in any of the years in the
7 future, but let's just use 2024 as an example. I'd
8 be happy to use another if you prefer. Some of those
9 costs are, you know, fixed capital costs, fuel costs,
10 labor costs, O&M costs, all of these different
11 categories of costs that add up to the total cost of
12 a particular generation unit. And I'm wondering if
13 any of us know, sitting here in 2015, with precision
14 what those costs will be in 2024 for any of these
15 generation units?

16 MR. LANG: Objection to form.

17 THE WITNESS: I'm not sure if I heard a
18 question there at the end.

19 BY MR. MENDOZA:

20 Q. Okay. Do we know what the costs for the
21 Sammis plant will be -- excuse me. Strike that,
22 please.

23 Do you know what the costs for the
24 Sammis plant will be in 2024 with precision?

1 A. No.

2 Q. And still -- we're still talking about
3 this 15-year period, is the market price of energy
4 known with certainty during that 15-year period?

5 A. No.

6 Q. And would you agree with me that the
7 future market price of energy plays a role in the
8 level of revenues that the companies' ratepayers
9 would be credited under the proposed Rider RRS?

10 THE WITNESS: Could you read back that
11 question, please?

12 (Record read back as requested.)

13 THE WITNESS: Yes.

14 BY MR. MENDOZA:

15 Q. Okay. Are capacity prices known with
16 certainty for future years?

17 A. No.

18 Q. And do future capacity prices play a
19 role in the level of revenues that the companies'
20 ratepayers would be credited with under the proposed
21 Rider RRS?

22 MR. LANG: I'm sorry, now I need to have
23 that read back. I'm sorry.

24 (Record read back as requested.)

1 MR. LANG: Objection. Go ahead.

2 THE WITNESS: Yes.

3 BY MR. MENDOZA:

4 Q. And the costs of operation of natural --
5 strike that, please.

6 Are the costs of operation of natural
7 gas-fired generation units known with certainty for
8 future years?

9 A. I don't know.

10 Q. Okay. Would you agree with me that
11 natural gas-fired generation units compete with
12 coal-fired units and nuclear plants in the PJM
13 marketplace?

14 A. Yes.

15 Q. And -- okay. Are natural gas prices
16 known with certainty for future years?

17 A. I don't know.

18 Q. You -- do you think it's -- do you think
19 it's likely that one could predict with accuracy what
20 the natural -- price of natural gas will be in, for
21 example, 2024?

22 A. I don't know.

23 Q. You don't know if that's likely or not?

24 A. I don't know.

1 Q. Okay. Are coal prices known with
2 certainty over -- for future years?

3 MR. LANG: Objection.

4 THE WITNESS: I don't know.

5 BY MR. MENDOZA:

6 Q. Okay. So we've discussed a -- strike
7 that, please.

8 So wouldn't you agree that there is
9 actually -- looking back at your testimony on line --
10 strike that, please. I'm sorry.

11 Looking back in your testimony on
12 Line 17 of Page 3 where you use the phrase "promote
13 certainty," wouldn't you agree that there's actually
14 significant uncertainty regarding the benefits and
15 costs to ratepayers of the proposed transaction?

16 MR. LANG: Objection.

17 THE WITNESS: Could you rephrase the
18 question?

19 BY MR. MENDOZA:

20 Q. What part of the question are you having
21 difficulty with?

22 A. Use of the word "significantly."

23 Q. Wouldn't you agree that there is
24 uncertainty regarding the benefits and costs to

1 ratepayers of the proposed transaction?

2 A. No.

3 Q. You wouldn't agree. What is -- what is
4 your basis for responding to that last question in
5 the negative?

6 THE WITNESS: I don't know if this is
7 allowable. Could you back up to the question before
8 the last one and repeat that?

9 (Record read back as requested.)

10 THE WITNESS: Yes.

11 BY MR. MENDOZA:

12 Q. So your answer to that question is yes,
13 that there is uncertainty?

14 A. Could I have that same question reread
15 to me?

16 Q. Actually why don't I just rephrase it.

17 A. Could you, please?

18 Q. So considering this discussion we've
19 been having for a few minutes, wouldn't you agree
20 that there is uncertainty regarding the benefits and
21 costs to ratepayers of the proposed transaction?

22 A. I would say no.

23 Q. And I want to know what the basis of
24 that view is given that we've just gone through a

1 series of factors that are going to effect the
2 benefits and costs to ratepayers of the proposed
3 transaction. And I believe we agreed at least some
4 cases that there -- it was impossible to know with
5 precision what those figures would be in the future
6 in a certain year.

7 So why don't -- for this question, too,
8 why don't we focus on a particular year, and I'll
9 just throw 2024 out there. Wouldn't you agree that
10 there is actually uncertainty regarding the benefits
11 and costs to ratepayers of the proposed transaction
12 in 2024?

13 MR. LANG: Objection to form. And maybe
14 the confusion is, and maybe it can help me
15 understand, you're talking about the proposed
16 transaction, and you had, I think, defined that
17 earlier as the transaction between the companies and
18 FES, is that right, or is -- did you define proposed
19 transaction as including the Rider RRS?

20 MR. MENDOZA: I -- you're correct that I
21 did previously define it as the proposed agreement
22 between the two companies; so maybe let me rephrase
23 my question.

24 BY MR. MENDOZA:

1 Q. Wouldn't you agree that there is
2 actually significant -- I'd like to withdraw that.

3 Wouldn't you actually agree that there
4 is uncertainty regarding the benefits and costs to
5 ratepayers of Rider RRS over the 15-year term that
6 we've been discussing?

7 A. Yes.

8 Q. I'm going to move on to a new section
9 now, and I want to know if this is a -- would you
10 like to take a break at the moment?

11 MR. LANG: Yeah. It's take-a-break
12 time.

13 THE WITNESS: That would be good. Thank
14 you.

15 MR. MENDOZA: So should we --

16 MR. LANG: We'll go 10 minutes, let's
17 come back at 20 of.

18 (Recess taken.)

19 MR. LANG: We're back on in Akron. You
20 want to go back on the record.

21 MR. MENDOZA: Yes.

22 BY MR. MENDOZA:

23 Q. Mr. Strah, would you please turn with me
24 to Page 15 of your direct testimony.

1 MR. LANG: Moving through this quickly
2 here.

3 BY MR. MENDOZA:

4 Q. Do you see underneath the figure that
5 appears on that page, do you see on line -- starting
6 on Line 5, utility -- where your testimony states,
7 "Utilities in several states that have restructured
8 their retail electricity markets have entered into
9 long-term contracts on behalf of all customers,
10 independently from their SSO process"? Do you see
11 that text, Mr. Strah?

12 A. Yes.

13 Q. Okay. And do all states in this portion
14 of your testimony -- when I say "this portion of your
15 testimony," I'm talking about this specific question
16 and answer, and the answer continues on to Page 16 --
17 do all states referenced in this portion of your
18 testimony have restructured retail electric markets?

19 A. I don't know.

20 Q. Do you know if Connecticut has a
21 restructured retail electric market?

22 A. I don't know.

23 Q. Do you know if New York has a
24 restructured retail electric market?

1 A. I don't know.

2 Q. Okay. What do you mean by
3 "restructured" in the context of this portion of your
4 testimony?

5 A. I don't remember.

6 Q. When you use the term on Line 6
7 "long-term contracts," what do you mean by
8 "long-term"?

9 A. As an example, the Connecticut contract
10 was for a 15-year period.

11 Q. Okay. Do you recall the term of years
12 for the contract that you refer to in the sentence
13 after that involving the Dunkirk generating station?

14 A. Yes.

15 Q. And what was that -- or, what is that
16 term of years?

17 A. Ten years.

18 Q. Okay. And in the next sentence you
19 refer to a proposal by Constellation in New York, I
20 believe, related to the R.E. Ginna nuclear plant. Do
21 you know the term of years that Constellation has
22 proposed?

23 A. I don't remember.

24 Q. Okay. Going back to Page 15 on Lines 7

1 through 8, we've already mentioned, do you see where
2 you refer to a Connecticut contract?

3 A. Yes.

4 Q. Are you familiar with that contract,
5 Mr. Strah?

6 A. Could you rephrase your question?

7 Q. Do you know if the Connecticut contract
8 involves specifically identified generation units?

9 A. I don't remember.

10 Q. Okay. Do you recall if you have
11 reviewed that contract before?

12 A. Could you repeat your question?

13 Q. Have you reviewed this Connecticut
14 contract before?

15 A. No.

16 Q. Okay. Do you know if the Connecticut
17 long-term contract resulted from a process involving
18 a request of proposal?

19 A. I don't know.

20 (EXHIBIT MARKED FOR IDENTIFICATION.)

21 BY MR. MENDOZA:

22 Q. Mr. Strah, I'm passing you a document
23 from the Department of Public Utility Control of
24 Connecticut. You'll note if you look on -- in

1 Footnote 1 on Page 15, the page we've been looking
2 at, there is a docket number. That docket number
3 that you cite in your testimony is
4 Docket 05-07-14PH02. If you look on the document
5 I've handed you, that is also the docket number on
6 this document, and the document is titled "DPUC
7 Investigation of Measures to Reduce Federally
8 Mandated Congestion Charges (Long Term Measures)."
9 It's dated April 23rd, 2007, and it lists the name of
10 the commissioners, and then it states, "Draft
11 Decision." Have you seen this document before,
12 Mr. Strah?

13 A. No.

14 Q. Okay. And will you turn to Page 2 of
15 the document with me, please? Do you see the
16 paragraph, it's the second paragraph from the bottom
17 that begins with, "Based on"? And do you see where
18 it says, "Based on the content of the Report, the
19 Department makes the following determinations. The
20 Department finds that the RFP process was conducted
21 in a fair and impartial manner, was commercially
22 reasonable and was competitive."

23 So with this docket in front of you, do
24 you know if the comp- -- if the Connecticut contract

1 that you've cited in your testimony involved an RFP
2 process?

3 MR. LANG: Objection to form. Could you
4 please read the question back to me?

5 (Record read back as requested.)

6 THE WITNESS: Yes.

7 BY MR. MENDOZA:

8 Q. And did the Connecticut long-term
9 contract cited in your testimony result from an RFP
10 process?

11 A. Yes.

12 Q. Okay. We can move on from that,
13 although we're still on Page 15 and 16 here in this
14 same portion of your testimony.

15 Other than these long-term contracts
16 that you've specifically referred to on Pages 15 and
17 16, are you familiar with any other states with a
18 restructured market in which a utility has entered
19 into a long-term contract on behalf of all customers
20 independently from its SSO process?

21 A. No.

22 Q. Okay. And other than the Constellation
23 example from New York that you cite to, are you aware
24 of any restructured market state other than Ohio

1 where a utility has proposed a long-term contract of
2 this kind?

3 MR. LANG: Objection. Go ahead.

4 THE WITNESS: Could you repeat the
5 question, please?

6 (Record read back as requested.)

7 THE WITNESS: I don't know.

8 BY MR. MENDOZA:

9 Q. Thank you, Mr. Strah.

10 Let's shift gears, let's turn back to
11 Page 4, Lines 8 through 10 of your testimony. And do
12 you see where -- I apologize. Are you on Page 4,
13 Mr. Strah?

14 A. I'm on Page 4.

15 Q. Okay. Thank you. Do you see where --
16 in Lines 8 through 10, do you see where your
17 testimony states: A mix of generation assets lacking
18 an essential nuclear or coal baseload generation
19 threatens the stability and security of the
20 companies' delivery system?

21 MR. LANG: Objection, because you
22 actually read it wrong.

23 BY MR. MENDOZA:

24 Q. Okay. Do you see the text that I'm

1 referring to? I may have made a minor error in
2 reading it, but I just want to direct you to the --
3 those lines.

4 A. Yes.

5 Q. Okay. And in those lines, what do you
6 mean by "lacking"?

7 A. Something less than needed.

8 Q. Okay.

9 (EXHIBIT MARKED FOR IDENTIFICATION.)

10 BY MR. MENDOZA:

11 Q. Mr. Strah, you've been handed a document
12 that's been premarked as Exhibit 2. I took this from
13 the PUCO website. You can see the URL on the bottom
14 of the page. It's titled "Where does Ohio's
15 electricity come from?" You'll see prominently on
16 the first page of this document that I handed you a
17 pie chart that is titled "Ohio generation output
18 2013." At the bottom of that chart it says, "Source:
19 EIA January–November 2013," and then within the chart
20 it lists various resource types of generation.

21 First of all, do you understand EIA to
22 refer to the United States Energy Information
23 Association?

24 MR. LANG: Objection. Go ahead.

1 THE WITNESS: No.

2 BY MR. MENDOZA:

3 Q. Okay. Do you consider the US Energy
4 Information Association a reliable source of
5 information regarding the electric sector, Mr. Strah?

6 MR. LANG: Objection.

7 THE WITNESS: I don't know.

8 BY MR. MENDOZA:

9 Q. Have you ever heard of the US Energy
10 Information Association?

11 A. No.

12 Q. Okay. So looking at the pie chart --
13 excuse me. So looking at this pie chart, can you see
14 that for this period, which is in 2013, 69.7 percent
15 of generation output in Ohio was coal-fired?

16 MR. LANG: Objection.

17 THE WITNESS: Based on the document
18 before me, yes.

19 BY MR. MENDOZA:

20 Q. Thank you. And 15.56 percent was
21 natural gas-fired?

22 MR. LANG: Objection.

23 THE WITNESS: Based on the document in
24 front of me, yes.

1 BY MR. MENDOZA:

2 Q. And then less than 2 percent
3 respectively was provided by renewal energy,
4 petroleum, and hydroelectric power, respectively?

5 MR. LANG: Objection.

6 THE WITNESS: Based on the document in
7 front of me, yes.

8 BY MR. MENDOZA:

9 Q. Do you consider the PUCO to be a
10 reliable source for information about Ohio generation
11 assets?

12 MR. LANG: Objection.

13 THE WITNESS: Yes.

14 BY MR. MENDOZA:

15 Q. Do you think the mix of generation
16 reflected in this pie chart threatens the stability
17 and security of the companies' delivery system?

18 MR. LANG: Objection.

19 THE WITNESS: I don't know.

20 BY MR. MENDOZA:

21 Q. If additional coal units are retired and
22 coal makes up just 60 percent of Ohio generation
23 output, would that mix of generation threaten the
24 stability and security of the companies' delivery

1 system?

2 MR. LANG: Objection.

3 THE WITNESS: I don't know.

4 BY MR. MENDOZA:

5 Q. We'll try one more number and then we'll
6 move on, but what about if after additional coal
7 units are retired and coal makes up only 50 percent
8 of Ohio generation, would that mix of generation
9 threaten stability and security of the companies'
10 delivery system?

11 MR. LANG: Objection.

12 THE WITNESS: I don't know.

13 BY MR. MENDOZA:

14 Q. Okay. Are you able to put a number or
15 numbers on the mix of generation with respect to coal
16 and nuclear power that would threaten the stability
17 and security of the companies' delivery system?

18 A. I don't know.

19 Q. Putting aside the chart I've handed you,
20 do you know the current mix of generation in Ohio?

21 MR. LANG: Objection.

22 THE WITNESS: I don't know.

23 BY MR. MENDOZA:

24 Q. Do you know the current mix of

1 generation that serves the companies' customers?

2 MR. LANG: Objection.

3 THE WITNESS: I don't know.

4 BY MR. MENDOZA:

5 Q. So looking back at Page 4, Lines 8
6 through 10, would you say that this is just a
7 qualitative observation that you're making?

8 A. Could you rephrase the question?

9 Q. Could you tell me what about it you're
10 having trouble with?

11 A. What do you mean by "qualitative
12 observation"?

13 Q. Well, is this just a general observation
14 about the mix of generation that would threaten the
15 stability and security of the companies' delivery
16 systems?

17 A. No.

18 Q. What is the basis for your view that a
19 mix of generation assets lacking nuclear and coal
20 generation threatens the stability and security of
21 the companies' delivery system?

22 MR. LANG: Objection. Go ahead.

23 THE WITNESS: I base it on the testimony
24 of Witness Moul and Witness Harden.

1 BY MR. MENDOZA:

2 Q. Is there anything else on which you base
3 that opinion?

4 A. Just general industry knowledge and
5 current trends.

6 Q. Can you point to a specific piece of
7 knowledge you have in mind?

8 A. No.

9 Q. Can you point to a specific trend that
10 you have in mind?

11 A. I think generally -- I'm sorry. Could
12 you repeat your question?

13 Q. We're talking about your testimony, and
14 I'm paraphrasing, that a mix of generation that lacks
15 essential nuclear and coal baseload generation
16 threatens the stability and security of the
17 companies' delivery system. And I'm trying to figure
18 out at what quantitative levels of coal generation
19 and nuclear level we would know that such threats
20 would materialize.

21 And so then you said your opinion, and
22 then I asked you what your opinion was based on, and
23 you refer to the testimony of certain witnesses. And
24 I asked you if there was anything else that that

1 opinion was based on, and I believe you said
2 something along the lines of general knowledge and
3 trends in the industry, and I assume you're referring
4 to just the electric industry generally. But I'm
5 wondering what are some of those specific trends that
6 you are referring to?

7 MR. LANG: Objection to form. Go ahead.

8 THE WITNESS: I can't remember.

9 BY MR. MENDOZA:

10 Q. Okay. Generally speaking, Mr. Strah,
11 could you have a stable system without nuclear
12 baseload?

13 A. Could you rephrase the question?

14 Q. Which part of the question were you
15 having trouble with?

16 THE WITNESS: Could we have that
17 question read back, please?

18 (Record read back as requested.)

19 MR. LANG: Objection. Go ahead.

20 THE WITNESS: "Generally speaking" is
21 the phrase I'm struggling with.

22 BY MR. MENDOZA:

23 Q. Okay. Could you have a stable system
24 without nuclear baseload?

1 MR. LANG: Still objection.

2 THE WITNESS: Could you rephrase your
3 question?

4 BY MR. MENDOZA:

5 Q. How about we go at it a different way.

6 Do you -- given your general knowledge
7 of the electric industry, do you think that there --
8 do you know that there are states in the United
9 States that have no nuclear power generation assets?

10 A. I don't know.

11 Q. Do you think a state needs to have
12 coal-fired generation to provide reliable electric
13 power?

14 A. I don't know.

15 Q. Could a state with natural gas, nuclear,
16 and renewable generation only provide reliable power?

17 A. I don't know.

18 Q. Do you see demand response as playing an
19 important role in reducing load on high-demand days?

20 A. Could you rephrase the question?

21 Q. Do you see demand response as playing a
22 role in reducing load on high-demand days?

23 MR. LANG: Sounded like you read the
24 question again.

1 THE WITNESS: Yes.

2 BY MR. MENDOZA:

3 Q. Okay. And would you say that that's an
4 important role?

5 A. I don't know.

6 Q. Do you think that including demand
7 response in a mix of resources is important to
8 maintain a reliable electric system?

9 MR. LANG: Objection. Go ahead. Could
10 you please read that question back?

11 (Record read back as requested.)

12 THE WITNESS: Could you rephrase the
13 question?

14 BY MR. MENDOZA:

15 Q. Is demand response helpful to maintain a
16 reliable electric system?

17 A. Yes.

18 Q. Are you aware of any coal-fired power
19 units under construction anywhere in the PJM
20 footprint? Actually can I withdraw that question.

21 Are you aware of any new coal-fired
22 power units under construction anywhere in PJM?

23 A. I don't know.

24 Q. Do you think you would -- given your

1 observation of general trends in the industry, do you
2 think if there were a new coal-fired power unit being
3 built somewhere in the PJM footprint today that you
4 would know about it?

5 A. I don't know.

6 Q. Do you know if there are any new
7 coal-fired power units under construction today in
8 Ohio?

9 A. I don't know.

10 Q. And do you think you would know about
11 that if there were?

12 A. I don't know.

13 Q. Okay. Can you point to any specific
14 features of Ohio's electric transmission system that
15 makes it uniquely dependent on coal generation as
16 compared to other states?

17 A. I don't know.

18 Q. So you can't point to any at this time?

19 A. No.

20 Q. On Page 4, Lines 8 through 10, do you
21 see where your testimony states, and we've been
22 looking at this previously, "A mix of generation
23 assets lacking in essential nuclear and coal baseload
24 generation threatens the stability and security of

1 the Companies' delivery system"?

2 MR. LANG: Objection again.

3 BY MR. MENDOZA:

4 Q. What do you mean by "security" in this
5 context, Mr. Strah?

6 MR. LANG: Objection to form.

7 THE WITNESS: Our operating companies'
8 top priority is to serve customers reliably. To do
9 so, we must have a robust transmission and
10 distribution electrical system.

11 BY MR. MENDOZA:

12 Q. And so how does that bear on the meaning
13 of security here?

14 A. If baseload plants are retired, we have
15 the responsibility to alter and adjust our
16 transmission and distribution electrical system.

17 Q. Okay. Let's turn back to Page 2 of your
18 testimony. I'd ask you to look, please, at Line 14
19 through 16 with the sentence starting at the very end
20 of Line 14, "Such diversity is necessary to make sure
21 there is sufficient power when the availability of
22 certain types of fuel (i.e., natural gas) is
23 limited," and the sentence goes on from there.

24 And I'm just wondering if you see that

1 text that I was referring to.

2 A. Yes.

3 Q. Okay. And what do you mean that natural
4 gas is limited?

5 A. It's not always available.

6 Q. And what are the factors that bear on
7 your opinion that natural gas is not always
8 available?

9 A. Is the form of energy, in this case
10 natural gas, available and ready to serve customers
11 when needed.

12 Q. And what are some things that would
13 cause it to not be available when needed?

14 A. Periods of high demand.

15 Q. Anything else?

16 A. Availability of other supplies.

17 Q. And what are some of those other
18 supplies?

19 A. Other forms of energy.

20 Q. Could you name a specific form that you
21 have in mind?

22 A. Nuclear, coal.

23 Q. Okay. And then going back a question or
24 two, aside from high demand and availability of other

1 supplies, are there any other things that you have in
2 mind when -- when you told me that natural gas is
3 sometimes unavailable?

4 MR. LANG: Object.

5 THE WITNESS: Could you --

6 MR. LANG: Go ahead. I was going to
7 object to form.

8 THE WITNESS: Could you rephrase the
9 question, please?

10 BY MR. MENDOZA:

11 Q. Okay. How about we move on.

12 Do you consider pipeline infrastructure
13 a factor that limits fuel supply for natural gas
14 units in Ohio?

15 THE WITNESS: Could you read back the
16 question, please?

17 (Record read back as requested.)

18 THE WITNESS: I don't know.

19 BY MR. MENDOZA:

20 Q. So in your testimony on Page 2 where
21 you're talking about natural gas, and I'm
22 paraphrasing, natural gas being limited in some
23 circumstances, were you considering pipeline
24 infrastructure in formulating the opinion that you

1 state here on Lines 14 through 17?

2 A. I was relying on the testimony of
3 Witness Moul and Witness Harden -- Harden.

4 Q. But other -- other than that, were
5 you -- withdraw that question. Strike.

6 Are you aware of additional natural gas
7 pipelines being built in Ohio?

8 A. I don't know.

9 Q. You don't know if anyone is building
10 natural gas pipelines in Ohio today?

11 A. I don't know.

12 Q. As you were formulating your testimony
13 on these lines that we've been referring to, did you
14 research the amount of Ohio gas pipeline
15 infrastructure under construction?

16 A. Could you rephrase the question, please?

17 Q. Sure. Looking at -- we're still talking
18 about Lines 14 through 17 of your testimony on
19 Page 2. And I'm wondering as you were formulating
20 your testimony for this proceeding, did you research
21 or otherwise inquire into the amount of Ohio gas
22 pipeline infrastructure under construction?

23 A. No. I relied upon the testimony of
24 Witness Moul and Witness Harden.

1 Q. Did you ask anyone to do research for
2 you on that topic?

3 A. No.

4 Q. Why not?

5 A. I replied -- I relied upon the testimony
6 provided by Witness Moul and Witness Harden.

7 Q. Okay. And did you research the amount
8 of Ohio natural gas pipeline infrastructure being
9 planned?

10 A. No.

11 Q. And did you ask anyone to do that
12 research for you?

13 A. I replied -- I relied upon the testimony
14 of Witness Moul and Witness Harden.

15 Q. So I take that to mean that you did not
16 ask anyone to research the pipeline infrastructure
17 being planned in Ohio.

18 THE WITNESS: Could you read that
19 question back, please?

20 (Record read back as requested.)

21 THE WITNESS: I relied upon Witness Moul
22 and Witness Harden.

23 BY MR. MENDOZA:

24 Q. And I believe you said a while ago that

1 natural gas is not always available, and I may not
2 have that quote exactly right. Do you recall that
3 discussion?

4 MR. LANG: Objection to form. Go ahead.

5 THE WITNESS: I recall the discussion.

6 BY MR. MENDOZA:

7 Q. Okay. Is coal always available?

8 A. Could you rephrase the question?

9 Q. Is coal-fired generation always
10 available?

11 A. Could you rephrase the question, please?

12 Q. Maybe if we focus on a specific unit.
13 Is the Sammis generation unit always
14 available?

15 MR. LANG: Objection.

16 THE WITNESS: Could you rephrase the
17 question?

18 BY MR. MENDOZA:

19 Q. Can you tell me what you're having
20 difficulty with?

21 A. I don't know what a Sammis unit is.

22 Q. Okay. Are you aware that the Sammis
23 plant has seven coal-fired generation units?

24 A. Yes.

1 Q. Okay. So let's just think about one of
2 them, Unit 1 we'll call it. Is Sammis Unit 1 always
3 available?

4 A. I don't know.

5 Q. Given your knowledge of the industry, do
6 you -- is it -- do you think that Sammis Unit 1 is
7 always available?

8 A. I don't know.

9 Q. Okay. Are your concerns about the role
10 of natural gas in Ohio's mix of generation based on a
11 belief that there is insufficient current or planned
12 construction of new natural gas plants in Ohio?

13 A. Could you rephrase the question, please?

14 Q. Could you tell me which part you didn't
15 understand?

16 A. Word -- the use of the word "belief."

17 Q. Okay. On Page 4 of your testimony,
18 we've talked about this -- we were talking about this
19 testimony for a while. On Page 4, Lines 8 through
20 10, you say, "A mix of generation assets lacking in
21 essential nuclear and coal baseload generation
22 threatens the stability and security of the
23 Companies' delivery system"; then turning back to
24 Page 2, paraphrasing, we were talking about natural

1 gas being limited in certain circumstances.

2 So I was characterizing your testimony,
3 you can tell me if it's incorrect, that you have
4 concerns about the role of natural gas in Ohio's
5 generation -- in Ohio's mix of generation.

6 A. Is that a question?

7 Q. I'm wondering if you have concerns
8 about -- about the role of natural gas in Ohio's mix
9 of generation.

10 A. Yes, in terms of availability.

11 Q. Okay. And so my question, then, is: Is
12 that concern related to any opinion or understanding
13 you have about the construction of new natural gas
14 plants in Ohio?

15 A. Can you repeat the question, please?

16 Q. Are your concerns about the role of
17 natural gas in Ohio's mix of generation related to
18 construction of new gas plants?

19 A. I don't know.

20 Q. Okay. Are you aware of any natural gas
21 plants under construction in Ohio today?

22 A. I don't know.

23 Q. Do you think there are new natural gas
24 plants under construction in Ohio today?

1 A. I don't know.

2 Q. Okay. Let's shift gears.

3 Are the companies responsible for
4 generation reliability?

5 A. No.

6 MR. LANG: Objection, but, yeah, go
7 ahead.

8 THE WITNESS: Sorry.

9 MR. LANG: That's all right.

10 BY MR. MENDOZA:

11 Q. And would you say that generation
12 reliability is a responsibility of PJM
13 Interconnection?

14 MR. LANG: Objection.

15 THE WITNESS: Could you repeat the
16 question?

17 BY MR. MENDOZA:

18 Q. Sure. Is generation reliability a
19 responsibility of PJM Interconnection?

20 MR. LANG: Same objection.

21 THE WITNESS: It's the responsibility of
22 the generator.

23 BY MR. MENDOZA:

24 Q. And doesn't PJM have a role in ensuring

1 the reliability of generation?

2 A. I don't know.

3 Q. If Rider RRS is denied, will Sammis
4 retire?

5 A. I don't know.

6 Q. If Rider RRS is denied, will Davis-Besse
7 retire?

8 A. I don't know.

9 Q. If Rider RRS is denied, will OVEC retire
10 either -- let me withdraw that question.

11 If Rider RRS is denied, will OVEC retire
12 the Kyger Creek plant?

13 A. I don't know.

14 Q. What about the Clifty Creek plant?

15 A. I don't know.

16 Q. Have you spoken with anyone within
17 FirstEnergy Corporation about whether any of these
18 plants will retire if Rider RRS is denied?

19 MR. LANG: Just an objection to the
20 extent that it involves legal communications. I
21 don't think it does, but I'm just stating an
22 objection to make clear that that's carved off, and
23 you can otherwise answer the question.

24 THE WITNESS: Could you repeat the

1 question, please?

2 BY MR. MENDOZA:

3 Q. I'd be happy to. Have you spoken with
4 anyone within FirstEnergy Corporation about whether
5 any of these plants will retire if Rider RRS is
6 denied?

7 A. No.

8 Q. And that -- and that includes anyone
9 within FES?

10 MR. LANG: Objection.

11 THE WITNESS: Yes.

12 BY MR. MENDOZA:

13 Q. Okay. Have you seen any analysis of
14 whether the plants would retire if Rider RRS is
15 denied?

16 A. Could you rephrase the question?

17 Q. Have you seen any document that
18 discusses whether the plants would retire if Rider
19 RRS is denied?

20 A. No.

21 Q. Are you aware that the owner of a
22 generation unit must notify PJM if the owner intends
23 to retire that unit?

24 A. Yes.

1 Q. And after receiving a retirement
2 notification, are you aware that PJM conducts an
3 analysis of the reliability impacts of such
4 retirement?

5 A. I don't know.

6 Q. Okay. And as far as you know, has FES
7 notified PJM of its intent to retire any of the
8 Sammis units?

9 THE WITNESS: Could you read that
10 question back to me, please?

11 (Record read back as requested.)

12 THE WITNESS: I don't know.

13 BY MR. MENDOZA:

14 Q. And what about for Davis-Besse?

15 A. I don't know.

16 Q. And do you know if OVEC has notified PJM
17 or another ISO regarding its intent to retire either
18 of its two coal-fired generation plants?

19 A. I don't know.

20 Q. Are you familiar with the reliability
21 must-run contracts that PJM has authority to enter
22 into?

23 A. Could you rephrase the question, please?

24 Q. Sure. Do you know what a reliability

1 must-run contract is?

2 A. No.

3 Q. Have you ever heard of a reliability
4 must-run contract?

5 A. Yes.

6 Q. And what are RMR contracts?

7 A. I don't know.

8 Q. Okay. Let's -- let's look at Page 2 of
9 your testimony, Lines 19 through 21, and I believe
10 we've looked at this language before. Do you see
11 where your testimony states that, "...the plants
12 involved in the Economic Stability Program produce
13 over \$1 billion in benefits to Ohio's economy
14 annually"? I'm just asking if you see the language
15 I'm referring to.

16 A. Yes.

17 Q. All of these economic benefits apply
18 only if the plants at issue would retire if Rider RRS
19 were denied, isn't that right?

20 MR. LANG: Objection.

21 THE WITNESS: Could you repeat your
22 question?

23 BY MR. MENDOZA:

24 Q. Okay. I think it might be helpful to

1 look at the line before where I started to quote.

2 A. Okay.

3 Q. Starting on Line 18 you say, "Third, the
4 Economic Stability Program will significantly
5 contribute to the economic vitality of Ohio." And so
6 the issue that you're testifying to is the role of
7 the Economic Stability Program and contributing to
8 the economic vitality of Ohio, and I'm characterizing
9 your testimony.

10 So now what I want to know is the
11 economic benefits you're referring to only apply to
12 the Economic Stability Program if the plants at
13 issue, or at least some of them, would retire if
14 Rider RRS were denied, isn't that right?

15 MR. LANG: Yeah, objection. And I would
16 suggest, so that we get this done at a reasonable
17 hour today, asking him questions and trying to limit
18 characterizations of the testimony.

19 MR. MENDOZA: Fair enough.

20 MR. LANG: As usual, we have a 5:30 hard
21 stop; so let's move it along. Do you want to -- why
22 don't you -- why don't you, like, just ask the last
23 part of that question and we can go.

24 BY MR. MENDOZA:

1 Q. So my question is whether these economic
2 benefits apply to the proposed transaction -- strike
3 that.

4 My question is whether these benefits
5 apply to the Economic Stability Program if these
6 units would continue to operate anyway if Rider RRS
7 were denied?

8 A. I'm still not clear on your question.

9 Q. So if economic -- let's assume that the
10 stability program is denied, and let's also assume
11 that the plants continue to operate for the full 15
12 years that we've been talking about today. So
13 wouldn't those benefits still occur even in the
14 absence of the approval of the Economic Stability
15 Program?

16 MR. LANG: Objection to the
17 hypothetical. Go ahead.

18 THE WITNESS: I don't know.

19 BY MR. MENDOZA:

20 Q. Okay.

21 A. If you don't mind.

22 MR. LANG: Do you need a --

23 THE WITNESS: I'd like to take a brief
24 break.

1 MR. MENDOZA: Sure.

2 MR. LANG: Five minutes.

3 THE WITNESS: Yeah. I think that would
4 be fine.

5 MR. OLIKER: Tony -- sorry, this is
6 Joe -- how much longer do you think you have?

7 MR. MENDOZA: Thirty minutes, maybe
8 45 --

9 MR. OLIKER: Okay. Thanks.

10 MR. MENDOZA: -- tops.

11 MR. OLIKER: Perfect.

12 (Recess taken.)

13 BY MR. MENDOZA:

14 Q. I want to switch back briefly to our
15 discussion of fuel. Is coal always available?

16 A. Could you rephrase your question?

17 Q. Okay. And I agree it's probably not
18 helpful for me to characterize your testimony, but I
19 think we were discussing the availability of gas
20 before and we talked about that some. And I want to
21 know -- and I think you said that it wasn't always
22 available or something along those lines. And I want
23 to know if you have the same opinion about coal as a
24 fuel source, that it's not always available?

1 MR. LANG: Objection to form again.

2 THE WITNESS: Could you rephrase your
3 question?

4 BY MR. MENDOZA:

5 Q. Okay. Do you know if any of the coal
6 units in Ohio burn any coal from the Powder River
7 Basin?

8 A. No.

9 Q. Do you know -- okay. Let's turn to
10 Page 16, Line 16 of your testimony. Do you see where
11 you refer to economic benefits of specific Ohio
12 plants? And I'm just asking if you have that
13 language in front of you. Do you see where you refer
14 to tremendous economic benefits, Mr. Strah?

15 A. Yes.

16 Q. Okay. On Line 16 does the quote "these
17 specific Ohio plants" include the Clifty Creek plant?

18 A. I don't remember.

19 Q. Does the Clifty Creek plant have
20 economic benefits to the Ohio economy?

21 A. I don't know.

22 Q. Do you know what state the Clifty Creek
23 plant is located in?

24 A. No.

1 Q. Okay. And now let's turn to Page 11 of
2 your direct testimony, Mr. Strah. I'd like to direct
3 your attention to Lines 11 through 13. Do you see
4 the second sentence under this particular answer, the
5 sentence that starts with "The staggering and
6 laddering"?

7 A. Is that Line 11?

8 Q. It is on my version of your testimony.
9 The sentence I'm referring to is "The staggering and
10 laddering in the Companies' SSO competitive
11 procurements is designed to benefit SSO customers by
12 smoothing the impact of short-term price volatility
13 over the period of an ESP." Do you see that
14 sentence, Mr. Strah?

15 A. Yes.

16 Q. And just here, to be clear, ESP is not
17 referring to the Economic Stability Program, it's --
18 you're referring to the electric service plan; is
19 that right?

20 MR. LANG: Objection. Electric Security
21 Plan.

22 BY MR. MENDOZA:

23 Q. Thank you. ESP here refers to an
24 Electric Security Plan; is that right, Mr. Strah?

1 A. Yes.

2 Q. Is it your understanding that during the
3 polar vortex in 2014 wholesale electric energy prices
4 increased?

5 A. Yes.

6 Q. And did the staggering and laddering in
7 the companies' SSO procurements mean that the rate
8 impact during the term of the ESP was insignificant?

9 MR. LANG: Objection.

10 BY MR. MENDOZA:

11 Q. Okay. Let me rephrase.

12 We were just -- I had just asked you if
13 wholesale electric energy prices had increased during
14 the polar vortex, and I want to know if that increase
15 effected the rates of the companies' customers during
16 the term of the ESP.

17 A. Rephrase your question.

18 Q. Did the laddering and the staggering
19 that you refer to in this portion of your testimony
20 protect the companies' customers from the volatility
21 and wholesale prices during the polar vortex?

22 A. I don't remember.

23 Q. But here on Page 11, Lines 10 through
24 19, you're talking about staggering and laddering and

1 how that works to smooth the impact of short-term
2 price volatility. I'm wondering if it had that
3 effect, in fact, with respect to the polar vortex.

4 A. I don't remember.

5 Q. Okay. Are you familiar -- and switching
6 gears to the proposed transaction that we've been
7 talking about today. Are you familiar with the team
8 that the companies created to evaluate and negotiate
9 the proposed transaction with FES?

10 A. Could you rephrase the question?

11 Q. Yeah. I think that would be helpful.
12 Have you heard the term "EDU team" as
13 used in this proceeding?

14 A. Yes.

15 Q. Okay. And when did you first hear about
16 the existence of an EDU team?

17 A. Could you rephrase the question?

18 Q. Well, why don't we step back for a
19 second. When I use the phrase "EDU team," do you
20 know what I'm referring to?

21 MR. LANG: Objection to form.

22 THE WITNESS: Yes.

23 BY MR. MENDOZA:

24 Q. Okay. And when did you first hear about

1 the EDU team?

2 A. Could you rephrase your question?

3 Q. Were you involved in the EDU team in any
4 way?

5 A. Could you rephrase your question?

6 Q. Did you participate in any EDU team
7 meetings?

8 A. Could you rephrase your question?

9 Q. What is it about that question that is
10 causing difficulty?

11 A. The term "participate."

12 Q. Did you attend any EDU team meetings?

13 How about I -- I'll withdraw that question.

14 Did you attend in person any EDU team
15 meetings? Let me withdraw that question as well.

16 Did you attend, including by, for
17 example, calling into a conference call, any EDU team
18 meetings?

19 A. Yes.

20 Q. And did you attend physically in the
21 room in which the meeting was taking place, or did
22 you call into a conference call, or something else?

23 A. Could you rephrase your question?

24 Q. Sure. When did the meeting that you

1 have in mind occur?

2 A. In June of 2014.

3 Q. And where did that meeting take place?

4 A. At 76 South Main Street in Akron.

5 Q. And that's the building we're in.

6 A. Akron, Ohio.

7 Q. I apologize.

8 A. Yes.

9 Q. Okay. What was discussed at that June
10 2014 meeting?

11 MR. LANG: Objection. Again, this is an
12 attorney-client privilege issue. With regard to if
13 there was legal discussion, it's privileged, it
14 should be put to the side; but if there were nonlegal
15 EDU team process things, you can answer.

16 THE WITNESS: I'd like to back up in
17 terms of the questions you asked regarding the EDU
18 team.

19 BY MR. MENDOZA:

20 Q. Uh-huh.

21 A. Is that possible?

22 Q. Sure.

23 MR. LANG: If you need to correct an
24 answer.

1 THE WITNESS: I'd like to correct an
2 answer.

3 BY MR. MENDOZA:

4 Q. Okay. Please do.

5 A. I did not attend a full EDU team
6 meeting.

7 Q. Okay.

8 A. Which I believe was proposed in your
9 question, or asked in your question.

10 Q. It was one of them, yes.

11 A. Okay.

12 Q. So did -- so you didn't attend. Did you
13 participate by phone?

14 A. No. I participated in a meeting in
15 person in -- at the location I just indicated.

16 Q. Okay.

17 A. It was not a full EDU team meeting.

18 Q. I understand. Could you tell me some of
19 the people who attended that meeting?

20 A. Jay Ruberto, Mark Julian, and that's all
21 I recall.

22 Q. Okay. And keeping in mind your
23 counsel's instruction, what was discussed at that
24 meeting with Mr. Ruberto and Mr. Julian?

1 A. It was an update on the proposed
2 transaction.

3 Q. Okay. Can you give me any details of
4 that update, keeping in mind your counsel's
5 instruction?

6 A. Could you rephrase the question?

7 Q. I think you said that an update on the
8 proposed transaction was discussed at this meeting in
9 June. I'm wondering if you can tell me anything
10 about that update, keeping in mind that I'm not
11 asking for privileged information, or I should say
12 information that the companies have asserted
13 privilege claims for.

14 A. I'd ask you to rephrase the question,
15 please.

16 Q. Could you tell me which part of the
17 question is causing the difficulty?

18 A. I'm not clear on the word "anything." I
19 think the phrase was "anything about the meeting."

20 Q. Right. Could you tell me what was
21 discussed about the proposed transaction, again,
22 keeping in mind the instruction from your counsel.

23 A. One item that was discussed was with
24 regard to the reliability of the plants that were

1 offered in the transaction -- the proposed
2 transaction.

3 Q. And -- and what was discussed about the
4 reliability of the plants? Again, keeping in mind
5 the instruction from your counsel.

6 A. We discussed what would occur if a unit
7 was unavailable.

8 Q. Okay. And can you tell me anything
9 about what would occur if a unit -- scratch that.

10 Can you tell me -- can you provide any
11 details on what was discussed about what would occur
12 if a unit was unavailable? Again, keeping in mind
13 that we're talking about the plants to be included in
14 this transaction -- the proposed transaction, and
15 also keeping in mind that I'm not seeking any
16 information that the companies have asserted a
17 privilege claim for.

18 A. Could you rephrase the question?

19 Q. Can you describe the conversation about
20 what would occur if a unit were unavailable?

21 A. We discussed the need for the companies
22 to be protected in some event of that nature.

23 Q. And the event you're referring to is
24 unavailability; is that right?

1 A. A unit being unavailable.

2 Q. And can you tell me -- can you
3 describe -- can you describe the protection for the
4 companies that was discussed? Again, keeping in mind
5 that we're not seeking privileged information.

6 A. We discussed the need to have it
7 addressed within the proposed transaction.

8 Q. And did that discussion involve
9 reference to a draft term sheet? I'll strike that.

10 Did that discussion involve reference to
11 a term sheet?

12 A. I don't remember.

13 Q. Were there any other topics discussed at
14 this June 2014 meeting involving Mr. Ruberto and
15 Mr. Julian other than this issue of availability of a
16 unit, were there any other topics you could tell me
17 without revealing information that the companies have
18 asserted a privilege claim over?

19 A. Could you repeat that question or just
20 have it read back?

21 (Record read back as requested.)

22 A. Yes.

23 Q. And could you name -- could you identify
24 such other topic?

1 MR. LANG: Keeping in mind the
2 continuing instruction that legal is off to the side;
3 but to the extent you can answer, you can go ahead.

4 MR. MENDOZA: Thank you, Counsel.

5 THE WITNESS: The ability to audit the
6 costs of the plants within the proposed transaction.
7 BY MR. MENDOZA:

8 Q. And can you describe the discussion
9 about the ability to audit the costs of the plants in
10 the proposed transaction? Again, keeping in mind the
11 continuing instruction about privilege.

12 A. We asked it to be considered within the
13 body of Jay Ruberto's work.

14 Q. Okay. And can you think of any other
15 topic that was discussed at this June 2014 meeting
16 other than the audit issue and the unavailability of
17 a unit issue? Again, keeping in mind that I'm not
18 asking for you to reveal any information for which
19 the company has asserted a privilege claim.

20 A. I can't remember.

21 Q. Okay. Aside from that June 2014
22 meeting, were there any other meetings involving
23 Mr. Ruberto and yourself at which the work of the EDU
24 team was discussed?

1 A. Yes.

2 Q. And can you tell me when any such
3 meeting occurred?

4 A. I can't remember.

5 Q. For the meeting that you had in mind,
6 were there any other people who participated, aside
7 from you and Mr. Ruberto, assuming that Mr. Ruberto
8 did participate in that meeting?

9 A. Mr. Julian.

10 Q. Okay. What was discussed at that
11 meeting? Again, keeping in mind the continuing
12 instruction regarding privilege.

13 THE WITNESS: Could you repeat that
14 question, please?

15 (Record read back as requested.)

16 THE WITNESS: It was an update meeting
17 of the EDU team's work.

18 BY MR. MENDOZA:

19 Q. And was this meeting that we're talking
20 about now subsequent to the first meeting that we've
21 discussed which you had said occurred in June 2014?

22 A. Yes.

23 Q. And do you -- could you estimate how --
24 you know, how many weeks subsequent to that meeting

1 in June 2014 this second meeting occurred?

2 A. I can't remember.

3 Q. And can you -- can you recall any other
4 meetings, aside from these two involving Mr. Ruberto,
5 at which the work of the EDU team was discussed?

6 THE WITNESS: Could you read back that
7 question, please?

8 (Record read back as requested.)

9 THE WITNESS: No.

10 MR. MENDOZA: I'm sorry, could I have
11 the question and the answer read back for me, please?

12 (Record read back as requested.)

13 MR. MENDOZA: Okay. Thank you.

14 BY MR. MENDOZA:

15 Q. So did Eileen Mikkelsen participate in
16 either of the two meetings that we've been
17 discussing?

18 A. I can't remember.

19 Q. Okay. And I already alluded to it, but
20 are you aware that the EDU team and FES produced a
21 draft term sheet for the proposed transaction?

22 A. Yes.

23 Q. Okay. And do you know if there were any
24 disagreements between the EDU team and FES regarding

1 any aspect of the term sheet? And to the extent your
2 answer might implicate a privilege issue, I would
3 have you keep that continuing instruction in mind.

4 MR. LANG: Right. Same privilege
5 instruction, but you can answer.

6 THE WITNESS: Could you rephrase the
7 question, please?

8 BY MR. MENDOZA:

9 Q. Sure. Are you aware of any
10 disagreements between the EDU team and FES regarding
11 any aspect of the draft term sheet?

12 A. I'm sorry. Could you rephrase the
13 question one more time?

14 Q. Sure. Would you mind pointing me to the
15 part of that question that was causing difficulty?

16 A. I'm not sure of the use of the word
17 "disagreement."

18 Q. Okay. Do you know if there were any
19 parts of the term sheet over which the EDU team and
20 FES -- scratch that.

21 Do you know if there were any
22 contentious issues in that negotiation?

23 A. Yes.

24 Q. And could you tell me what those top --

1 what one of those topics was? Actually, can I
2 withdraw that question?

3 (EXHIBIT MARKED FOR IDENTIFICATION.)

4 BY MR. MENDOZA:

5 Q. Have you seen this document before? Oh,
6 you've been passed, Mr. Strah, what's been marked as
7 Exhibit No. 3. This document was produced in
8 discovery in this case, and it has the designation
9 IEU Set 1-INT-25 Attachment 1.

10 Are you familiar -- have you seen this
11 document before, Mr. Strah?

12 A. Could I confer with Jim just for a
13 moment?

14 Q. Sure.

15 (Client-counsel conference.)

16 A. Yes. Thank you.

17 Q. Thank you. And then going back a few
18 questions, are you aware if there were any aspects of
19 this term sheet that were contentious -- the
20 formulation of which were contentious in the
21 negotiations?

22 THE WITNESS: Could you read back my
23 answer to that question?

24 (Record read back as requested.)

1 THE WITNESS: Could you repeat your
2 question, please?

3 BY MR. MENDOZA:

4 Q. How about I rephrase.

5 A. Okay.

6 Q. Were there differences of opinion
7 regarding any aspect of this term sheet?

8 A. Yes.

9 Q. And can you tell me what one of those
10 differences of opinion was?

11 A. How to deal with unit unavailability.

12 Q. And can you tell me something about that
13 difference of opinion regarding how to deal with unit
14 unavailability?

15 A. I can't remember.

16 Q. Were there other topics on which there
17 were differences of opinion?

18 A. I can't remember.

19 Q. Okay. Did you provide any input
20 regarding the specific text of any -- any of the
21 specific text of this draft term sheet?

22 A. No.

23 Q. Okay. Do you know if under the proposed
24 agreement FES would be able to terminate the

1 agreement before May 31, 2031?

2 A. Could you repeat the question, please?

3 Q. Yes. Do you know if under the proposed
4 agreement FES would be able to terminate the
5 agreement before May 31, 2031?

6 MR. LANG: While he's thinking, I would
7 object. You're getting pretty far outside the scope
8 of his testimony. To the extent that he can answer
9 that question, he can answer that question; but, you
10 know, he's definitely not the witness to spend -- I'd
11 say to waste time on, you know, talking about the
12 details of the term sheet. So if you can answer, go
13 ahead.

14 THE WITNESS: I don't know.

15 BY MR. MENDOZA:

16 Q. Okay. And I've just got a couple more
17 topics. Let's switch gears.

18 Is it your understanding that the
19 companies would need PUCO approval in order to
20 execute the proposed transaction with FES?

21 MR. LANG: Objection. Go ahead.

22 BY MR. MENDOZA:

23 Q. Yes. Let me rephrase actually.

24 Is it your understanding that the

1 companies would need PUCO approval in order to enter
2 into a power purchase agreement with FES?

3 MR. LANG: Objection.

4 THE WITNESS: Could you read that back,
5 please?

6 (Record read back as requested.)

7 MR. LANG: I'm just objecting to the
8 extent you're asking him to make a legal conclusion,
9 but as a lay witness he can answer what his
10 understanding is.

11 THE WITNESS: No.

12 BY MR. MENDOZA:

13 Q. Are you aware that the companies'
14 projections filed in this proceeding show that the
15 proposed transaction would provide the companies with
16 net revenues of approximately \$770 million over the
17 term of the agreement?

18 A. Could you repeat the question, please?

19 Q. Maybe it would be helpful if I broke it
20 up.

21 Are you aware that the companies have
22 provided net present value projections -- a net
23 present value projection for the proposed transaction
24 in this proceeding?

1 A. Yes.

2 Q. And are you aware that the value of that
3 net present value projection is approximately \$770
4 million?

5 A. Yes.

6 Q. And do you believe that those -- and do
7 you believe -- scratch that, please.

8 And do you believe that this net present
9 value projection is reasonable?

10 A. Could you rephrase your question?

11 Q. Could you tell me which part of the
12 question is causing difficulty?

13 A. Use of the word "believe."

14 Q. Is the net present value projection
15 reasonable?

16 A. Yes.

17 Q. If the Commission does not approve Rider
18 RRS, is it your opinion that the companies should
19 enter into the proposed PPA?

20 MR. LANG: Objection.

21 THE WITNESS: Could you repeat that
22 question?

23 BY MR. MENDOZA:

24 Q. I'm asking you to assume that the

1 Commission does not approve Rider RRS, and in that
2 circumstance is it your opinion that the companies
3 should enter into the proposed PPA?

4 MR. LANG: Same objection.

5 THE WITNESS: We're asking the PUCO to
6 approve Rider RRS that will provide significant
7 benefits to customers over the 15-year period that's
8 outlined in my testimony.

9 BY MR. MENDOZA:

10 Q. And I'm asking if you -- in the
11 assumption -- I'm asking you to assume that the
12 Commission denies the rider that we're talking about.
13 And I'm asking if you would recommend that the
14 companies take the benefit of the agreement outlined
15 in this draft term sheet by accepting FES's offer.

16 MR. LANG: Same objection; asked and
17 answered, and you're asking him to speculate.

18 THE WITNESS: I can't agree with the
19 premise or assumption in your questions. I'm unable
20 to answer it.

21 BY MR. MENDOZA:

22 Q. Why haven't the Ohio -- excuse me.
23 Strike that.

24 Why haven't the companies entered into

1 the PPA today?

2 A. We need the approval of Rider RRS from
3 the PUCO.

4 Q. Okay. Let's move on. I've got two more
5 topics, I think it will take about less than 10
6 minutes. Are we okay to continue?

7 MR. LANG: Go.

8 BY MR. MENDOZA:

9 Q. Okay. Have you met or spoken to
10 Governor Kasich or any member of his staff to discuss
11 any aspect of the proposed Electric Security Plan?

12 A. No.

13 Q. Have you met or spoken to any PUCO
14 commissioner to discuss any aspect of this proposed
15 Electric Security Plan subsequent to its filing on
16 August 4th, 2014?

17 THE WITNESS: Could you read that
18 question for me, please?

19 (Record read back as requested.)

20 THE WITNESS: No.

21 BY MR. MENDOZA:

22 Q. Did you meet with any of them prior to
23 August 4th, 2014?

24 A. Could you rephrase your question,

1 please?

2 Q. Sure. Have you met or spoken to any
3 PUCO commissioner to discuss any aspect of this
4 proposed Electric Security Plan prior to August 4th,
5 2014?

6 A. No.

7 Q. And the last topic: Did you have
8 assistance in drafting the testimony that you filed
9 in this proceeding?

10 A. Yes.

11 Q. And what sort of assistance did you
12 have?

13 A. Assistance from my staff.

14 Q. And could you name some of the people
15 who assisted you?

16 MR. LANG: Objection to relevance, but
17 go ahead.

18 THE WITNESS: Shannon Quade.

19 MR. MENDOZA: Okay. Could we just have
20 a minute to confer?

21 MR. SOULES: Can we go off the record
22 for a minute?

23 (Discussion held off the record.)

24 BY MR. MENDOZA:

1 Q. Just a couple more.

2 Switching back to that topic we
3 discussed of, you know, whether the companies would
4 enter into the agreement in the absence of Commission
5 approval, would it make financial sense for the
6 companies to enter into the proposed power purchase
7 agreement in the absence of Commission approval?

8 MR. LANG: Objection again.

9 THE WITNESS: I just can't agree with
10 the premise of your question, and I cannot answer it.

11 BY MR. MENDOZA:

12 Q. Why can't you agree with that premise?

13 A. Well, as I outlined in my testimony,
14 Rider RRS is a key component of what we will be -- we
15 believe will be the success of the transaction.

16 MR. MENDOZA: I've got no further
17 questions. Thank you, Mr. Strah.

18 THE WITNESS: Thank you.

19 MS. DUNN: So given the cross estimates,
20 I think we can take an hour.

21 MR. DARR: Do you want to take care of
22 mine right now?

23 MS. DUNN: Is that you, Frank?

24 MR. DARR: Yes.

1 MS. DUNN: Actually we would really like
2 to take a lunch break if that's okay.

3 MR. DARR: That's up to you.

4 MS. DUNN: We'll go -- we'll do 40
5 minutes. We'll come back at 12:20.

6 MR. LANG: Okay.

7 MS. DUNN: Does that work?

8 MR. LANG: No objections.

9 MS. FLEISHER: I just wanted to chime in
10 that I'm not going to be able to join back in then,
11 but that's fine because, again, I don't think I'll
12 have any questions. Just maybe check if I'm there,
13 but if not, don't worry about me.

14 MR. PETRICOFF: This is Howard. I'm in
15 the same position.

16 MS. DUNN: And one more housekeeping
17 issue: No confidential session?

18 MR. MENDOZA: No confidential session.

19 MS. DUNN: If you're still on the phone,
20 no confidential sessions?

21 MR. OLIKER: Carrie, this is Joe. I
22 don't believe so, but I'd have to wait to see what he
23 said to my questions and then make a call, but I
24 don't think I will.

1 MS. DUNN: Okay. Great. Thank you.

2 MS. HUSSEY: I don't think so, either,
3 Carrie. This is Becky.

4 MS. DUNN: Okay.

5 MR. BORCHERS: This is Dylan. I don't
6 think so. Thank you.

7 MS. DUNN: Great. Thank you.

8 (Luncheon recess.)

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1 Friday Afternoon Session,
2 January 30, 2015.

3 - - -

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

5 MS. DUNN: We'll go on the record.

6 Frank Darr from IEU, are you there?

7 MR. DARR: Yes, I am.

8 MS. DUNN: Okay. Go ahead.

9 MR. DARR: Thank you.

10 - - -

11 CROSS-EXAMINATION

12 BY MR. DARR:

13 Q. Mr. Strah, my name is Frank Darr, I'm
14 with the law firm of McNees, Wallace & Nurick, and we
15 represent Industrial Energy Users of Ohio. I have
16 just a few questions concerning some information that
17 you may have used or not used. That's what I want to
18 determine.

19 In preparing your testimony concerning
20 system reliability and the benefits of the Economic
21 Stability Program, did you look at any historic
22 availability data prepared by the companies?

23 A. Could you rephrase the question, please?

24 Q. I don't think so, sir. There's

1 something in my question that you don't understand?

2 A. In terms of historic availability, I'm
3 just looking for a timeframe.

4 Q. Certainly. For the last four years.

5 A. Okay. Could you repeat the question, or
6 could we have the question read back, please?

7 (Record read back as requested.)

8 A. I can't remember.

9 Q. Are there documents that you would look
10 at to refresh your recollection?

11 A. No.

12 Q. So at this point you have no recall as
13 to whether or not you looked at any information
14 concerning the historic availability over the last
15 four years?

16 A. I relied on other witnesses.

17 Q. Does that complete your answer?

18 A. Yes.

19 MR. DARR: Going back to my question,
20 then, would you -- could I ask the court reporter to
21 ask my question again, and I'd like an answer to my
22 question, sir.

23 (Record read back as requested.)

24 MR. LANG: Objection, but go ahead.

1 THE WITNESS: Yes.

2 BY MR. DARR:

3 Q. So what is your recollection?

4 A. My recollection is reviewing -- my
5 recollection is reviewing the testimony of other
6 witnesses that are in this proceeding on behalf of
7 the company, and putting that together to form my
8 testimony.

9 Q. Did you seek to independently verify
10 that information with other information concerning
11 the historic availability of the generating units
12 that are the subject of the Economic Stability
13 Program?

14 A. No.

15 Q. Are you aware that -- whether or not
16 such information is available within -- or available
17 from one of the operating companies? What I mean by
18 operating companies, I mean Ohio Edison, Toledo
19 Edison, or Cleveland Electric.

20 THE WITNESS: Could you read that
21 question back, please?

22 (Record read back as requested.)

23 THE WITNESS: I don't know.

24 BY MR. DARR:

1 Q. Could you point me to which witness that
2 you are relying upon concerning the availability
3 data?

4 A. Could you rephrase your question,
5 please?

6 Q. Sure. Which witnesses' testimony are
7 you relying upon for purposes of identifying the
8 availability data?

9 A. Could you clarify "availability"?

10 Q. I thought we were clear. We were
11 talking previously about historic availability data,
12 and you indicated that you relied on other witnesses
13 for that information. I was wondering which
14 witnesses' testimony you relied upon.

15 So my question is: Which witnesses'
16 testimony did you rely upon for the availability
17 data?

18 A. My apologies. I might have
19 misunderstood one of your prior questions.

20 Q. What would you like to clarify at this
21 point, sir?

22 A. Is your question on availability
23 relative to unit availability?

24 Q. I'm looking at -- yes. My question

1 relates to the availability of the Sammis and
2 Davis-Besse units.

3 A. Okay. I was incorrect of my
4 understanding of your previous question. My
5 apologies.

6 Q. Okay. Let's start again then. As part
7 of your review in preparation for providing testimony
8 in this case, did you look at the historic
9 availability data or the Davis-Besse and Sammis units
10 which are the subject of the Economic Stability
11 Program?

12 A. No.

13 Q. Are you aware of whether or not that
14 information, which we've just discussed, is available
15 from the operating companies?

16 A. No.

17 Q. Are you aware of whether or not that
18 information is available through FirstEnergy Service
19 Corporation?

20 MR. LANG: Objection. Go ahead.

21 THE WITNESS: I don't know.

22 BY MR. DARR:

23 Q. Your testimony at Pages 7 and 8, you
24 have some discussion about how the Economic Stability

1 Program will promote certainty regarding retail
2 electric service, and you state on Page 8 that the
3 recent polar vortex provides one example of the
4 benefit of baseload assets like the plants and OVEC.

5 In this instance, the reference to
6 plants refers to the Sammis and Davis-Besse units,
7 correct?

8 A. Yes.

9 Q. With regard to the plants and the OVEC
10 units that are mentioned in Line 16 on Page 8, have
11 you personally assessed whether or not these units
12 would satisfy the capacity performance requirement
13 under the proposed PJM capacity performance product
14 definition?

15 MR. LANG: Objection.

16 THE WITNESS: Could you read the
17 question, please?

18 (Record read back as requested.)

19 THE WITNESS: Could you rephrase your
20 question?

21 BY MR. DARR:

22 Q. What didn't you understand?

23 A. Use of the word "satisfy."

24 Q. What about that don't you understand,

1 sir?

2 A. My answer is no.

3 Q. Do you know whether anyone at
4 FirstEnergy Service Corporation has assessed whether
5 or not the plants would qualify under the definition
6 of a -- definition of capacity for the capacity
7 performance definition that's been proposed by PJM?

8 MR. LANG: Objection again.

9 THE WITNESS: I don't know.

10 BY MR. DARR:

11 Q. Are you personally familiar with the
12 requirements of that proposal that's presented by PJM
13 to the Federal Energy Regulatory Commission?

14 A. No.

15 Q. So is it fair to say that at this time
16 you do not have an understanding of the requirements
17 that would apply to a gas-fired generating unit?

18 MR. LANG: You're asking him, Frank,
19 under the capacity performance proposal that he
20 doesn't have an understanding with -- of?

21 MR. DARR: I'm asking is it fair to
22 conclude that, yes.

23 MR. LANG: Okay. Objection to the form
24 of the question, but you can answer.

1 THE WITNESS: Yes.

2 BY MR. DARR:

3 Q. Are you familiar with the efforts
4 undertaken by PJM to address inconsistencies with
5 scheduling protocols between natural gas and
6 electricity industries?

7 A. I can't remember.

8 Q. Thank you. That's all the questions I
9 have.

10 MR. LANG: Okay. Let's see, Carrie
11 stepped out of the room and she was doing our order.
12 I think was -- did Howard Petricoff drop off?

13 MR. OLIKER: Howard does not have any
14 questions he indicated.

15 MR. LANG: Madeline Fleisher, is she
16 there? You there, Madeline? Maybe not.

17 Joe, I know you're there; so why don't
18 you go ahead.

19 MR. OLIKER: Sure.

20 - - -

21 CROSS-EXAMINATION

22 BY MR. OLIKER:

23 Q. Good afternoon, Mr. Strah. My name is
24 Joe Oliker, and I represent IGS Energy.

1 A. Good afternoon.

2 Q. Just a few questions this afternoon.
3 You may have touched on the subject, but I don't
4 think you talked exactly to this issue.

5 Are you aware that the FirstEnergy Ohio
6 Utilities and FirstEnergy Solutions provide testimony
7 from time to time to the Ohio General Assembly?

8 MR. LANG: Objection; beyond the scope
9 of his testimony. Go ahead.

10 THE WITNESS: I don't know.

11 BY MR. OLIKER:

12 Q. Have you reviewed any testimony that the
13 FirstEnergy Utilities or FirstEnergy Solutions have
14 provided to the Ohio General Assembly?

15 MR. LANG: Same objection.

16 THE WITNESS: Could you rephrase the
17 question, please?

18 BY MR. OLIKER:

19 Q. What part of my question don't you
20 understand?

21 A. The period of time that your question
22 pertains to.

23 Q. The past 10 years.

24 MR. LANG: Same objection.

1 THE WITNESS: I can't remember.

2 BY MR. OLIKER:

3 Q. Why does the period of time matter if
4 you can't remember?

5 MR. LANG: Objection; argumentative.

6 BY MR. OLIKER:

7 Q. You can answer.

8 A. Could you repeat your question, please?

9 Q. Why does the period of time that I'm
10 talking about in my question for providing testimony
11 or reviewing testimony to the General Assembly matter
12 at all if you can't remember ever reviewing any?

13 MR. LANG: Objection; mischaracterizes
14 his response. Go ahead if you can answer.

15 THE WITNESS: I just wanted an
16 understanding of the timeframe that you were
17 referencing in your question.

18 BY MR. OLIKER:

19 Q. Okay. In the future, Mr. Strah, if you
20 don't know the answer and you just have a problem
21 with my question, please just state that you don't
22 know the answer --

23 MR. LANG: Joe, you can stop right
24 there.

1 BY MR. OLIKER:

2 Q. -- for purposes of moving this
3 deposition along.

4 MR. LANG: Joe, you can stop right
5 there. Ask your next question, please.

6 BY MR. OLIKER:

7 Q. Are you familiar with PJM
8 Interconnection, Mr. Strah?

9 A. Yes.

10 Q. Have you ever dispatched generation
11 resources into PJM?

12 A. No.

13 Q. Do you know who the PJM market monitor
14 is?

15 MR. LANG: Objection to form. Go ahead.

16 THE WITNESS: I can't remember.

17 BY MR. OLIKER:

18 Q. Do you know what the duty of the PJM
19 market monitor is?

20 MR. LANG: Objection; and beyond the
21 scope. Go ahead.

22 THE WITNESS: I don't know.

23 BY MR. OLIKER:

24 Q. And likewise, are you aware if the PJM

1 market monitor produces quarterly reports?

2 MR. LANG: Objection.

3 THE WITNESS: I don't know.

4 BY MR. OLIKER:

5 Q. Do you participate in the PJM
6 stakeholder process?

7 MR. LANG: Objection.

8 THE WITNESS: I don't know.

9 BY MR. OLIKER:

10 Q. Do you know what the PJM stakeholder
11 process is?

12 MR. LANG: Objection.

13 THE WITNESS: No.

14 BY MR. OLIKER:

15 Q. Are you familiar with the term American
16 Transmission Systems, Inc.?

17 A. Yes.

18 Q. If I -- could you explain what that is,
19 please?

20 A. It's the subsidiary that contains
21 transaction assets within the Ohio and Penn Power
22 footprint.

23 Q. If I refer to American Transmission
24 Systems, Inc. as ATSI, would you understand what I'm

1 talking about?

2 A. Yes.

3 Q. Have you performed any analysis to
4 demonstrate the impact of closure of Sammis on the
5 total fuel mix within PJM or ATSI?

6 A. No.

7 Q. Have you performed any analysis to
8 demonstrate the impact of the closure of Davis-Besse
9 on the total fuel mix within PJM or ATSI?

10 A. No.

11 Q. Are you aware of the total amount of
12 unforced capacity that exists in PJM Interconnection?

13 A. Could you rephrase your question?

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

16 A. Timeframe.

17 Q. Currently.

18 A. I don't know.

19 Q. How about the projected amount over the
20 next three years? When I say that, I mean any
21 delivery year as PJM defines it.

22 A. No.

23 Q. Do you know the total level of unforced
24 capacity that currently exists in the ATSI zone?

1 A. No.

2 Q. Do you know the total level of unforced
3 capacity that is projected to exist in the ATSI zone
4 over the next three years as defined by PJM as a
5 delivery year?

6 A. No.

7 Q. Let me ask you a hypothetical. Over the
8 next three years if you were to remove 1.5 percent of
9 PJM's total unforced capacity, do you believe that
10 would be detrimental to the reliability of the grid?

11 MR. LANG: Objection to the
12 hypothetical, but answer if you can.

13 THE WITNESS: I don't know.

14 BY MR. OLIKER:

15 Q. Is there any additional facts that would
16 allow you to better answer that question?

17 A. No.

18 Q. Now, let me ask you another
19 hypothetical. If 1.5 percent of PJM's total capacity
20 were to be removed for the next three years, do you
21 believe that reduction would be detrimental to the
22 operation of the energy market?

23 MR. LANG: Objection; both beyond the
24 scope and hypothetical. But to the extent you can

1 answer, go ahead.

2 THE WITNESS: I don't know.

3 BY MR. OLIKER:

4 Q. In your testimony you talk about -- you
5 say the requirement of baseload generation plants --
6 I'm sorry, scratch that.

7 You indicate that stability and security
8 is impacted by a generation asset mechanism that is
9 increasingly dominated by generation that lacks the
10 capability to run continuously, particularly when the
11 grid is stressed.

12 Now, in this statement, you're referring
13 to the interruptibility of natural gas plants,
14 correct?

15 MR. LANG: Did you have a particular
16 page in mind you're asking about, Joe?

17 MR. OLIKER: He says it in a few places,
18 that's why I'm trying to paraphrase.

19 MR. LANG: Okay. Could we have the
20 question read back then?

21 (Record read back as requested.)

22 BY MR. OLIKER:

23 Q. That should be generation mix, not
24 mechanism.

1 A. Yes.

2 Q. You talked a little bit about PJM's
3 capacity performance proposal. Are you familiar with
4 what has been proposed by PJM?

5 MR. LANG: Objection; asked and
6 answered.

7 THE WITNESS: Can you read the question
8 back, please?

9 (Record read back as requested.)

10 THE WITNESS: I don't recall or remember
11 talking about the proposal.

12 BY MR. OLIKER:

13 Q. Let me ask you plainly: Are you
14 familiar with PJM -- with what PJM has proposed?

15 A. No.

16 Q. Let me ask you a hypothetical. If
17 natural gas combined cycle generators are allowed to
18 include the price of firm transportation in their
19 capacity offers, would you agree that they are less
20 likely to be interrupted during peak times?

21 MR. LANG: Objection again to the --
22 what's being assumed in the hypothetical, but --

23 THE WITNESS: I don't know.

24 BY MR. OLIKER:

1 Q. Okay. Let me ask you differently: If
2 natural gas combined cycle generators have firm
3 pipeline transportation, would you agree that they're
4 less likely to be interrupted?

5 A. I don't know.

6 Q. Mr. Strah, have you done any analysis to
7 determine what portion of gas generation in PJM
8 relies upon interruptible transportation?

9 A. No.

10 Q. And likewise, have you done any analysis
11 to determine what portion of natural gas generation
12 in PJM has firm transportation?

13 A. No.

14 Q. On Page 8 you state, "During this
15 unprecedented cold spell, many interruptible gas
16 generation assets were unable to operate due to:
17 inconsistencies in scheduling protocols between the
18 natural gas and electricity industries; a lack of
19 pipeline infrastructure to support increasing demand
20 for gas; and (3) priority questions between gas used
21 for heating and gas used to create electricity."

22 What information is this statement based
23 upon?

24 A. It's based upon information and data

1 contained in a PJM report on the polar vortex.

2 Q. Is it the statement of Michael Kormos?

3 A. I don't know.

4 Q. Did you review this report?

5 A. Yes.

6 Q. Do you know when it was filed?

7 A. I don't remember.

8 Q. Would you agree that in January 2014
9 there were unprecedented forced outages in PJM?

10 MS. DUNN: If someone's typing, can you
11 please put your phone on mute?

12 MR. LANG: It might be him.

13 THE WITNESS: Yes.

14 MR. OLIKER: It's not me.

15 MR. LANG: Oh, sorry to accuse, Joe.

16 BY MR. OLIKER:

17 Q. I'll ask my question again. I'm not
18 sure of the answer.

19 Would you agree that there were
20 unprecedented forced outage rates during January of
21 2014?

22 A. Yes.

23 Q. And you would agree that general plant
24 failures at both coal and natural gas plants were

1 responsible for the majority of forced outages during
2 January of 2014?

3 MR. LANG: Could I have that read back?

4 THE WITNESS: Yeah, if you don't mind.

5 (Record read back as requested.)

6 BY MR. OLIKER:

7 Q. That was agree that general plant
8 failures.

9 A. Yes.

10 Q. Did you review the forced outage history
11 of Sammis or Davis-Besse over the past five years?

12 A. No.

13 Q. Did you review the forced outage rate
14 for Sammis or Davis-Besse during January of 2014?

15 A. No.

16 Q. On Page 3 you state, "The Economic
17 Stability Program of the Powering Ohio's Progress
18 plan is designed to mitigate the impact on customers
19 of long-term volatility in retail electric service
20 prices as well as forecasted increases in those
21 prices. As Company witness Rose explains, power
22 prices have been, and are expected to be,
23 significantly volatile. Power price increases
24 also are forecast over the long term."

1 Would you agree that your conclusion
2 that the RRS will mitigate the impact of rising
3 market prices is predicated on the conclusion that
4 Sammis, Davis-Besse, and OVEC will produce additional
5 margin if prices rise?

6 A. Could you read the question back,
7 please?

8 Q. Sure. Would you agree that your
9 conclusion that the RRS will mitigate the impact of
10 rising market prices is predicated on the idea that
11 Sammis, Davis-Besse, and OVEC will produce additional
12 margin if market prices rise?

13 MR. LANG: Yeah. Objection to form.

14 THE WITNESS: I don't know.

15 BY MR. OLIKER:

16 Q. Well, let me ask you a hypothetical.
17 And before that, why don't you know? What is it --
18 what is it -- is there anything additional that you
19 would need to answer that question?

20 A. No. I can only point you back to my
21 testimony in terms of the benefits that are
22 articulated for Rider RRS.

23 Q. Okay. Can you please explain how Rider
24 RRS will be a benefit to customers when market prices

1 rise? Can you walk me through that?

2 A. It will provide price stability,
3 reliability of our distribution -- or, our delivery
4 system, it will also continue to contribute to the
5 vitality of Ohio's economy, along with job retention
6 benefits.

7 Q. Okay. Let's break that down. Let's
8 talk about the simple premise of whether the RRS is a
9 charge or a credit. Let's do this in a hypothetical.

10 Let's assume that Sammis, Davis-Besse,
11 and the OVEC plants are not profitable now; and then
12 assume that there's a \$10-per-megawatt-hour increase
13 in the market price; also assume that the cost of
14 producing power for each plant increases \$10 per
15 megawatt hour along with that market price increase.
16 Would you agree that in this hypothetical the RRS
17 will continue to be a charge?

18 MR. LANG: Objection to the assumptions
19 requested in the hypothetical as being unrealistic.

20 THE WITNESS: I don't know.

21 BY MR. OLIKER:

22 Q. Why is that?

23 A. Rider RRS operates -- is when the
24 revenues incoming from the PJM market are matched

1 against costs customers would receive a credit.

2 Q. Okay. So now assume this with me using
3 your terminology: Let's assume that in 2015 the PJM
4 market revenues are less than the costs. Now, let's
5 assume everything else is the same in 2016, but the
6 market price for electricity rises by \$10 and the
7 cost of producing electricity also rises by \$10.
8 Would you agree that in that hypothetical the RRS
9 will still be a charge?

10 MR. LANG: Objection again to the
11 assumptions included in the hypothetical. I think
12 he's asking you to do the math.

13 THE WITNESS: I don't know.

14 BY MR. OLIKER:

15 Q. Would you agree that 10 minus 10 is
16 zero?

17 A. Yes.

18 MR. LANG: That one we can answer.

19 BY MR. OLIKER:

20 Q. And you would agree that if the revenue
21 increases 10 and the cost increases 10, there's no
22 more margin?

23 MR. LANG: Objection again.

24 THE WITNESS: Yes.

1 BY MR. OLIKER:

2 Q. Okay. So from a high level, if there is
3 an increase in cost to these plants that matches the
4 increase in revenues, then the RRS is not a hedge
5 against rising market prices?

6 MR. LANG: Objection again to the
7 assumptions. Answer if you can.

8 THE WITNESS: Could you rephrase the
9 question?

10 BY MR. OLIKER:

11 Q. What about my question don't you
12 understand?

13 A. What is meant by the word "hedge."

14 Q. I mean the RRS doesn't produce any more
15 margin.

16 MR. LANG: Could you just ask your
17 question again, Joe?

18 MR. OLIKER: Sure.

19 BY MR. OLIKER:

20 Q. Assume a situation of rising market
21 prices as you describe in your testimony. If every
22 time prices increase the cost of operating Sammis,
23 Davis-Besse, and the OVEC plants also increases at an
24 equivalent rate, would you agree that the RRS will

1 not mitigate against those price increases for
2 customers?

3 MR. LANG: Objection again. Answer if
4 you can.

5 THE WITNESS: Yes.

6 BY MR. OLIKER:

7 Q. Yes, it will not mitigate against the
8 price increase?

9 A. Yes.

10 Q. Thank you. Are you familiar with the
11 EPA's proposed regulations regarding carbon emissions
12 for existing power plants?

13 A. No.

14 Q. Are you familiar at all with the
15 principle or idea of carbon dioxide regulation?

16 A. No.

17 Q. Okay. Switching to a different subject.
18 You state, "If shopping customers decide to switch
19 because they think they can save, that same savings
20 is available to the customers regardless of the
21 existence of the Economic Stability Program."

22 Would you agree that if the RRS is a
23 charge, a customer will not realize the same savings
24 if they shop than they would without the existence of

1 the RRS?

2 MR. LANG: Is that a reference to the
3 testimony again, Joe?

4 MR. OLIKER: One second. Now I'm
5 typing. It's on Page 6.

6 MR. LANG: All right.

7 BY MR. OLIKER:

8 Q. And it's on Line 21. You say, "If
9 shopping customers decide to switch because they
10 think they can save, that same savings is available
11 to the customers regardless of the existence of the
12 Economic Stability Program."

13 And my question is: Would you agree
14 that if the RRS is a charge, a customer will not
15 realize the same savings if they shop than they would
16 without the existence of the RRS?

17 MR. LANG: Well, objection to the form,
18 but --

19 THE WITNESS: No.

20 BY MR. OLIKER:

21 Q. Would you agree that if the RRS -- and
22 maybe my question is poor. When you say no, are you
23 agreeing with me that they would not have the same
24 savings?

1 MR. LANG: Same objection to the earlier
2 question, but go ahead.

3 THE WITNESS: Could you please read back
4 the question before that question so I'm clear?

5 BY MR. OLIKER:

6 Q. I'll just ask it again very simply.
7 Would the existence of the RRS, if it is charged, a
8 customer will not realize the same savings that they
9 would realize if the RRS did not exist?

10 MR. LANG: And I guess -- yeah, I think
11 we're both having trouble. When you say the same
12 savings, yeah, it's -- since you -- you can't see our
13 faces over the phone, we're -- I can tell you we have
14 confused faces.

15 MR. OLIKER: That's fine. Let's come at
16 it from a different angle.

17 BY MR. OLIKER:

18 Q. Are you familiar with a flat-bill
19 product?

20 A. No.

21 Q. Are you familiar with a fixed-price
22 contract?

23 A. Yes.

24 Q. Would you agree that a customer that has

1 a fixed-price contract could have their expectations
2 undermined if the RRS is a charge?

3 A. Could you rephrase the question?

4 Q. What part of my question don't you
5 understand?

6 A. What you mean by customer expectation.

7 Q. Okay. Would you agree that a customer
8 that enters into a fixed-price contract will pay a
9 different amount if the RRS is in existence?

10 A. Could you repeat the question?

11 Q. Maybe to make it really simple: Would
12 you agree that when the RRS exists, there is no way a
13 customer can determine what their bill will be?

14 A. No.

15 Q. Why do you disagree?

16 A. Rider RRS is a stability rider, it's
17 independent of a customer that shops or one that
18 does, and customers --

19 Q. Do you know -- I'm sorry, go ahead. I
20 don't mean to interrupt you.

21 A. Sure. Thanks.

22 And customers will be able to see what
23 their bill is.

24 Q. Do you know what the RRS will be every

1 month of the year?

2 A. I can't remember.

3 Q. Do you know what the RRS will be in 2017
4 as you sit here today?

5 A. No, but I am relying on the forecasts
6 that's found in my testimony.

7 Q. Would you agree that those forecasts do
8 not contain the actual prices that will exist in
9 2017?

10 A. Yes.

11 Q. So would you agree even if those
12 forecasts are close to being right, they still will
13 not predict the exact amount that the RRS will
14 reflect on a customer's bill?

15 A. Yes. If I may, is there any way we
16 could just take a five-minute break?

17 MR. LANG: Joe, we're going to take a
18 five-minute break and I think stretch the witness's
19 legs.

20 MR. OLIKER: Okay.

21 MR. LANG: And so I'd say we'll start
22 again at 20 minutes after 1:00.

23 MR. OLIKER: Okay. Thank you.

24 MR. LANG: All right. Thanks, Joe.

1 (Recess taken.)

2 MR. LANG: All right. Mr. Olikar, you
3 still have questions?

4 MR. OLIKER: Yes. Just a few.

5 MR. LANG: Okay. Go ahead.

6 BY MR. OLIKER:

7 Q. Okay. On Page 11 you talk about, "Price
8 stability is an important consideration in site
9 location analysis." In this statement, are you
10 referring to industrial customers?

11 A. No.

12 Q. What are you referring to?

13 A. I would say commercial industrial
14 customers.

15 Q. You say, "When major companies consider
16 locating or staying in Ohio, or existing companies
17 consider expansion, they are making long term,
18 multi-million dollar investments, and require pricing
19 stability in their budget projections."

20 Would you agree that industrial
21 customers could obtain a reasonable arrangement if
22 they so desired?

23 MR. LANG: Objection.

24 THE WITNESS: Could you rephrase the

1 question?

2 BY MR. OLIKER:

3 Q. What part of my question don't you
4 understand?

5 A. The phrase "reasonable arrangement."

6 Q. Let's take it one step at a time. Do
7 you know what a reasonable arrangement is?

8 A. No.

9 Q. Are you aware that Ohio law provides
10 that industrial customers may request approval of a
11 discounted rate with a local utility?

12 MR. LANG: Objection.

13 THE WITNESS: I don't know.

14 BY MR. OLIKER:

15 Q. Do you know who Republic Steel is?

16 A. Could you rephrase the question?

17 Q. What part of my question don't you
18 understand?

19 A. I'm not sure if you're referencing
20 location.

21 Q. Do you know the company Republic Steel?

22 A. Yes.

23 Q. Would you agree that Republic Steel has
24 a new facility in FirstEnergy service territory?

1 A. I don't know.

2 Q. Okay. You say on Page 11, Line 5, "The
3 greater the degree of certainty about energy costs
4 that we can provide these companies, the greater our
5 odds of landing new capital investment and employment
6 in the State of Ohio."

7 If a customer has the option of knowing
8 exactly what their bill will be over the next three
9 years or the option of having a bill that may go up
10 10 percent or down 10 percent, which would a customer
11 choose?

12 MR. LANG: Objection, again, to the
13 assumptions. Answer if you can.

14 THE WITNESS: I don't know.

15 BY MR. OLIKER:

16 Q. You don't think they'd want the greater
17 degree of certainty?

18 MR. LANG: Objection.

19 THE WITNESS: I don't know.

20 BY MR. OLIKER:

21 Q. Page 6, Line 9 you state, "...Rider RRS
22 must be nonbypassable for it to work properly and to
23 be competitively neutral - thereby avoiding any
24 impact on the competitive retail market."

1 Regarding this statement, is it limited
2 to retail competition or does it also pertain to
3 wholesale competition?

4 A. Could you please direct me to the line
5 you're referring to?

6 Q. I believe it's Page 6, Line 9 you say,
7 "...Rider RRS must be nonbypassable for it to work
8 properly and to be competitively neutral - thereby
9 avoiding any impact on the competitive retail
10 market."

11 My question is: Is your statement
12 limited to retail competition or does it also pertain
13 to wholesale competition?

14 A. I can't remember.

15 Q. Did you write this statement in your
16 testimony?

17 A. Yes.

18 Q. Are there any documents that would
19 refresh your recollection?

20 A. No.

21 Q. Are you an economist?

22 A. No.

23 Q. Do you have any training or education in
24 market fundamentals?

1 MR. LANG: Objection to the form of the
2 question.

3 THE WITNESS: Could you repeat your
4 question?

5 BY MR. OLIKER:

6 Q. What part of my question don't you
7 understand or want me to repeat?

8 A. I would just like you to repeat your
9 question, please.

10 Q. Do you have any education or training in
11 retail electric market fundamentals?

12 MR. LANG: Different question.

13 THE WITNESS: No.

14 BY MR. OLIKER:

15 Q. Do you have any training or education in
16 wholesale market -- energy market fundamentals?

17 A. Could you read the question back for me,
18 please?

19 Q. Do you have any education or training in
20 wholesale energy market fundamentals?

21 A. What do you mean by "education"?

22 Q. Have you studied energy markets in
23 college, university, do you have any degrees?

24 A. On markets?

1 Q. Yes.

2 A. No.

3 Q. Is it your testimony that
4 generation-related nonbypassable charges do not have
5 a negative impact -- let me scratch that. Try that
6 again.

7 Is it your testimony that
8 generation-related nonbypassable charges do not have
9 an impact on competition?

10 MR. LANG: Objection to the question
11 again, and mischaracterization of what's proposed.
12 If you can answer.

13 THE WITNESS: I don't follow your
14 question --

15 BY MR. OLIKER:

16 Q. What part of my question don't you
17 follow?

18 A. -- so I'm afraid I can't answer it.

19 Q. What part of my question don't you
20 follow?

21 A. The inclusion of generation. I guess
22 I'm just not clear.

23 Q. Well, I'm just asking you from a high
24 level, do you believe that generation-related

1 nonbypassable charges impact the competitive market?

2 MR. LANG: Objection; beyond the scope
3 of his testimony.

4 THE WITNESS: I don't know.

5 BY MR. OLIKER:

6 Q. So let me -- let's take it a step
7 further. If you look at Page 6, Line 19 and it says
8 "as a nonbypassable charge," if I were to insert the
9 words "as a generation-related" after "as a" and
10 between "nonbypassable," would your testimony change?

11 MR. LANG: Objection; beyond the scope
12 of his testimony.

13 THE WITNESS: I can only speak to what
14 my testimony says.

15 BY MR. OLIKER:

16 Q. That doesn't answer my question.

17 A. I'm sorry, I won't be able to answer
18 your question.

19 Q. So your answer is you don't know?

20 MR. LANG: Objection.

21 BY MR. OLIKER:

22 Q. You may answer.

23 A. I don't know.

24 Q. And do you know whether the RRS will

1 have a negative impact on wholesale competition?

2 MR. LANG: Objection; beyond the scope
3 of his testimony.

4 THE WITNESS: I don't know.

5 BY MR. OLIKER:

6 Q. Do you know whether Sammis, Davis-Besse,
7 Clifty Creek, and Kyger Creek are FirstEnergy
8 Solutions' most efficient or profitable power plants?

9 MR. LANG: Objection; beyond the scope
10 of his testimony.

11 THE WITNESS: No.

12 BY MR. OLIKER:

13 Q. Have you evaluated FirstEnergy
14 Solutions' business plan regarding its generation
15 fee?

16 MR. LANG: Objection; beyond the scope
17 of his testimony.

18 THE WITNESS: No.

19 MR. OLIKER: If I can have just a
20 minute, Jim.

21 MR. LANG: Sure.

22 (Pause.)

23 MR. OLIKER: Okay. That's all the
24 questions I have. Thank you, Mr. Strah.

1 THE WITNESS: Thank you.

2 MS. DUNN: Okay. NOPEC, you can go
3 ahead.

4 MR. BORCHERS: Thank you.

5 - - -

6 CROSS-EXAMINATION

7 BY MR. BORCHERS:

8 Q. Good afternoon, Mr. Strah. My name is
9 Dylan Borchers, and I represent the Northeast Ohio
10 Public Energy Council. Based on the questions asked
11 by a number of the other parties, the questions I
12 have for you will be fairly brief since they did a
13 good job covering the topics I wanted to cover.

14 To get started, on Page 13 of your
15 testimony at the top there you state that, "CRES
16 providers are not currently offering long-term
17 contracts to residential customers in the Companies'
18 service territories that would serve a mitigation
19 function equivalent to the Economic Stability
20 Program."

21 What do you mean by "mitigation function
22 equivalent to the Economic Stability Program"?

23 A. That they don't provide the same benefit
24 as the Economic Stability Program.

1 Q. And in your opinion, how is the Economic
2 Stability Program different from a contract with a
3 CRES provider in terms of benefit?

4 A. The Economic Stability Program is a
5 15-year program that, along with price stability,
6 provides reliability of the delivery system and aids
7 the Ohio economy.

8 Q. A contract between a CRES provider and a
9 residential customer could provide price stability at
10 least during the term of that contract, correct?

11 A. Yes.

12 Q. And so to you one of the distinctions
13 between the Economic Stability Program and a contract
14 with a CRES provider is the length of the Economic
15 Stability Program, correct?

16 A. Yes.

17 Q. Would a residential customer in a
18 contract with a CRES provider see any benefits from
19 the Economic Stability Program during the term of
20 that contract?

21 A. No.

22 Q. And in your testimony on Page 13, you
23 state that there are no offers from CRES providers
24 that are longer than 36 months for a contract period.

1 How did you come to your conclusion that
2 CRES providers are not offering contracts to
3 residential customers for a period greater than 36
4 months?

5 THE WITNESS: I'm sorry, could you read
6 that question back for us?

7 (Record read back as requested.)

8 THE WITNESS: It was from a review of
9 the Apples-to-Apples website referenced in my
10 testimony at the time my testimony was being created.

11 BY MR. BORCHERS:

12 Q. Okay. So your review was limited solely
13 to the PUCO's Apples-to-Apples website?

14 A. Yes.

15 Q. Mr. Strah, do you know what governmental
16 aggregation is?

17 A. Yes.

18 Q. Are you aware that the Northeast Ohio
19 Public Energy Council is a governmental aggregation?

20 A. Yes.

21 Q. Are you aware that CRES providers will
22 enter into contracts with governmental aggregations
23 to provide the supply for the aggregations?

24 A. No.

1 Q. So you're not aware that NOPEC and
2 FirstEnergy Solutions have a nine-year contract for
3 generation supply then, correct?

4 A. Yes.

5 Q. Yes, as in you're not aware?

6 A. Yes, that is correct.

7 Q. Thank you. Just switching topics
8 briefly, IEU and IGS asked most of the questions in
9 terms of the PJM and the polar vortex, but I just
10 have a couple of additional questions.

11 Have you reviewed any reports by the
12 North American Electric Reliability Corporation, also
13 known as NAERC, on the operational and market impacts
14 of the polar vortex?

15 A. No.

16 Q. But you have reviewed reports from the
17 PJM on the impacts of the polar vortex, correct?

18 A. I reviewed one report.

19 Q. Do you remember the name of that report?

20 A. I don't remember the name of the report.

21 Q. So in response to an earlier question
22 from IGS, you agreed that both natural gas and coal
23 generators experienced forced outages during the
24 polar vortex. Do you recall that statement?

1 A. Yes.

2 Q. And of the unavailable megawatts within
3 the PJM during the polar vortex from forced outages,
4 do you know what percentage of those unavailable
5 megawatts came from forced outages of coal-fired
6 plants?

7 A. I can't remember.

8 Q. Okay. Thank you. I have no further
9 questions.

10 MR. LANG: I think Rebecca Hussey is
11 next.

12 MS. HUSSEY: Thank you.

13 - - -

14 CROSS-EXAMINATION

15 BY MS. HUSSEY:

16 Q. Good afternoon, Mr. Strah. I'm Rebecca
17 Hussey, and I represent the Ohio Manufacturers
18 Association Energy Group.

19 I believe you were speaking with
20 Mr. Mendoza earlier today about your new roles
21 effective on February 1st, 2015, and you stated that
22 one of your new titles is president of FirstEnergy
23 Utilities; is that correct?

24 A. Yes.

1 Q. Okay. And for which FirstEnergy
2 operating companies will you be serving as president?

3 A. Toledo Edison, the Illuminating Company,
4 Ohio Edison, Penn Power, Penn Elec, West Penn Power,
5 Met Ed, Mon Power, Potomac Edison, and Jersey Central
6 Power & Light.

7 MR. LANG: Good test.

8 THE WITNESS: Okay.

9 BY MS. HUSSEY:

10 Q. Thank you. I'd like to talk with you
11 for a bit about the Economic Stability Program. And
12 from my understanding, your testimony explains the
13 Economic Stability Program proposed by the companies,
14 correct?

15 A. Yes.

16 Q. Okay. When I say "the companies," we're
17 talking about the three Ohio electric distribution
18 utilities, correct?

19 A. Yes.

20 Q. Okay. Great. Thank you.

21 In a number of places in your testimony,
22 you refer to the Economic Stability Program including
23 Rider RRS. For instance, if you could refer to
24 Page 6, at Lines 2 and 3.

1 A. Yes.

2 Q. Would you please clarify for me what the
3 Economic Stability Program actually includes?

4 A. It includes Rider RRS, it includes the
5 reliability that will be produced for the energy
6 delivery systems to the customers of the three
7 operating companies in Ohio, will also support the
8 economy of Ohio, including not only contributing to
9 its vitality, but also to job retention.

10 Q. Okay. And are any other riders that are
11 proposed in ESP IV included in the program?

12 A. No.

13 Q. Okay. Thank you for clarifying.

14 On Page 6 of your testimony, beginning
15 on Line 16, you discuss the impacts of the Economic
16 Stability Program on customer choice. And I
17 wondered, as you've used it in your testimony, what
18 does customer choice mean to you?

19 A. It means customers will enjoy the same
20 level of choice they have today as they would if the
21 PUCO approves Rider RRS.

22 Q. Okay. And on Page 7, at Line 2, you
23 conclude that the Economic Stability Program will
24 have no adverse impacts on shopping. And I wondered

1 if the term "shopping" strictly means choosing a
2 provider as you've used it.

3 A. Yes.

4 Q. Okay. And would you agree that a number
5 of Ohio's Certified Retail Electric Service, or CRES,
6 suppliers make many different types of offers
7 available to their consumers.

8 A. I don't know.

9 Q. Okay. Would you agree that certain CRES
10 offers already have hedges of some nature built into
11 them?

12 A. I don't know.

13 Q. Should a customer who has already taken
14 action to secure electric rate stability be required
15 to pay for Rider RRS?

16 MR. LANG: Can I have the question read
17 again?

18 THE WITNESS: Yeah. Thank you.

19 (Record read back as requested.)

20 THE WITNESS: Could you rephrase your
21 question, please?

22 BY MS. HUSSEY:

23 Q. Sure. If a customer has already taken
24 action or -- strike that.

1 If a customer has already secured some
2 type of hedge against rate increases, should that
3 customer be required to pay for Rider RRS?

4 MR. LANG: Objection. Go ahead.

5 THE WITNESS: I don't know.

6 BY MS. HUSSEY:

7 Q. Okay. And could you turn to Page 6,
8 Line 20. There you testify that one of the ways that
9 the Economic Stability Program will promote stability
10 and certainty is that it will promote sufficient
11 generation resource diversity; is that accurate?

12 MR. LANG: I'm sorry. What line were
13 you reading from? I think I was in the wrong place.

14 MS. HUSSEY: I think Line 20, Page 6.

15 MR. LANG: Do you see it?

16 THE WITNESS: I don't see it. I'm
17 sorry, I don't see that.

18 MS. HUSSEY: I'm sorry. Hold on. I
19 probably have the wrong reference. It's actually
20 Line 20, Page 7, I'm sorry.

21 MR. LANG: There you go. Okay. We're
22 there. What was the question?

23 BY MS. HUSSEY:

24 Q. Okay. As you use it on Line 20, what

1 does resource diversity mean to you?

2 A. Having a -- a diversity in the variety
3 of energy sources.

4 Q. Okay. And to your knowledge, does the
5 ESP IV application propose any new generating
6 resources to be added in the companies' service
7 territory?

8 A. I don't know.

9 Q. And do you know, does the application
10 propose any new renewable resources to be added in
11 the companies' service territory?

12 A. I'm sorry, could you repeat your
13 question?

14 Q. Sure. To your knowledge, does the
15 application propose any new renewable resources to be
16 added in the companies' service territory?

17 A. No.

18 Q. Okay. I'm going to refer you back to
19 Line 20, same page. Do you consider demand response
20 to be a resource as you've used the word there?

21 MR. LANG: Again, if you could be on
22 mute, unless it was Rebecca.

23 MS. HUSSEY: It wasn't me.

24 MR. LANG: Mute then, please.

1 THE WITNESS: Yes.

2 BY MS. HUSSEY:

3 Q. Okay. And if I could get you to turn to
4 Page 8, Line 23, you use the term essential
5 generation there. I wondered if you could explain
6 what you mean by "essential generation."

7 A. Baseload coal and nuclear plants that
8 have the capability to run continuously for extended
9 periods.

10 Q. Okay. And in your estimation, then,
11 coal and nuclear generating resources are the only
12 types of generation that would qualify as essential
13 generation?

14 A. I would say no. It is outlined in my
15 testimony, though, the -- the important nature of
16 coal in nuclear plants.

17 Q. Okay. And if there are other types of
18 generation that would qualify as essential
19 generation, what would those types be?

20 A. I don't know.

21 Q. Okay. Would you consider a natural gas
22 generating facility with a firm supply of natural gas
23 to be essential generation?

24 MR. LANG: Objection.

1 THE WITNESS: I don't know.

2 BY MS. HUSSEY:

3 Q. Okay. Could you please turn to Page 10
4 of your testimony? And beginning at Line 5 you
5 testify that you believe the polar vortex event in
6 January will not be the last instance in which
7 overreliance on underperforming supply creates an
8 emergency; is that accurate?

9 A. Yes.

10 Q. Okay. Will the Economic Stability
11 Program prevent overreliance on underperforming
12 supply?

13 A. Could you rephrase your question?

14 Q. I don't know that I can, because I
15 specifically used your words in the question.

16 A. I don't understand.

17 Q. If you'd like me to reread it.

18 A. If I may, could -- I'm unclear as to
19 what you mean by the word "prevent." I believe that
20 was in your question.

21 Q. Sure. Will the Economic Stability
22 Program in some way keep overreliance on
23 underperforming supplies from happening?

24 A. Yes. It lessens the likelihood of it

1 occurring.

2 Q. Okay. Can it prevent it entirely?

3 A. I don't know.

4 Q. Okay. Could you turn to Page 11,
5 please? And I'm summarizing, but you testified
6 generally that companies considering location -- or,
7 excuse me, considering locating their operations in
8 Ohio or staying and expanding their operations in
9 Ohio require pricing stability in their budget
10 projections; is that accurate?

11 A. Yes.

12 Q. Okay. And more specifically you state
13 at Line 5 that, "The greater the degree of certainty
14 about energy costs that we can provide these
15 companies, the greater our odds of landing new
16 capital investment and employment in the State of
17 Ohio"; is that correct?

18 A. Yes.

19 Q. Would you say that that is true if the
20 energy costs yielded under the proposed ESP are
21 consistently higher than market prices?

22 A. I don't know.

23 Q. Okay. And could you turn to Page 17,
24 please? At Lines 22 and 23 you testify about the

1 potential loss of jobs, benefits, and support for
2 other local businesses if the Sammis and Davis-Besse
3 plants close; is that correct?

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

6 Q. Sure. At Lines 22 and 23, you testify
7 about the potential loss of jobs, benefits, and
8 support for other local businesses if the Sammis and
9 Davis-Besse plants close; is that correct?

10 A. Yes.

11 Q. Okay. And would you expect that the
12 jobs, benefits, and support for other businesses will
13 continue to improve for as long as the plants
14 operate?

15 A. I don't know.

16 Q. Thank you very much. I have no further
17 questions.

18 MS. DUNN: Anybody else on the phone?

19 (No response.)

20 MR. LANG: If there is no other
21 questions, we'll reserve reading the transcript, and
22 we can go off the record.

23 MS. DUNN: Thank you. Have a good
24 weekend.

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MR. SOULES: Thank you for your time.

THE WITNESS: Thank you.

(Thereupon, the deposition concluded
at 2:09 p.m. Signature not waived.)

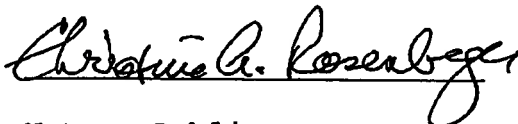
- - -

1 State of Ohio :
2 County of : SS:
3 :

4 I, Steven E. Strah, do hereby certify
5 that I have read the foregoing transcript of my
6 deposition given on Friday, January 30, 2015; that
7 together with the correction page attached hereto
8 noting changes in form or substance, if any, it is
9 true and correct.

10 
11 Steven E. Strah

12 I do hereby certify that the foregoing
13 transcript of the deposition of Steven E. Strah was
14 submitted to the witness for reading and signing;
15 that after he had stated to the undersigned Notary
16 Public that he had read and examined his deposition,
17 he signed the same in my presence on the 9 day of
18 February, 2015.

19 
20 Notary Public

21 Christine A. Rosenberger
22 Notary Public, State of Ohio
23 My Commission Expires Feb. 20, 2016

24 My commission expires _____, _____.

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 30th 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
31	10	"of" Should be "or"	Typo
101	9	"or" Should be "for"	Typo
108	21	"Transaction" Should be "transmission"	Typo
122	7	"Charged" Should be "a charge"	Typo
125	13	"Commercial industrial" Should be "Commercial and industrial"	Typo
132	15	"fee" Should be "fleet"	Typo
136	13	"NAERC" Should be "NERC"	Typo
138	4	"Penn Elec" Should be "Penelec"	misspelling
143	16	"in" should be "and"	Typo

Date 2-9-15 Signature: Stacy E. Smith


CERTIFICATE

State of Ohio :
County of Muskingum : SS:

I, Carolyn D. Ross, Registered Professional Reporter and Notary Public in and for the State of Ohio, duly commissioned and qualified, certify that the within named Steven E. Strah was by me duly sworn to testify to the whole truth in the cause aforesaid; that the testimony was taken down by me in stenotype in the presence of said witness, afterwards transcribed upon a computer; that the foregoing is a true and correct transcript of the testimony given by said witness taken at the time and place in the foregoing caption specified and completed without adjournment.

I certify that I am not a relative, employee, or attorney of any of the parties hereto, or of any attorney or counsel employed by the parties, or financially interested in the action.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal of office at Columbus, Ohio, on this 2nd day of February, 2015.


Carolyn D. Ross, Registered Professional Reporter and Notary Public in and for the State of Ohio.

My commission expires April 3, 2019.

(CDR-77619)

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in

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

Summary: Deposition (Public) of Steven E. Strah electronically filed by Mr. Tony G. Mendoza
on behalf of Sierra Club