

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

- - -

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

- - -

PROCEEDINGS

before Mr. Gregory Price, Ms. Mandy Chiles, and
Ms. Megan Addison, Attorney Examiners, at the Public
Utilities Commission of Ohio, 180 East Broad Street,
Room 11-A, Columbus, Ohio, called at 9:15 a.m. on
Thursday, September 3, 2015.

- - -

VOLUME IV

- - -

ARMSTRONG & OKEY, INC.
222 East Town Street, Second Floor
Columbus, Ohio 43215-5201
(614) 224-9481 - (800) 223-9481
Fax - (614) 224-5724

- - -

1 APPEARANCES:

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

7 Calfee, Halter & Griswold LLP
8 By Mr. James Lang
9 and Mr. N. Trevor Alexander
10 The Calfee Building
11 1405 East Sixth Street
12 Cleveland, Ohio 44114

13 Jones Day
14 By Mr. David A. Kutik
15 901 Lakeside Avenue
16 Cleveland, Ohio 44114

17 On behalf of the Applicants.

18 Bruce E. Weston, Ohio Consumers' Counsel
19 By Mr. Larry Sauer
20 Ms. Maureen R. Grady
21 Mr. William J. Michael
22 Mr. Kevin F. Moore
23 Ms. Ajay K. Kumar
24 Assistant Consumers' Counsel
25 10 West Broad Street, Suite 1800
Columbus, Ohio 43215-3485

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

Ohio Partners for Affordable Energy
By Ms. Colleen L. Mooney
231 West Lima Street
Findlay, Ohio 45840

On behalf of the Ohio Partners for
Affordable Energy.

1 APPEARANCES: (Continued)

2 Bricker & Eckler, LLP
3 By Mr. Dane Stinson
4 and Mr. Dylan Borchers
5 100 South Third Street
6 Columbus, Ohio 43215-4291

7 Bricker & Eckler, LLP
8 By Mr. Glenn S. Krassen
9 1001 Lakeside Avenue East, Suite 1350
10 Cleveland, Ohio 44114

11 On behalf of the Northeast Ohio Public
12 Energy Council, Ohio Schools Council, and
13 Power for the Schools.

14 Earthjustice
15 By Mr. Shannon Fisk
16 Northeast Office
17 1617 John F. Kennedy Boulevard, Suite 1675
18 Philadelphia, Pennsylvania 19103

19 Earthjustice
20 By Mr. Michael Soules
21 1625 Massachusetts Avenue NW, Suite 702
22 Washington, D.C. 20036

23 Sierra Club Environmental Law Program
24 Mr. Tony Mendoza
25 85 Second Street, 2nd Floor
San Francisco, California 94105

Richard Sahli Law Office, LLC
By Mr. Richard C. Sahli
981 Pinewood Lane
Columbus, Ohio 43230-3662

On behalf of the Sierra Club.

McNees, Wallace & Nurick LLC
By Mr. Frank P. Darr
and Mr. Samuel C. Randazzo
21 East State Street, 17th Floor
Columbus, Ohio 43215

On behalf of the Industrial Energy Users
of Ohio.

1 APPEARANCES: (Continued)

2 IGS Energy
3 By Mr. Joseph Olikier
4 6100 Emerald Parkway
5 Dublin, Ohio 43016

6 On behalf of IGS Energy.

7 Taft, Stettinius & Hollister LLP
8 By Mr. Mark S. Yurick
9 and Mr. Devin D. Parram
10 65 East State Street, Suite 1000
11 Columbus, Ohio 43215

12 On behalf of The Kroger Company.

13 Vorys, Sater, Seymour & Pease, LLP
14 By Mr. M. Howard Petricoff
15 Ms. Gretchen Petrucci
16 Mr. Stephen M. Howard
17 and Mr. Michael J. Settineri
18 52 East Gay Street
19 Columbus, Ohio 43215

20 On behalf of Retail Energy Supply
21 Association, PJM Power Providers Group,
22 Electric Power Supply Association,
23 Constellation NewEnergy, and Exelon
24 Generation, LLC.

25 Mike DeWine, Ohio Attorney General
By Mr. William L. Wright,
Section Chief
Mr. Thomas G. Lindgren
Mr. Thomas W. McNamee
Mr. Steven L. Beeler
Assistant Attorneys General
Public Utilities Section
180 East Broad Street, 6th Floor
Columbus, Ohio 43215

On behalf of the Staff of the PUCO.

1 APPEARANCES: (Continued)

2 Kravitz, Brown & Dortch, LLC
3 By Mr. Michael D. Dortch
4 and Mr. Richard R. Parsons
5 65 East State Street, Suite 200
6 Columbus, Ohio 43215

7 On behalf of Dynegy, Inc.

8 Carpenter Lipps & Leland LLP
9 By Ms. Kimberly W. Bojko
10 Ms. Rebecca L. Hussey
11 280 North High Street, Suite 1300
12 Columbus, Ohio 43215

13 On behalf of the Ohio Manufacturers'
14 Association Energy Group.

15 Carpenter Lipps & Leland LLP
16 By Mr. Joel E. Sechler
17 280 North High Street, Suite 1300
18 Columbus, Ohio 43215

19 On behalf of EnerNOC, Inc.

20 Boehm, Kurtz & Lowry
21 By Mr. Michael L. Kurtz
22 Mr. Kurt J. Boehm
23 Ms. Jody Kyler Cohn
24 36 East Seventh Street, Suite 1510
25 Cincinnati, Ohio 45202

On behalf of the Ohio Energy Group.

Environmental Law & Policy Center
By Ms. Madeline Fleisher
21 West Broad Street, Suite 500
Columbus, Ohio 43215

On behalf of the Environmental Law &
Policy Center.

1 APPEARANCES: (Continued)

2 Stone Mattheis Xenopoulos & Brew, PC
3 By Mr. Michael Lavanga
4 Mr. Garrett A. Stone
5 Mr. Owen J. Kopon
6 1025 Thomas Jefferson Street, N.W.
7 Eighth Floor West Tower
8 Washington, D.C. 20007-5201

9 On behalf of the Nucor Steel Marion, Inc.

10 Barth E. Royer, LLC
11 By Mr. Barth E. Royer
12 2740 East Main Street
13 Bexley, Ohio 43209

14 and

15 Taft, Stettinius & Hollister LLP
16 By Mr. Adrian D. Thompson
17 200 Public Square, Suite 3500
18 Cleveland, Ohio 44114-2300

19 On behalf of the Cleveland Municipal
20 School District.

21 Spilman, Thomas & Battle, PLLC
22 By Mr. Derrick Price Williamson
23 Ms. Carrie Harris
24 Ms. Lisa Hawrot
25 1100 Bent Creek Boulevard, Suite 101
Mechanicsburg, Pennsylvania 17050

On behalf of Wal-Mart Stores East, LP,
and Sam's East, Inc.

Mr. Richard L. Sites
155 East Broad Street
Columbus, Ohio 43215

Bricker & Eckler, LLP
By Mr. Thomas J. O'Brien
100 South Third Street
Columbus, Ohio 43215-4291

On behalf of the Ohio Hospital
Association.

1 APPEARANCES: (Continued)

2 Ohio Environmental Council
3 By Mr. Trent A. Dougherty
4 and Mr. John Finnigan
5 1145 Chesapeake Avenue, Suite I
6 Columbus, Ohio 43212

7 On behalf of the Ohio Environmental
8 Council and the Environmental Defense
9 Fund.

10 Mr. Thomas R. Hays
11 8355 Island Lane
12 Maineville, Ohio 45039

13 On behalf of the Northwest Ohio
14 Aggregation Coalition and the Individual
15 Communities.

16 Ice Miller, LLP
17 By Mr. Christopher Miller,
18 250 West Street, Suite 700
19 Columbus, Ohio 43215-7509

20 On behalf of the Association of
21 Independent Colleges and Universities of
22 Ohio.

23 American Electric Power
24 By Mr. Steven T. Nourse
25 Mr. Matthew J. Satterwhite
One Riverside Plaza
Columbus, Ohio 43215

On behalf of the Ohio Power Company.

Mr. Craig I. Smith
15700 Van Aken Boulevard #26
Shaker Heights, Ohio 44120

On behalf of Material Sciences
Corporation.

1 APPEARANCES: (Continued)

2 Meissner and Associates Law Firm
3 By Mr. Joseph Patrick Meissner
4 5400 Detroit Avenue
5 Cleveland, Ohio 44102

6 On behalf of the Citizens Coalition.

7 Kegler, Brown, Hill & Ritter
8 By Mr. Christopher J. Allwein
9 and Ms. Margeaux Kimbrough
10 Capitol Square, Suite 1800
11 65 East State Street
12 Columbus, Ohio 43215-4294

13 On behalf of the EverPower Wind Holdings,
14 Incorporated.

15 - - -
16
17
18
19
20
21
22
23
24
25

1	INDEX		
2	WITNESSES		PAGE
3	Steven E. Strah		
	Direct Examination by Mr. Lang		698
4	Cross-Examination by Mr. Mendoza		700
	Cross-Examination by Mr. Olikier		782
5	Cross-Examination by Ms. Fleisher		815
	Cross-Examination by Mr. Petricoff		828
6	Cross-Examination by Mr. Hays		850
	Cross-Examination by Ms. Bojko		865
7	Cross-Examination by Mr. O'Brien		884
	Cross-Examination by Mr. Sauer		889
8	Cross-Examination by Mr. McNamee		906
9	- - -		
10	COMPANY EXHIBITS	IDENTIFIED	ADMITTED
11	13 - Testimony of Steven E. Strah	698	--
12	13A - Errata Sheet to Testimony of Steven E. Strah	698	--
13	- - -		
14	SIERRA CLUB EXHIBITS	IDENTIFIED	ADMITTED
15	2 - Petition filed by Ginna Nuclear Power Plant	730	--
16	3 - Rochester Gas and Electric Corporation's Response To Order Directing Negotiation of a Reliability Support Service Agreement And Petition For Approval Of Cost Allocation And Cost Recovery Surcharge Mechanism	738	--
21	4 - Public Version, Exhibit A, Reliability Support Service Agreement Between R.E. Ginna Nuclear Power Plant, LLC and Rochester Gas and Electric	740	--
24	5 - Draft Decision	748	--
25	6 - New York PSC Order	750	--

INDEX (Continued)

- - -

SIERRA CLUB EXHIBITS IDENTIFIED ADMITTED

7 - Document dated 9-2-15 755 --

8 - Analysis of Operational Events
Market Impacts 773 --

IGS EXHIBITS IDENTIFIED ADMITTED

1 - PJM 2015 Winter Report 792 --

OCC EXHIBITS IDENTIFIED ADMITTED

2 - FirstEnergy Environmental
Disclosure Information 892 --

3 - 2014 Companies' Annual Report 899 --

ELPC EXHIBITS IDENTIFIED ADMITTED

5 - Connecticut Department of
Public Utility Control,
Docket No. 05-07-14PH02,
Decision 819 --

- - -

1 Thursday Morning Session,
2 September 3, 2015.

3 - - -

4 EXAMINER PRICE: Let's go back on the
5 record. Good morning. The public Utilities
6 Commission has set for hearing at this time and place
7 in the matter of the application of Ohio Edison
8 Company, the Cleveland Electric Illuminating Company
9 and Toledo Edison Company for Authority to provide
10 for a Standard Service Offer pursuant to Revised Code
11 4928.143 in the form of an Electric Security Plan,
12 being Case No. 14-1297-EL-SSO. My name is Gregory
13 Price. With me is Megan Addison and Mandy Chiles.
14 We are the Attorney Examiners assigned to preside
15 over today's hearing.

16 Once again, let's go ahead and take
17 abbreviated appearances from the attorneys that are
18 in the room today.

19 MR. BURK: On behalf of the companies,
20 James W. Burk, Carrie M. Dunn; also on behalf of the
21 companies, David Kutik of the Jones Day law firm; and
22 James Lang, Trevor Alexander of the Calfee law firm.

23 MR. SAUER: Good morning, your Honors.
24 On behalf of the Residential Consumers of the
25 FirstEnergy Companies, the Offices of the Ohio

1 Consumers' Counsel, Larry Sauer, Maureen Grady,
2 William Michael, Kevin Moore, and Ajay Kumar. Thank
3 you.

4 MR. KURTZ: Good morning, your Honors.
5 For OEG, Mike Kurtz.

6 MR. LAVANGA: Good morning, your Honors.
7 For Nucor Steel Marion, Mike Lavanga, Garrett Stone,
8 and Owen Kopon.

9 MR. McNAMEE: On behalf of the staff of
10 the Public Utilities Commission of Ohio, excuse me,
11 Thomas Lindgren, Steven Beeler, and I am Thomas
12 McNamee.

13 MR. BORCHERS: Good morning, your Honors.
14 On behalf of NOPEC, Dylan Borchers and Dane Stinson.

15 MR. OLIKER: Good morning, your Honors.
16 On behalf of IGS, Joe Oliker.

17 MS. FLEISHER: Good morning, your Honors.
18 On behalf the Environmental Law & Policy Center.

19 MR. PETRICOFF: On behalf of, I will use
20 the acronyms since we are in short form, RESA, EPSA,
21 P3, Exelon, and Constellation NewEnergy, Howard
22 Petricoff, Steve Howard, Gretchen Petrucci, and Mike
23 Settineri.

24 MS. BOJKO: Good morning, your Honors.
25 On behalf of the Ohio Manufacturers' Association

1 Energy Group, Kim Bojko, Becky Hussey with the law
2 firm Carpenter, Lipps & Leland.

3 MR. MENDOZA: Good morning, your Honors.
4 Tony Mendoza on behalf of Sierra Club. And with me
5 is Shannon Fisk with Earthjustice.

6 MR. DOUGHERTY: Good morning, your
7 Honors. On behalf of Ohio Environmental Council and
8 the Environmental Defense Fund, Trent Dougherty and
9 John Finnigan.

10 MR. O'BRIEN: Your Honors, on behalf of
11 the Ohio Hospital Association, Rick Sites and Tom
12 O'Brien.

13 MR. HAYS: Good morning, your Honor. Tom
14 Hays on behalf of NOAC and the individual
15 communities.

16 MR. DARR: Frank Darr, Sam Randazzo on
17 behalf of IEU-Ohio.

18 MR. PARRAM: Good morning, your Honor.
19 On behalf of the Kroger Company, Devin Parram and
20 Mark Yurick.

21 EXAMINER PRICE: Thank you, Mr. Parram.

22 Do we have any other matters before we --
23 besides the ruling of the admission of certain OMAEG
24 Exhibits, do we have any other issues we want to deal
25 with before we take our first witness?

1 Nope? Okay. At this time, we are
2 prepared to rule on the admission of OMAEG 3, 5, 6,
3 7, and 8. The exhibits will not be admitted as they
4 are hearsay, and they are not relevant to this
5 proceeding. The Commission is not necessarily bound
6 strictly to the Ohio Rules of Evidence, but in making
7 our ruling today, we have been guided by the
8 Appellate's Court decision in Residential Funding
9 Company, LLC versus Gary P. Thorne, T-H-O-R-N-E, 973
10 Northeast 2nd, 294 2012 Ohio 252 -- 2552 at paragraph
11 13, the Court wrote, "Further, even if the press
12 release were authenticated, it would be admissible
13 hearsay. The press release in and of itself
14 Stephan" -- "Stephan testified he signed thousands of
15 affidavits without verifying the content. Because
16 the press release is being offered to prove the truth
17 of the matter, there are two potential layers of
18 hearsay that must be addressed, that is the press
19 release and that is Stephan's testimony, See Evidence
20 Rule 801(C), Evidence Rule 805.

21 "Even assuming that Stephan's deposition
22 testimony regarding the affidavit signing practice is
23 nonhearsay as an admission of a party opponent under
24 Evidence Rule 801(D)(2)(d), the press release itself
25 fails to fall within any of the hearsay exceptions."

1 It goes on to write in the Paragraph 33,
2 "...we believe the press release is more akin to a
3 newspaper article and is, therefore, inadmissible
4 hearsay. See State v. Self, 112 Ohio App. 3d 688,
5 694, 679 N.E. 2d 1173 12th District 1996. Newspaper
6 articles are generally inadmissible as evidence of
7 facts stated within the article because they are
8 hearsay and not within any exception."

9 I believe the Examiners find that the
10 situation that's described by the Court in this case
11 is analogous to the situation we have before us, and,
12 therefore, it will not be admitted based upon
13 hearsay.

14 In addition, the Examiners note this is
15 not the -- the exhibits should not be admitted
16 because they are not relevant to the case. The key
17 issues in this case are whether the Commission has
18 statutory authority to approve Rider RRS, whether the
19 other provisions of the ESP should be approved,
20 whether the ESP is in the aggregate more favorable
21 than an MRO would be and whether the stipulations
22 pass the Commission's three-prong test.

23 The testimony presented to the
24 legislature regarding a version of the bill which
25 never became law under different -- economic

1 circumstances and at a time when FE was --
2 FirstEnergy was in a different RTO without a capacity
3 market is not relevant to any of the issues cited
4 above in this case.

5 Finally, the Examiners note that
6 admitting the evidence would open the door to
7 FirstEnergy submitting similar evidence regarding
8 other party's positions which would unduly prolong
9 the hearing in this proceeding for no useful purpose.
10 Accordingly, the exhibits will not be admitted.

11 MR. McNAMEE: Excuse me. Could you tell
12 me which numbers we are talking about again because
13 my notes aren't clear.

14 EXAMINER PRICE: Sure. 3, 5, 6, 7, and
15 8.

16 MR. McNAMEE: Thank you.

17 MR. KUTIK: Your Honor, in light of your
18 rulings, I move to strike the testimony of
19 Ms. Mikkelsen, cross-examination of Ms. Mikkelsen,
20 relating to all of those documents and particularly
21 statements that were read to her and statements she
22 was asked to paraphrase or summarize.

23 EXAMINER PRICE: Ms. Bojko, care to
24 respond?

25 MS. BOJKO: Well, I believe as your Honor

1 instructed a couple of different times, we didn't
2 read the paragraphs. We asked her questions on the
3 paragraphs. I think she did read the titles of the
4 press release, but she didn't -- we did not read
5 paragraphs in. We asked if so and so testified. It
6 wasn't reading paragraphs, my recollection. I don't
7 think it's unduly prejudiced in light of your ruling
8 regardless.

9 EXAMINER PRICE: Well, we will deny the
10 motion to strike, but we will give no weight to any
11 reading into the record of any of the articles which
12 may have occurred.

13 With that, FirstEnergy can call its next
14 witness.

15 MR. LANG: Thank you, your Honor. The
16 Companies call Steven E. Strah.

17 (Witness sworn.)

18 EXAMINER PRICE: Please be seated and
19 state your name and business address for the record.

20 THE WITNESS: My name is Steven E. Strah.
21 My place of business address is 76 South Main Street,
22 Akron, Ohio.

23 EXAMINER PRICE: Please proceed,
24 Mr. Lang.

25 MR. LANG: Your Honors, we have provided

1 the court reporters Mr. Strah's testimony and an
2 errata for his testimony marked as Company Exhibit 13
3 and 13A.

4 EXAMINER PRICE: It will be so marked.

5 (EXHIBITS MARKED FOR IDENTIFICATION.)

6 - - -

7 STEVEN E. STRAH

8 being first duly sworn, as prescribed by law, was
9 examined and testified as follows:

10 DIRECT EXAMINATION

11 By Mr. Lang:

12 Q. Mr. Strah, do you have Exhibits 13 and
13 13A in front of you?

14 A. I do.

15 Q. Can you identify what each document is,
16 please?

17 A. Yes. Document -- Exhibit 13 is my Direct
18 Testimony. Document 13A is an errata sheet.

19 MR. LANG: And, your Honors, so it's
20 clear for the rest of the parties, the errata sheet
21 is the public version of the errata filed and
22 docketed on November 14, 2014.

23 Q. (By Mr. Lang) Mr. Strah, in addition to
24 the errata sheets that you have identified as 13A, do
25 you have any other corrections to make to your

1 testimony?

2 A. Yes, I do. I have two corrections to
3 make. If I could direct your attention on page 1 of
4 my Direct Testimony, Lines 3 and 4, my testimony
5 states that my position at the time of submitting my
6 testimony was "vice president distribution support."
7 My role within the company has changed effective
8 February 1st, 2015. I was appointed Senior Vice
9 President and President of FirstEnergy Utilities.

10 Q. All right. Do you have any other
11 corrections to make?

12 A. I do. The second correction, if I could
13 direct your attention to page 1, Line 12 of my
14 testimony, the position noted in my testimony is
15 President of Jersey Central Power & Light Company.
16 At my time at Jersey Central Power & Light, my
17 official title was President, Northern Region, Jersey
18 Central Power & Light.

19 Q. Do you have any other corrections?

20 A. I do not.

21 Q. Mr. Strah, if I were to ask you the same
22 questions set forth in Exhibit 13 as modified by
23 Exhibit 13A and your corrections you just made here
24 this morning, would you provide the same answers?

25 A. Yes, I would.

1 MR. LANG: Your Honors, Mr. Strah is
2 available.

3 EXAMINER PRICE: Mr. Lavanga, any cross?

4 MR. LAVANGA: No, your Honor.

5 EXAMINER PRICE: Mr. Kurtz?

6 MR. KURTZ: No, your Honor.

7 EXAMINER PRICE: Do we have a volunteer
8 for the other intervenors? Mr. Mendoza.

9 MR. MENDOZA: Thank you, your Honor.

10 - - -

11 CROSS-EXAMINATION

12 By Mr. Mendoza:

13 Q. Good morning, Mr. Strah.

14 A. Good morning.

15 Q. I believe you just told us, but current
16 position is Senior Vice President and President of
17 FirstEnergy Utilities; is that right?

18 A. That's correct.

19 Q. And in that position, do you provide
20 advice to the companies?

21 A. In that position, I'm responsible for the
22 operation, maintenance and construction activities of
23 each of the companies, yes.

24 Q. And in that position do you provide
25 advice to FirstEnergy Solutions?

1 A. I do not.

2 Q. Okay. Are you familiar with the proposed
3 agreement under which FES would sell its capacity,
4 energy, ancillary services, environmental attributes
5 from certain generation units to the companies?

6 A. Yes.

7 Q. And the generation assets that are the
8 subject of that proposed agreement are the Sammis
9 plant, the Davis-Besse plant, and FES's share of the
10 OVEC plants, correct?

11 A. Yes.

12 Q. And if the companies execute the proposed
13 agreement with FES, the companies plan to sell all of
14 the energy, capacity, and ancillary services from
15 Sammis, Davis-Besse and the OVEC share into the PJM
16 markets, correct?

17 A. Yes.

18 Q. And if Rider RRS is approved, the net of
19 these plant's costs and revenues would be charged or
20 credited to the companies' customers, correct?

21 A. Rider RRS, as I described in my
22 testimony, is designed to flow a charge or credit
23 based on the revenues received to customers of the
24 companies.

25 Q. And it's the companies' position that the

1 companies do not need Commission approval in order to
2 execute the proposed agreement with FES, correct?

3 A. I'm here to testify to Rider RRS and the
4 many benefits that it does provide the companies'
5 customers. With regard to the overall agreement,
6 it's my understanding that -- I'm sorry. If I could
7 back up and please have that question reread.

8 Q. Do you know if the companies have taken
9 the position that they do not need Commission
10 approval to enter into the proposed agreement with
11 FES?

12 A. We are here seeking approval for Rider
13 RRS. The agreement itself does not require
14 Commission approval.

15 Q. If the Commission does not approve Rider
16 RRS, is it your opinion that the companies should
17 enter into the proposed transaction anyway?

18 A. I think that's a -- a hypothetical
19 question. Our goal is to get Rider RRS approved.
20 That is the first step in my opinion as you asked for
21 it in successfully bringing the benefits of the
22 proposal to our customers in Ohio.

23 Q. And I agree with you it's a hypothetical
24 question. I'm asking you to consider a one variable
25 hypothetical here. Assuming the Commission were to

1 disapprove Rider RRS, would you as Senior Vice
2 President and President of FE Utilities advise that
3 the companies enter into the proposed transaction
4 with FES?

5 A. Once again, and not to be argumentative,
6 we need approval of Rider RRS to trigger any future
7 actions that the companies would take.

8 Q. Okay. Let's turn to page 2 of your
9 testimony. Are you there, Mr. Strah?

10 A. I am, thank you.

11 Q. Okay. Do you see on Line 9 where your
12 testimony states, "This will offset the market based
13 retail prices that are projected to increase through
14 this period and thus will stabilize retail electric
15 rates for all customers"? I am just asking if you
16 see that testimony.

17 A. Yes, I do.

18 Q. Okay. And the period you are referring
19 to here is the 15-year -- excuse me. The period
20 you're referring to here is the 15-year period
21 beginning on June 1, 2016, correct?

22 A. Yes, it is.

23 Q. And your opinion that such prices are
24 projected to increase is based on the testimony of
25 Witness Rose, correct?

1 A. It's based on the testimony of Witness
2 Rose. We believe that he's put together a very
3 reasonable and very good forecast for the 15-year
4 prospective period that we are entering into. I also
5 base the possible price volatility and price
6 increases that we'll see, I also base some of that on
7 my experience.

8 Q. And you have not done any work on your
9 own to verify the reasonableness of Mr. Rose's
10 forecast, right?

11 A. I've personally not done what you
12 suggest. What I have done is I've left that in the
13 very capable hands of the EDU team that reviewed not
14 only the projection -- projected costs over a 15-year
15 period but also the forecast.

16 I also relative to understanding that
17 there will be volatility and price increase in the
18 marketplace have reflected back on volatility that we
19 have seen in the past. Notably, in the mid 2000
20 timeframe in the Ohio area where price volatility
21 introduced the idea of a rate stabilization plan for
22 the customers in Ohio who otherwise would have seen
23 increases of roughly 25 percent otherwise. So it's a
24 blend of those two factors, a look back and the
25 review that the EDU team did.

1 Q. Why don't -- why don't we put aside the
2 volatility issue for a second. Let's talk about the
3 testimony about prices being projected to increase on
4 Line 10. And just to clarify, you didn't do any work
5 on your own to verify Mr. Rose's forecast on his
6 projections on those prices?

7 MR. LANG: Objection, your Honor. Asked
8 and answered.

9 EXAMINER PRICE: Well, I think he gave a
10 very lengthy answer, and I think that he is just
11 trying to seek maybe a shorter answer to the specific
12 question.

13 THE WITNESS: Could I have the question
14 repeated or if you would like to....

15 Q. (By Mr. Mendoza) Sure.

16 A. Thank you.

17 Q. You have not done any work on your own to
18 verify the reasonableness of Mr. Rose's forecast,
19 correct?

20 A. I have personally not done it. That was
21 the charge of the EDU team headed up by Jay Ruberto,
22 Mr. Ruberto.

23 Q. Okay. Let's turn to page 3, Line 67 of
24 your written testimony. Do you see where it states,
25 "As Company Witness Rose explains, power prices have

1 been and are expected to be significantly volatile"?

2 A. Yes, I see it.

3 Q. Okay. And the basis for your view that
4 power prices have been significantly volatile is the
5 testimony of Mr. -- Witness Rose, correct?

6 A. It is the testimony of Witness Rose.
7 It's also some of the examples I just provided from
8 my own experience.

9 Q. And then looking at the same lines, when
10 you say "Power prices are expected to be
11 significantly volatile," you are relying on the
12 testimony of Witness Rose, correct?

13 A. I'm relying on the testimony of Witness
14 Rose and my experience. A more recent experience on
15 volatility can be demonstrated post polar vortex as
16 an example. Previous -- A pre and post view of
17 prices even for SSO customers in Ohio demonstrated in
18 a post polar vortex environment that customers saw
19 price increases of 10 to 14 percent. So, once again,
20 beyond Witness Rose's testimony, I would use that as
21 a near recent example of price volatility in my
22 experience.

23 Q. And the 10 to 14 percent figure you are
24 referring to, does that come from Witness Rose's
25 testimony?

1 A. No. That's just an independent look that
2 I experienced as I experienced the polar vortex in
3 Ohio and a review of where prices went. So that's
4 really my experience.

5 Q. And just to be clear, you are referring
6 to retail electric prices?

7 A. Yes.

8 Q. Okay. Staying on page 3, let's take a
9 look at Line 16 through 18 of your testimony.

10 A. I'm sorry. Which page?

11 Q. We are staying on page 3.

12 A. Okay.

13 Q. Mr. Rose (sic), do you see where it says,
14 "As I explain below, implementing the Economic
15 Stability Program, including Rider RRS, will promote
16 certainty and stability regarding the long term
17 pricing of retail electric service"?

18 A. Yes, I see that.

19 Q. And you do not know what the cost for the
20 Sammis plant will be in 2024, correct?

21 A. I don't have a precise understanding of
22 exactly what the cost would be. What we do have
23 considered and factored into the 15-year period are a
24 historical very good understanding of what Sammis and
25 the other plants involved in this proposal, where

1 their historical costs have been. So we have an
2 understanding of where their costs had been. I can't
3 tell you exactly what will occur in 20 -- 2024 as a
4 matter of your question, but we have a very good
5 understanding of where historically we've been and
6 what we can expect in the future.

7 Q. And so staying in 2024, you don't know
8 what the operational cost for the Sammis plant will
9 be in that year, correct?

10 A. I can't tell you exactly to the dollar
11 what that would be. We do have a very reliable
12 forecast.

13 Q. And do you know what the fuel cost for
14 the Sammis plant would be in 2024?

15 A. No, I do not know what the exact cost
16 will be, but once again, and as I have just stated,
17 we have a very good understanding of what historical
18 levels have been. We have a very good forecast in
19 terms of where they will go in the 15 years even
20 though there is a level of uncertainty there. That
21 work was vetted through our EDU team that examined
22 the proposal and we're confident.

23 Q. And you don't know what the fixed costs
24 for the Sammis plant will be in 2024, correct?

25 A. I don't have the exact fixed cost for

1 2024 for the Sammis plant. Once again, we have a
2 very good indication of what historically we've been
3 able to operate that plant at, the operators of the
4 plant as we examined it, and we are counting on a
5 very good forecast that's been vetted through the EDU
6 team.

7 Q. And you don't know what the cost for the
8 Sammis plant will be in any year between 2016 and
9 2031, correct?

10 A. The future at times can be a challenging
11 thing to predict. I think it's that level of
12 uncertainty that's challenging, but, no, I can't
13 predict with exactness year by year what the
14 absolute -- what the absolute costs are of the
15 plants. What we are compelled to do in this case is
16 to understand and provide the best possible forecast,
17 and we believe we've provided a very good forecast.

18 Q. And you don't know what the cost for the
19 Davis-Besse plant will be in any year between 2016
20 and 2031, correct?

21 A. No, I can't tell you year by year what
22 the cost will be. Once again, we've provided a very
23 good forecast on what they will be, though. We are
24 confident in it.

25 Q. And you don't know what the cost for the

1 OVEC plants will be in any year between 2016 and
2 2031, correct?

3 A. No. I cannot precisely tell you what
4 those costs would be.

5 Q. And in terms of relying on the work of
6 the EDU team, were you involved in that work of the
7 EDU team?

8 A. I received two updates from the EDU team
9 lead, Mr. Ruberto.

10 Q. But in terms of reviewing their estimates
11 of future costs, did you personally get involved in
12 reviewing those costs?

13 A. I did not personally get involved in re-
14 -- reviewing the detailed cost. I do recall that
15 they were under review by the team, however.

16 Q. And so you are relying on the testimony
17 of Witness Ruberto for that work, correct?

18 A. Yes.

19 Q. And did you do any independent
20 verification of Mr. Ruberto's cost projections?

21 A. Could you give me a sense of what you
22 mean by independent review?

23 Q. For an example, did you comment on -- did
24 you comment on those cost projections at all to
25 Mr. Ruberto or his team?

1 A. What I did within that update process was
2 confirm that costs were being reviewed, where we
3 ended up matching the -- the costs and revenues
4 associated with the proposal. At the end, it was
5 factored into my testimony.

6 EXAMINER PRICE: But you never had
7 somebody else under your direction go out and verify
8 the numbers, the base numbers that were being used
9 there? You didn't have anybody say, "Hey, you go be
10 a devil's advocate and go check these numbers out and
11 make sure what we are seeing is accurate"?

12 THE WITNESS: Your Honor, I am very
13 confident that we had enough devil's advocates in the
14 room. I did not independently ask someone else to be
15 inserted into the process.

16 EXAMINER PRICE: Thank you.

17 Q. (By Mr. Mendoza) And those devil's
18 advocates that were in the room would have been
19 members of the EDU team, correct?

20 A. Yes.

21 Q. And the cost of these plants, and I'm
22 referring to, again, the Sammis plant, the
23 Davis-Besse plant and the OVEC share, the cost of
24 these plants between June 1, 2016 and May 31, 2031,
25 will directly affect the size of the Rider RRS

1 credits or charges, correct?

2 A. They will be a key component in the
3 calculation, yes.

4 Q. And thinking about that same 15-year
5 period, the market price of energy is not known with
6 certainty for any year during the 15-year period,
7 correct?

8 A. A year-by-year analysis, no, it is not
9 available. What we do have is a very reliable
10 forecast by Mr. Rose. We also have our experience in
11 price volatility and price increases in the past. We
12 have recent examples of price increase and volatility
13 and there are many within the industry that
14 understand prices will increase into the future.

15 Q. And the market price of energy will be a
16 factor in the level of revenues that the companies'
17 ratepayers would be credited under Rider RRS, right?

18 MR. LANG: May I have that read, please?

19 EXAMINER PRICE: You may.

20 (Record read.)

21 THE WITNESS: I'm very sorry. Would I be
22 able to have that read back one more time?

23 Q. (By Mr. Mendoza) Could you tell me what
24 part of the question you are having trouble with?

25 MR. KUTIK: I think he wants to hear it.

1 THE WITNESS: I just want to hear it
2 again, if you don't mind.

3 Q. (By Mr. Mendoza) The market price of
4 energy will be a factor in the level of revenues that
5 the companies' ratepayers would be credited or
6 charged under Rider RRS, correct?

7 Actually, strike that question. I
8 inserted something that wasn't there.
9 The market price of energy will be a factor in the
10 level of revenues that the companies' ratepayers
11 would be credited under Rider RRS, correct?

12 A. Yes, it will be a factor.

13 Q. And the proposed agreement does not
14 include a fixed price, correct?

15 A. The rate stabilization plan is designed
16 to flow credits or charges to customers when revenues
17 are netted against cost of the plants. As revenues
18 rise, the rider is constructed to move -- move
19 counter to market prices, therefore, additional
20 credits will flow to customers as -- as revenues
21 rise.

22 Q. And so we don't know what the charge or
23 credit would be in any given year, right?

24 A. We projected what the credit or charge
25 would be in every given year in my testimony.

1 Q. And the energy market revenues for the
2 Sammis plant are not known with certainty for the
3 year 2024, correct?

4 A. No, they are not known with certainty,
5 but we have put together a reliable forecast on what
6 they would be.

7 Q. And the energy market revenues for the
8 Davis-Besse plant are not known with certainty for
9 the year 2024, correct?

10 A. Not with exact certainty. Once again, we
11 are looking at a 15-year projection that will flow
12 excellent benefits to customer -- customers, provide
13 them with a level of assurance against whatever the
14 price increase and volatility will present, so we're
15 not examining one year specifically. We're
16 projecting what they will be in 2024 in your example;
17 however, we're projecting 15 years, and we're also in
18 that 15-year period providing customers with the
19 opportunity to enjoy over \$2 billion worth of credit.

20 Q. And the energy market revenues for the
21 Sammis and Davis-Besse plants are not known with
22 certainty for any year between 2016 and 2031,
23 correct?

24 A. We're dealing with uncertainty throughout
25 that 15-year period that you're questioning me with

1 regard to, so there's not absolute certainty on any
2 given year, for example. What we have been compelled
3 to do within this proposal is to put together a very
4 good and very reasonable forecast which we have done.

5 Q. And the energy market revenues for the
6 OVEC plants are not known with certainty for any year
7 between 2016 and 2031, correct?

8 A. Once again, I would say no, not with
9 precision year over year. Once again, we've made a
10 projection.

11 Q. And capacity prices are not known with
12 certainty for any year beyond 2019, correct?

13 A. Once again, I would respond that there is
14 uncertainty in the marketplace. What we have done is
15 taken that uncertainty and projected it into a
16 15-year forecast that we see as being reliable that,
17 once again, will benefit the customers and the
18 companies in Ohio.

19 Q. So you do not know what the level of
20 energy market revenues would pass through to the
21 companies' customers under Rider RRS, correct?

22 THE WITNESS: Could you read back that
23 question, please?

24 EXAMINER PRICE: Please.

25 Q. Sure. So you do not know the level of

1 energy market revenues that would pass through to the
2 companies' customers under Rider RRS, correct?

3 A. We've put together a very reliable
4 forecast on what those would be. The companies stand
5 behind that forecast very strongly, and we're
6 confident in it.

7 EXAMINER PRICE: Mr. Mendoza, if I may.
8 Can you quantify your degree of certainty? If I were
9 to flip a coin, we would say it's going to be 50/50
10 heads or tails. If we flipped it a thousand times,
11 it's probably going to be 500 heads/500 tails more or
12 less. So if the Commission wanted to quantify the
13 probability that your forecast is correct, what
14 number would you ascribe as to the probability that
15 your forecast is correct?

16 THE WITNESS: With regard to the details
17 behind the forecast, its certainty, Jay Ruberto of
18 the EDU team would probably be in a better position
19 to direct that question to. When I say I'm confident
20 and we're standing behind the estimate, I would
21 clearly affix it to, in my thinking, a majority in
22 terms of not giving you a precise number, but I would
23 say there's a significant --

24 EXAMINER PRICE: More than 50 percent?

25 THE WITNESS: I would say more than

1 50 percent, sir.

2 EXAMINER PRICE: Let me ask you a
3 question: You personally live in the service
4 territories, right?

5 THE WITNESS: I do.

6 EXAMINER PRICE: So you have skin in the
7 game. As a rate payer, you will benefit or not
8 benefit by this Rider RRS; is that right?

9 THE WITNESS: Correct.

10 EXAMINER PRICE: And you say the
11 companies stand behind Rider RRS?

12 THE WITNESS: RRS.

13 EXAMINER PRICE: RRS. AEP has an RSS.
14 It's going to drive me crazy. So if the companies
15 are willing to stand behind your projection, wouldn't
16 it make sense for the companies to take some of the
17 risk, some percentage, 10, 15, 12, but say some
18 percentage of the risk so the company has skin in the
19 game and the company bears the same -- bears the risk
20 to the same extent as the ratepayers?

21 THE WITNESS: A few points to consider,
22 sir. I am a resident of the State of Ohio. As a --
23 as a customer of Ohio Edison and as a person, I stand
24 behind this proposal. I've had 31 years of
25 experience in the industry. I've worked and served

1 customers in all three of the operating companies
2 that are considered within the proposal.

3 I would say to your point relative to
4 skin in the game from an operating company view,
5 there is skin in the game from my perspective. From
6 being a very good contributing economic development
7 partner in the State of Ohio, it's important for the
8 operating companies in order to thrive in Ohio to
9 have a very good, robust economic development
10 program, along with ensuring that we can continue to
11 enjoy the benefits of employment and local needs.

12 Secondly, should the economy be
13 negatively impacted, the bottom line result for us
14 typically has been a reduction in loads and
15 opportunities to deliver energy to customer --
16 customers. That affects our bottom line. That is
17 for me skin in the game.

18 EXAMINER PRICE: Can I pause on that
19 point real briefly? If you moved to a straight fixed
20 variable rate design, you could mitigate that risk,
21 couldn't you?

22 If you moved away from charging your
23 customers volumetrically to have a larger fixed
24 charge and a smaller volumetric charge, you could
25 mitigate that risk of the loads declining, couldn't

1 you?

2 THE WITNESS: Your Honor, I'm probably
3 not the right individual to ask the global question
4 of in terms of that rate structure and its impact.

5 EXAMINER PRICE: Fair enough. I
6 interrupted you. Finish your remaining answer.

7 THE WITNESS: Well, the other point in
8 terms of skin in the game, Rider RRS is going to
9 provide us with the opportunity to continue to
10 reliably serve customers more so if it is in effect
11 rather than if it's not in effect. We share a common
12 bond with customers obviously, but my role is to
13 ensure that we can reliably serve them.

14 With other dynamics in the marketplace,
15 we've come very close to catastrophic inability to
16 serve customers vis-a-vis the polar vortex and by
17 that type of event. We also in our partnership with
18 customers would like to have them step away from any
19 obligation that we would have to take on as the
20 companies to construct new transmission facilities
21 should the two plants close that are involved in the
22 proposal. That cost could almost be a billion
23 dollars to customers. So those are a number of
24 factors that I believe are realistic and worthy of
25 consideration.

1 EXAMINER PRICE: I appreciate that. But
2 then I gather then the short answer to my question
3 is, no, you do not think the companies should take on
4 some percentage of the risk for Rider RRS?

5 THE WITNESS: I think if it's not
6 approved, your Honor, we will take on risk. That's
7 where I am.

8 EXAMINER PRICE: I understand that. I'm
9 trying to get away from the binary approved/not
10 approved. And I guess what I'm asking is if the
11 Commission were to order you -- order that you could
12 recover 90 percent of RRS and that the company would
13 have 10 percent of the risk, you do not think that
14 that's something the company should do?

15 THE WITNESS: I believe the companies'
16 interest is best served by approving Rider RRS.

17 EXAMINER PRICE: Just one quick question.
18 The Commission could modify Rider RRS and have the
19 company assume a portion of the risk without
20 disturbing the proposed transaction; isn't that
21 right?

22 The proposed transaction is not before
23 the Board to review, and we could order that with
24 respect to the operating companies without disturbing
25 the proposed transaction; is that correct?

1 MR. LANG: Objection, your Honor, to the
2 extent --

3 EXAMINER PRICE: To my question?

4 MR. LANG: Just to make sure -- sorry,
5 just to make clear, he's not a lawyer. And what
6 you're asking him is -- to me seems to be impinging
7 on legal opinion. Just to make clear, I'm sure he
8 can answer the question, but he is not going to
9 answer it as a lawyer.

10 EXAMINER PRICE: I'm asking him as the
11 Senior Vice President. I'm not asking him as
12 counsel, absolutely.

13 THE WITNESS: I do have to apologize in
14 advance. I lost track of your question.

15 EXAMINER PRICE: Very simple. The
16 Commission could modify Rider RRS to have the
17 companies take on a portion of the risk without the
18 companies needing to renegotiate or otherwise disturb
19 the proposed transaction between the companies and
20 FirstEnergy Solutions?

21 THE WITNESS: As I think of that equation
22 and as counsel very clearly pointed out, I am not a
23 lawyer. I think that's something that the Commission
24 would need to consider. Once again, I'm here to
25 represent Rider RRS. I believe the value to all

1 parties involved is maximized by its approval.

2 EXAMINER PRICE: Thank you.

3 THE WITNESS: That's where I am.

4 EXAMINER PRICE: Thank you for your
5 forbearance, Mr. Mendoza. You may proceed.

6 Q. (By Mr. Mendoza) One more question about
7 the skin in the game concept with respect to the
8 proposed transaction. FES does not have any skin in
9 the game, correct?

10 A. I'm not -- I'm not sure what you mean by
11 skin in the game.

12 Q. It seemed like you weren't having trouble
13 with that concept a few questions ago. Could you
14 tell me what you don't understand?

15 MR. LANG: Objection. Argumentative.

16 THE WITNESS: Well in --

17 EXAMINER PRICE: Your counsel has a
18 pending objection. When he objects, you don't want
19 to answer.

20 THE WITNESS: Thank you. Once again, not
21 a lawyer.

22 Q. (By Mr. Mendoza) FES doesn't bear any of
23 the market risk under Rider RRS, correct?

24 A. I don't think I can fully answer that
25 question. What we have here is a proposal by FES to

1 engage in this proposal in which they are willing to
2 move ahead with a 15-year agreement that, in essence,
3 provides our customers in the State of Ohio
4 \$2 billion worth of credits.

5 I am not a member of FES or our
6 generation team. I can't really articulate the risks
7 that they face; however, those questions are probably
8 much better directed to Mr. Moul who's one of our
9 witnesses.

10 Q. I wonder if you could partly answer the
11 question. Can you identify any market risks that --
12 excuse me. Can you identify any market risk that FES
13 would bear if Rider RRS is approved?

14 MR. LANG: Objection. Asked and
15 answered.

16 EXAMINER PRICE: Overruled.

17 THE WITNESS: I think really for the
18 understanding of risk associated with our plants with
19 FES's plants, let me correct that, is better directed
20 to Witness Moul.

21 Q. (By Mr. Mendoza) Natural gas plants
22 compete in PJM with coal and nuclear plants, correct?

23 A. Yes.

24 Q. And natural gas prices are not known with
25 certainty for any year between 2016 and 2031,

1 correct?

2 A. No, they are not with -- none with
3 certainty. Our forecast is that they will be more
4 volatile for an example than coal prices.

5 Q. And the costs of operation of natural gas
6 plants is not known with certainty for any year
7 between 2016 and 2031, correct?

8 A. I'm not sure I'm qualified to answer
9 whether gas prices are known with certainty or not.
10 My experience has been, and understanding that I'm
11 not a gas expert by any means, is that prices are
12 expected to be volatile, and there is uncertainty in
13 knowing. I believe your question was costs. Yes.

14 Q. And natural gas prices will impact energy
15 market prices in future years, correct?

16 A. Yes. We expect them to be increasingly
17 volatile.

18 Q. And coal prices are not known with
19 certainty for future years, correct?

20 A. No. I would say our observation is and
21 our forecast is they are likely to be less volatile
22 than gas.

23 Q. And future coal prices would affect the
24 cost that the companies' ratepayers would pass
25 through to the companies -- excuse me.

1 Future coal prices would affect the cost
2 that we've passed through to the companies' customers
3 under Rider RRS, correct?

4 A. Well, within Rider RRS and the proposal,
5 fuel costs are factored in to both Davis-Besse and
6 Sammis in this case, so, yes, there is a cost based
7 component to it.

8 Q. And so you would agree with me that
9 there's uncertainty regarding the benefits and costs
10 to the ratepayers of Rider RRS over the 15-year term,
11 correct?

12 A. No, I wouldn't necessarily agree with
13 you. What we're attempting to do here is to protect
14 customers through Rider RRS from price increase and
15 volatility. Over the 15-year period, they will be
16 seeing some level of insurance against the price
17 volatility and price increase that are subjects of
18 your questions. And we believe that Rider RRS will
19 be a very good protection mechanism for them.

20 Q. Mr. Strah, do you have a copy of your
21 deposition with you?

22 A. I do not.

23 MR. MENDOZA: Your Honor, may we
24 approach?

25 EXAMINER PRICE: You may.

1 MR. LANG: Your Honor, I think he should
2 have a copy on the left.

3 THE WITNESS: Oh, I'm sorry, my
4 apologies, I do have one.

5 EXAMINER PRICE: Well, the Bench doesn't,
6 so we want them at least. Thank you.

7 Q. (By Mr. Mendoza) Mr. Strah, would you
8 please turn to page 39.

9 MR. LANG: Your Honors, could we have a
10 foundation for use of the deposition first, please?

11 EXAMINER PRICE: Yes, please.

12 MR. MENDOZA: Impeachment.

13 EXAMINER PRICE: Just make sure he
14 remembers taking the deposition, that sort of thing.
15 Staff noted his attention to the --

16 MR. MENDOZA: My apologies.

17 Q. (By Mr. Mendoza) Mr. Rose -- excuse me,
18 Mr. Strah, do you recall that we met before in Akron
19 in January and that I deposed you?

20 A. I remember that you deposed me. I just
21 can't quite frankly remember the date or month.

22 Q. Okay. And are you on page 39, Mr. Strah?

23 A. Yes, I am.

24 Q. Okay. Would you look with me at Lines 3
25 through 7 on page 39, and let me just read that to

1 you, and I asked you, "Wouldn't you actually agree
2 that there is uncertainty regarding the benefits and
3 costs to ratepayers of Rider RRS over the 15-year
4 term that we have been discussing?" And you
5 answered, "Yes." And I wanted to ask you if you're
6 changing your answer on that question today.

7 A. When I review this deposition answer and
8 as I sit here today, my answer today is in a broader
9 context than what the question was at my deposition.
10 As we've talked even this morning, there is
11 uncertainty with regard to costs, revenues,
12 prospectively in the future.

13 What I was attempting to answer today was
14 that we have put forth a very good forecast over the
15 15-year period, and that it's a reliable and good
16 forecast for customers along with what's not included
17 within here, the added stability factors of increased
18 reliability to customers if Rider RRS is indeed
19 approved along with the benefits of economic
20 development in job retention within the state. So I
21 don't believe I'm changing my answer. I think there
22 is a level of uncertainty as we've discussed this
23 morning, but there is the broader context that at the
24 time I answered this question, I looked at it in a
25 very narrow view.

1 MR. OLIKER: Your Honor.

2 EXAMINER PRICE: Mr. Olikier.

3 MR. OLIKER: I would like to move to
4 strike the continued assertion that there's a
5 reliable forecast given that the witness has no
6 capacity to testify regarding any reliability of the
7 forecast because he hasn't evaluated it, and the
8 record continues to have these statements contained
9 in it that are inappropriate.

10 MR. LANG: Your Honor, the witness has
11 identified the experience he is relying on and the
12 historical experience that he has that he has
13 reviewed Mr. Rose's testimony. He finds it
14 reasonable. He is relying on that in making his
15 statements with regard to that the forecast is
16 reliable. The Commission certainly can consider his
17 experience and give his opinion the weight that the
18 Commission believes it's worth.

19 EXAMINER PRICE: We are going to deny the
20 motion to strike, Mr. Olikier. You can certainly
21 explore when it's your turn for cross-examination his
22 basis for his claim that it's a reliable forecast.

23 MR. OLIKER: Thank you, your Honor.

24 MR. MENDOZA: Your Honor, may we
25 approach?

1 EXAMINER PRICE: You may.

2 MR. MENDOZA: I would like to ask that
3 this document be marked as Sierra Club Exhibit 2.

4 EXAMINER PRICE: So marked.

5 (SIERRA CLUB EXHIBIT 2 MARKED FOR
6 IDENTIFICATION.)

7 Q. (By Mr. Mendoza) Have you seen this
8 document before, Mr. Strah?

9 MR. McNAMEE: Excuse me. This is Sierra
10 Club 2?

11 EXAMINER PRICE: It is.

12 THE WITNESS: The document is slightly
13 different in that the case number is not fully
14 articulated in the upper right-hand corner. I
15 believe the document that I read some years -- it's
16 been a number of months obviously, probably 14
17 months, included a fuller case number; however, the
18 date and the title of the document appears to reflect
19 the document footnoted on page 16 of my testimony.

20 Q. And so this is a petition that the owners
21 of the Ginna Nuclear Plant filed with the New York
22 PSC, correct?

23 A. Yes. The Ginna Plant, yes.

24 Q. That's how you pronounce it?

25 A. I believe that's the right pronunciation.

1 EXAMINER PRICE: It's the midwestern
2 pronunciation.

3 MR. MENDOZA: Thank you for the help.

4 Q. (By Mr. Mendoza) And have you read this
5 petition before, Mr. Strah?

6 A. Yes.

7 Q. And I think you already answered this,
8 but this is the document you cited on page 16,
9 footnote 3 in your testimony, correct?

10 A. Yes.

11 Q. And so you relied on this petition in
12 your testimony, correct?

13 A. I relied on it in that it represented an
14 example of a contract that helps serve local needs
15 and achieves state objectives, state policy
16 objectives like the ones that we're considering here,
17 for example, affordable -- affordable price to
18 customers, reliable service, and economic
19 development.

20 Q. Okay. And the New York ISO produced an
21 independent reliability study that showed the need
22 for the Ginna facility to operate through October 1,
23 2018, to avoid adverse reliability impacts, correct?

24 A. Yes.

25 Q. And PJM has not produced a reliability

1 analysis that shows the need for the continued
2 operation of the Sammis plant, correct?

3 A. I don't know the answer to the question.

4 Q. And PJM -- Do you know if PJM has
5 produced a reliability analysis that shows the need
6 for the continued operation of the Davis-Besse plant?

7 MR. LANG: Objection, asked and answered.
8 He said he doesn't know.

9 EXAMINER PRICE: Sustained.

10 Q. (By Mr. Mendoza) I was asking about
11 Davis-Besse. It's a different --

12 MR. LANG: Sorry.

13 EXAMINER PRICE: My apologies. You
14 slipped that one by me.

15 THE WITNESS: I don't know. I don't know
16 the answer to that question.

17 Q. Okay. And PJM has not produced a
18 reliability analysis that shows the need for the
19 continued operation of either of the OVEC plants,
20 correct?

21 A. I don't know.

22 Q. Okay. And will you turn to page 10 of
23 this document, please. And do you see under numbered
24 Paragraphs 2 where two entities are referred to RG&E
25 and GNPP?

1 A. Yes.

2 Q. And RG&E refers to Rochester Gas and
3 Electric Corporation, correct?

4 A. Yes.

5 Q. And GNPP means R.E. Ginna Nuclear Power
6 Plant, LLC, correct?

7 A. Yes.

8 Q. And that LLC is owned by Constellation
9 Nuclear Energy Group, LLC, right?

10 A. When I utilized this example in my
11 testimony, I used it for the more global purpose that
12 I just explained. When you say Constellation, I know
13 it's involved. I just don't know the actual
14 structure of that corporation and the title that you
15 use is accurate.

16 Q. Could you look with me on page 1, the
17 second paragraph, and maybe that will help out.

18 MR. LANG: Objection, your Honor. The
19 document speaks for itself.

20 EXAMINER PRICE: Well, I understand on
21 page 16 of his testimony, he refers to it as
22 Constellation's -- I'm trying to pronounce it --
23 Ginna Nuclear Plant -- Ginna Nuclear Plant, so I
24 think counsel's entitled to explore this.

25 THE WITNESS: I do see Constellation

1 Energy Nuclear Group, LLC, yes.

2 Q. (By Mr. Mendoza) And so my question is
3 I'm wondering if you know if the Ginna Reliability
4 Support Service Agreement is an agreement entered
5 into by corporate affiliates?

6 A. I don't know the answer to that question.
7 I used it in my testimony as an example of a
8 contract.

9 Q. Okay. And the need for the Ginna
10 facility through October 2018 is partially tied to
11 the in-service date for certain Rochester Gas and
12 Electric Transmission projects, correct?

13 A. It's my understanding that, yes, they're
14 anticipating the build-out of additional transmission
15 facilities which is one of the items that we're
16 trying to avoid within our proposal here in Ohio. I
17 also understand that there is some level of process
18 beyond 2018 for the parties to review where they
19 stand at that time for additional reliability needs
20 through Ginna.

21 Q. And where did you get the understanding
22 that there would be sort of an additional analysis on
23 whether they would need --

24 MR. MENDOZA: Actually, could I have the
25 question read back, please, his answer read back?

1 EXAMINER PRICE: You may.

2 (Record read.)

3 Q. (By Mr. Mendoza) And I'm -- I want to
4 know where you got your knowledge about that
5 additional level of process beyond 2018.

6 A. I believe I asked a colleague some months
7 ago just to check in as to where the agreement stood
8 in preparation for these hearings.

9 Q. And do you remember more precisely when
10 that conversation took place?

11 A. I don't.

12 MR. OLIKER: Your Honor, I move to strike
13 his answer as hearsay.

14 EXAMINER PRICE: Mr. Lang?

15 MR. LANG: Your Honor, he was answering a
16 question. It can't -- It can't be hearsay. He was
17 asked for his knowledge and the basis. He has
18 provided the knowledge of that information.

19 MR. OLIKER: And I am referring to his
20 prior answer regarding post 2018.

21 EXAMINER PRICE: Mr. Lang?

22 MR. LANG: Your Honor, I still think --
23 still think it stands as is.

24 EXAMINER PRICE: I don't think it's a
25 hearsay question, but I think it's a competence

1 question. Do you have any personal knowledge as to
2 prior -- as to subsequent proceedings after 2018?

3 THE WITNESS: Your Honor, I think
4 proceedings is not the word I was thinking about as I
5 gave my answer. It was I believe my understanding
6 that there was an interest to operate Ginna to the
7 year 2020. Where the transaction landed to my
8 understanding was that the actual contract is 2018,
9 okay, when it concludes, represents roughly a
10 four-year contract. I wasn't indicating in my answer
11 that there is a proceeding that is scheduled post
12 2018.

13 EXAMINER PRICE: Okay. Mr. Mendoza.

14 Q. (By Mr. Mendoza) Do you know whether the
15 parties in the Ginna facility -- excuse me. Do you
16 know whether the parties in the Ginna proceeding have
17 submitted a proposed contract to the New York PSC to
18 consider?

19 A. No, I don't.

20 MR. MENDOZA: Your Honor, may we
21 approach?

22 EXAMINER PRICE: You may.

23 MR. MENDOZA: This is a two document
24 exhibit, but I think it's best if we treat it as one
25 exhibit, although if your Honor has a different view

1 of how to organize things, we can approach.

2 EXAMINER PRICE: No. We will mark this
3 two-part exhibit as Sierra Club Exhibit 3.

4 (SIERRA CLUB EXHIBIT 3 MARKED FOR
5 IDENTIFICATION.)

6 Q. (By Mr. Mendoza) Have you seen these
7 documents before, Mr. Strah?

8 A. No, I have not.

9 Q. Okay. If you look at the first document,
10 do you see that it's titled Rochester Gas and
11 Electric Corporation's Response To Order Directing
12 Negotiation Of A Reliability Support Service
13 Agreement And Petition For Approval Of Cost
14 Allocation And Cost Recovery Surcharge Mechanism?

15 MR. LANG: Objection, your Honor.

16 EXAMINER PRICE: Grounds?

17 MR. LANG: The witness has stated that he
18 is not familiar with the document, so there's no
19 foundation for the document, and the witness
20 shouldn't be then followed up with a question about a
21 document which he is not familiar.

22 MR. MENDOZA: Your Honor, this was --
23 this is the actual agreement filed in the docket
24 referenced in footnote 3 of page 16 of Mr. Strah's
25 testimony, and he's previous -- a few minutes ago, he

1 referenced this extender of the Reliability Support
2 Source Agreement for a few years as in this
3 agreement. I think it would make sense to look at
4 that.

5 But just more generally, I think since
6 Mr. Strah is relying on this document as a long-term
7 contract in a restructured state, it makes sense to
8 explore the actual agreement as opposed to the
9 petition, and I would have been pleased to ask him
10 about this in the deposition, but this document was
11 filed publicly after his deposition occurred.

12 EXAMINER PRICE: I understand.

13 Mr. Strah, what is the case number on the first page
14 of Sierra Club Exhibit 3?

15 THE WITNESS: I'm not sure which document
16 you are referring to. They are not marked.

17 EXAMINER PRICE: The one that begins
18 before the New York State Public Service Commission.

19 THE WITNESS: Yes, sir. Your question?

20 EXAMINER PRICE: What's the case number?

21 THE WITNESS: Case No. is 14-E-0270.

22 EXAMINER PRICE: And this is the case
23 number that was not on Sierra Club Exhibit 2; is that
24 correct?

25 THE WITNESS: Yes.

1 EXAMINER PRICE: But it is the case
2 number that's referred to in footnote 3 on page 16 of
3 your testimony?

4 THE WITNESS: Yes, it is, sir.

5 EXAMINER PRICE: I think that's an
6 adequate foundation to ask some questions about this
7 document. Please proceed.

8 Q. (By Mr. Mendoza) And the proposed term of
9 the Reliability Support Service Agreement is from
10 April 1, 2015 to September 30, 2018, correct?

11 EXAMINER PRICE: Let's go off the record.

12 (Discussion off the record.)

13 (Recess taken.)

14 EXAMINER PRICE: Let's go back on the
15 record. Before we proceed with the questioning,
16 we're going to remark the second part of Sierra Club
17 3 as Sierra Club 4, so the cover page to what is now
18 going to be marked as Sierra Club 4 is entitled,
19 "Public Version, Exhibit A, Reliability Support
20 Service Agreement Between R.E. Ginna Nuclear Power
21 Plant, LLC and Rochester Gas and Electric
22 Corporation."

23 (SIERRA CLUB EXHIBIT 4 MARKED FOR
24 IDENTIFICATION.)

25 EXAMINER PRICE: The first part, Case No.

1 14-E-0270, Rochester Gas's response will remain
2 marked as Sierra Club Exhibit 3. Mr. Mendoza.

3 MR. MENDOZA: Thank you, your Honor.

4 Q. (By Mr. Mendoza) Mr. Strah, are you
5 looking at what has now been marked as Sierra Club
6 Exhibit 4? Do you have it front of you?

7 A. I do. I do. Thank you.

8 Q. Excuse me. Thank you. Would you turn
9 with me to page 8 of that document. And I direct
10 your attention specifically to Section 2.2 which is
11 titled "Term."

12 A. Yes, I have it.

13 Q. And would you agree with me that the term
14 of that contract is April 1, 2015 to September 30,
15 2018?

16 MR. LANG: Again, I would object, your
17 Honor. The foundation has not been laid with this
18 witness for this document, and the witness is not
19 relying on this document.

20 EXAMINER PRICE: I understand your
21 objection, Mr. Lang, but I honestly believe you
22 opened the door to these questions by referencing
23 this case. So I think the questions are perfectly
24 acceptable. Please proceed.

25 MR. MENDOZA: I would just note that on

1 page 16, Line 3 refers to a Reliability Support
2 Services Agreement which is the title of this
3 document.

4 Q. (By Mr. Mendoza) But staying on page 8,
5 we're looking at Section 2.2, Term -- Well, my
6 question was pending, but can you -- do you agree
7 with me that the term of this agreement is April 1,
8 2015 to September 30, 2018?

9 A. Yes. That appears to be depicted here,
10 yes.

11 Q. And then I think previously you had
12 mentioned the idea of an extension, so why don't we
13 turn the page and look at Section 2.3, and that
14 section is titled "Necessary Extension," do you see
15 that?

16 A. I do.

17 Q. And do you see that this allows the
18 utility Rochester Gas and Electric to make a filing
19 to seek an 18-month extension?

20 A. If you're referring to the last sentence
21 in Paragraph 2.3, "Upon," and so on and so forth,
22 exact reading of that last sentence, yes, I do see
23 it.

24 Q. Is that where you were referring to in
25 the paragraph? My question is, doesn't the utility

1 have an opportunity here to seek an 18-month
2 extension?

3 MR. LANG: Objection to the extent he's
4 asking again to interpret the contract which he
5 hasn't seen before.

6 EXAMINER PRICE: I understand your
7 objection.

8 THE WITNESS: In that I'm reading this
9 for the first time and understanding that I was given
10 an opportunity by your Honor to read all of it, as I
11 read the first sentence, and I'll try to save some
12 time by not reading it out loud here, it appears as
13 though, yes, they have the opportunity to provide
14 written notice.

15 Q. (By Mr. Mendoza) And the extension would
16 be for 18 months; is that right?

17 A. The period of 18 months is at the
18 conclusion of the first sentence, yes.

19 Q. Okay. Why don't we turn to page 12 of
20 this document. And you'll see there is an Article IV
21 titled "Pricing", and then there's a Section 4.1,
22 "Monthly Fixed Amount."

23 A. I'm sorry, could you give me the page
24 number again?

25 Q. Page 12.

1 A. Page 12. I see 4-dot-1 is Monthly Fixed
2 Amount.

3 Q. Great. And the owner of the Ginna Plant
4 is to be compensated under this agreement by a
5 monthly fixed amount, correct?

6 A. Once again, rereading the last sentence
7 in Paragraph 4.1(a), it indicates that RGE shall pay
8 Ginna the monthly fixed amount, so on and so forth,
9 as represented in the parenthetical statement for
10 each month of the term, so that is the words that
11 are -- that are found within page 12, correct.

12 Q. And switching back to the transaction
13 that we've been talking about between FES and the
14 companies, there is no fixed price in that contract,
15 correct -- in that proposed transaction, correct?

16 A. I'm not sure as to what we would
17 ultimately call the monthly fixed amount, okay, as it
18 appears in this contract versus what is found in
19 Rider RRS. I can only explain to you that in Rider
20 RRS, there is a reset mechanism that -- that we would
21 reconcile the total revenues and total costs of the
22 proposal, and that net charge or credit would then be
23 reset on an annual basis. It would start in June in
24 the -- in the present ESP offering here and annually
25 in January for the 15-year period that is proposed.

1 We project that to be a credit to
2 customers on a monthly basis in a majority of all
3 years considered within the 15-year window. So, in
4 essence, I can't reconcile what this fixed monthly
5 amount articulated in this agreement would be versus
6 what we plan to do under Rider RRS.

7 Q. Okay. Let's turn to page 4 and look at
8 the definition of monthly fixed amount in this
9 contract. I think that might be helpful here.

10 A. Okay.

11 Q. Do you see kind of near the bottom of
12 page 4, it's subsection (ff), there's a definition of
13 the term monthly fixed amount? And you'll see that
14 there is a specific figure that the Ginna facility
15 will receive every month?

16 MR. LANG: Your Honor, we are far beyond
17 the use of this document for the purposes of simply
18 the reference in Mr. Strah's testimony. We are into
19 a detailed contract interpretation exercise.

20 Mr. Strah is not a party to this contract.

21 FirstEnergy is not a party to this contract. One of
22 the Constellation entities is. There will be a
23 Constellation witness in this hearing some weeks
24 hence. Maybe those questions should be better asked
25 of someone who may have been involved in the

1 contract.

2 EXAMINER PRICE: I believe the document
3 is coming in, the document speaks for itself. I
4 think Sierra Club is going to be able to make the
5 point it wants to make on its briefs, so I just think
6 it's very difficult for anybody to sit here and
7 review this contract.

8 And, you know, there's exception -- I
9 understand what you're saying about the definition of
10 monthly amounts, but there appear to be exceptions
11 and adjustments. Let's just -- If you have anything
12 else you think he can answer, let's ask him;
13 otherwise, let's move on.

14 MR. MENDOZA: Okay. Yeah, we can move
15 on, your Honor.

16 EXAMINER PRICE: Okay. Thank you. Thank
17 you.

18 Q. (By Mr. Mendoza) Okay. So turning back
19 to your written testimony, Mr. Strah, staying on page
20 15, if you look at Line 7 through 8 of your Direct
21 Testimony, do you see where you -- I apologize. Let
22 me know when you are there.

23 A. I am not quite there yet. Could you
24 repeat where you would like to have me here?

25 Q. Yes. My apologies. Page 15, Lines 7

1 through 8.

2 A. Yes, I'm there.

3 Q. And do you see where you refer to a
4 Connecticut contract?

5 A. Yes.

6 Q. And that Connecticut long term capacity
7 contract resulted from a process involving a Request
8 For Proposal, right?

9 A. Yes.

10 Q. And in that case, the Connecticut Public
11 Utility Control was able to make a determination that
12 the process was, in fact, competitive, correct?

13 A. I remember reading the final decision,
14 but I can't recall whether they designated it as
15 such.

16 MR. MENDOZA: Your Honor, may we
17 approach?

18 EXAMINER PRICE: You may.

19 MR. MENDOZA: I would ask this be marked
20 Sierra Club Exhibit 5, please.

21 EXAMINER PRICE: It's the final decision,
22 isn't it? It will be so marked Sierra Club Exhibit
23 5. What is this? Can you describe this for the
24 record?

25 (SIERRA CLUB EXHIBIT 5 MARKED FOR

1 IDENTIFICATION.)

2 MR. MENDOZA: I believe this is the
3 document referred to in Mr. Strah's testimony. It's
4 page 16, footnote 2 of his testimony. I'm sorry,
5 it's page 15, footnote 1, your Honor.

6 EXAMINER PRICE: Yes. Is this the
7 document you referred to on page 16 -- 15, footnote
8 1?

9 THE WITNESS: No, it is not.

10 EXAMINER PRICE: No, it is not.

11 Q. (By Mr. Mendoza) Mr. Strah, did we look
12 at this document together during your deposition?

13 A. Yes, but I would underscore it is not the
14 decision that's included in my testimony.

15 Q. My understanding, your Honor, is that
16 your sister agency in Connecticut issued this draft
17 decision in 2015 -- in 2005, excuse me, and has never
18 since -- I checked this weekend and never since
19 followed up with a final decision, although I will
20 say that their documents assuming is pretty
21 cumbersome and it's possible I couldn't find it.

22 MR. LANG: Your Honor, we appreciate
23 Sierra Club's testimony with regards to the document
24 that they are coming forward with. They simply
25 haven't established a foundation with regard to this

1 witness that is the document referred to in his
2 testimony, and it does say "Draft."

3 EXAMINER PRICE: Do you recall seeing the
4 final version?

5 THE WITNESS: Yes.

6 Q. (By Mr. Mendoza) Was that decision
7 produced in discovery?

8 MR. LANG: I am not sure of the relevance
9 of that, your Honors, or his knowledge whether it was
10 produced in discovery.

11 EXAMINER PRICE: If it's a publicly
12 available document, they weren't under any obligation
13 to produce in discovery, were they?

14 MR. MENDOZA: Counsel, ELPC informed us
15 she was able to find the formal decision. I think
16 maybe I'll move on from this topic. We can perhaps
17 address it later if we can get the final document.

18 EXAMINER PRICE: Okay. Thank you.

19 MR. MENDOZA: Your Honor, may we
20 approach?

21 EXAMINER PRICE: You may. Would you like
22 this marked as Sierra Club 6.

23 MR. MENDOZA: We would, your Honor.
24 Thank you.

25 EXAMINER PRICE: So marked.

1 (SIERRA CLUB EXHIBIT 6 MARKED FOR
2 IDENTIFICATION.)

3 Q. (By Mr. Mendoza) Have you seen this
4 document before, Mr. Strah?

5 A. It's been a while since I last reviewed
6 it, but yes, I believe this document matches the
7 footnote in my testimony.

8 Q. And that footnote is the footnote 2 on
9 page 16, correct?

10 A. That is correct.

11 Q. And so you relied on this petition in
12 your testimony, correct?

13 A. Yes.

14 Q. And this is the New York PSC order
15 related to the Dunkirk contract that you referred to
16 on page 16, right?

17 A. Yes.

18 Q. And that contract provides support to
19 allow NRG to repower a coal plant to natural gas,
20 right?

21 A. Yes.

22 Q. And do you know if NRG and the local
23 utility are corporate affiliates?

24 A. I don't know.

25 Q. And the Dunkirk contract involves a fixed

1 price, right?

2 A. I don't recall if it does or not. I used
3 it, once again, as an example in my testimony of what
4 I recall to be a 10-year agreement.

5 Q. Will you turn with me to page 7 and just
6 ask you to look at the first sentence of that page,
7 and I think that will help us out.

8 EXAMINER PRICE: Can I have that
9 reference again, please?

10 MR. MENDOZA: I'm sorry, page 7.

11 THE WITNESS: I'm there. Thank you.

12 Q. (By Mr. Mendoza) Okay. And so can you
13 tell us whether this contract involved a fixed price?

14 A. On line 2 of the term sheet agreement, it
15 does indicate that payments for Dunkirk are
16 20.41 million per year for the next 10 years while
17 Dunkirk would add approximately, and it talks about
18 the capacity, so it provides for a payment. I don't
19 know if I'd call that a fixed price payment.

20 Q. Okay. And looking at that number,
21 20.4 million per year, can you point me to anywhere
22 in the term sheet for the transaction that we've been
23 talking about today between the companies and FES
24 where we can see with precision the exact amount of
25 money that will be paid per year of the agreement?

1 A. No, I can't turn you to an exact dollar
2 amount. I would refer back to my prior answer on how
3 Rider RRS is designed to work. It would be reset on
4 an annual basis netting revenues versus costs to flow
5 credits or charges to customers.

6 With regard to that, once again, within
7 the 15-year horizon of our plan, we see advantage in
8 ensuring customers against price and price increase
9 and volatility issues, and over that 15-year period,
10 credits -- more credits will flow to customers than
11 charges will be received by customers.

12 MR. MENDOZA: Your Honor, I move to
13 strike the answer beyond where he says no, I cannot
14 point you to a specific price, I think, is what he
15 said.

16 EXAMINER PRICE: Motion to strike will be
17 granted.

18 Q. (By Mr. Mendoza) And going back to this
19 Dunkirk contract, do you know that NRG has challenged
20 the New York PSC -- excuse me. Do you know that
21 Entergy has challenged the New York's PSC's approval
22 of the Dunkirk contract as preempted under the
23 Federal Power Act?

24 A. I understand there has been challenges to
25 this agreement, yes.

1 Q. Okay. And do you understand that there
2 were Federal Power Act pre-exemption challenges?

3 A. I don't know that specifically, but once
4 again, I do know it was challenged.

5 Q. Okay. And do you know that just in the
6 last few weeks, NRG has announced the mothballing of
7 the entire Dunkirk station in response to the Entergy
8 lawsuit?

9 A. I am not aware of that.

10 Q. And do you know that NRG has informed the
11 New York PSC that the repowering of the Dunkirk
12 station is on hold?

13 A. I don't know that as a fact, no.

14 Q. Okay. Let's switch gears here. Can you
15 turn to page 4, please.

16 A. Page 4 of?

17 Q. I apologize, your written testimony.

18 A. Thank you.

19 Q. And if you are on page 4, I direct your
20 attention to lines 8 through 10. And I want to talk
21 about the sentence that states, "A mix of generation
22 assets lacking an essential nuclear and coal baseload
23 generation threatens the stability and security of
24 the companies' delivery system." Do you see where
25 your testimony states that?

1 A. Yes.

2 Q. Do you know the current mix of generation
3 in Ohio?

4 A. Not with precision, no. I understand
5 that there are a coal component, gas component,
6 nuclear, other -- other generation capacities also.

7 Q. And do you know the current mix of
8 generation in PJM?

9 A. No, not with precision.

10 Q. Okay. And looking back at your
11 testimony, what level of coal generation in Ohio
12 would threaten the stability and security of the
13 companies' delivery system?

14 A. I don't know the exact number that would
15 threaten it. What I can point to is the plants that
16 are within our proposal will make it more likely that
17 we will be able to deliver reliable power to our
18 customers.

19 Q. Do you know an inexact number or
20 estimate?

21 A. No, I don't. All I do know is that
22 retiring the two plants within our proposal won't be
23 helpful to ensuring the reliable power that we need
24 to deliver to our customers.

25 Q. And what level of coal generation would

1 threaten stability and security in PJM?

2 A. I don't know.

3 MR. MENDOZA: Your Honor, may we
4 approach?

5 EXAMINER PRICE: You may.

6 MR. MENDOZA: And I would ask this be
7 marked as Sierra Club 7, please.

8 EXAMINER PRICE: So marked.

9 (SIERRA CLUB EXHIBIT 7 MARKED FOR
10 IDENTIFICATION.)

11 Q. (By Mr. Mendoza) Have you seen this
12 document before, Mr. Strah?

13 A. It resembles a document you handed me
14 during my deposition; however, I'm just unclear as to
15 whether or not it's the exact same document. In the
16 upper left hand corner, it's dated September 2nd,
17 2015, so I'm unclear as to whether or not this is the
18 exact one to be straightforward with you.

19 Q. And you are correct about that. I think
20 when we spoke in January, we looked at a very similar
21 document that reported Ohio generation output in
22 2013. Subsequently to your deposition, Mr. Strah,
23 the Public Utilities Commission of Ohio has updated
24 this web page with 2014 data.

25 A. So to be clear, I've not seen this

1 document before.

2 Q. Okay. Do you consider the Public
3 Utilities Commission of Ohio a reliable source of
4 information about Ohio electricity generation?

5 A. Yes. I would consider them a reliable
6 source of many sources.

7 Q. Okay. And at the bottom of the pie
8 chart, do you see where it says "EIA" in terms of the
9 source of the data for the pie chart?

10 A. Yes.

11 Q. And EIA means the United States Energy
12 Information Administration, correct?

13 A. I don't know.

14 Q. This chart reflects Ohio generation
15 output in 2014, correct?

16 A. As represented by the source that you
17 just listed, yes.

18 Q. Okay. And can you see that in 2014,
19 67.67 percent of Ohio generation output came from
20 coal-fired power plants?

21 A. That's what the document represents.

22 Q. And 17.59 percent was from natural gas
23 fired power plants, correct?

24 A. As seen in the document, yes.

25 Q. And 12.2 percent -- excuse me,

1 12.26 percent was nuclear, correct?

2 MR. LANG: Your Honor, just to save us
3 time from going through what the document says, the
4 document says what it says. I would object to
5 questioning on a document that, again, the witness
6 says he has not seen before. It's a waste of time
7 other than to be redundant and repetitive to ask
8 questions about a document he has not seen before and
9 just get him to agree that the document he has not
10 seen before has certain words on the page or certain
11 figures on the page.

12 EXAMINER PRICE: Will you stipulate to
13 its admission?

14 MR. LANG: The difficulty, your Honor, is
15 we would certainly stipulate to the admission that
16 it's on a -- that this is the PUCO website. The
17 figure itself is not a PUCO figure, however.

18 EXAMINER PRICE: But it is an official
19 publication.

20 MR. LANG: So it would be an official
21 publication including hearsay from a separate source,
22 your Honor?

23 EXAMINER PRICE: I assume that they
24 properly verified that the separate source, which I
25 gather to be also a public information -- I

1 understand your concern about this, but my question
2 is will you -- I'm willing to try to move things
3 along if you'll stipulate to the admission of it.

4 MR. LANG: Of the document, we will
5 stipulate to the admission of the document, your
6 Honor.

7 EXAMINER PRICE: If you've got questions
8 other than, you know, does the document say this, go
9 ahead and ask that.

10 MR. MENDOZA: I'll get to those
11 questions.

12 Q. (By Mr. Mendoza) The mix of generation
13 reflected in this chart does not threaten the
14 stability and security of the companies' delivery
15 system, correct?

16 A. I wouldn't agree with that, no.

17 Q. So you're saying that this -- this mix of
18 generation does threaten the stability and security
19 of the companies' delivery system?

20 A. What I mean by my response is the way
21 that the mix of this generation performs, that's
22 different than your question that you asked from the
23 standpoint of I understand how much coal is in Ohio
24 by at least what's depicted on this chart. The
25 performance characterizations of these commodities in

1 the plants and transmission lines that end up
2 supplying my customers' distribution system in Ohio
3 is a key factor in determining whether or not there
4 is a threat or not to our system.

5 We saw that during the polar vortex in
6 January of 2014. We saw it in what we've termed the
7 Syberian Express in the winter of 2015 where nuclear
8 and coal performed relatively better than gas that
9 was interrupted significantly during those two events
10 at the time of high need in extreme weather
11 conditions.

12 Q. And looking back at this pie chart, this
13 system is not lacking in coal generation, correct?

14 A. I can't offer an opinion on that.

15 Q. And why is that?

16 A. Once again, as I process your question,
17 to deliver reliable power to my customers, it doesn't
18 matter the -- in my opinion, in the percentage of
19 coal available, the percentage of natural gas
20 available, what really matters is its performance in
21 times of great need.

22 Q. And then switching back to page 4 of your
23 testimony but keeping that exhibit in front of you, I
24 just wanted to direct you to line 6 through 8 of your
25 testimony on page 4. And your testimony --

1 A. I'm sorry to interrupt you. Which lines?

2 Q. We are on page 4.

3 A. Page 4.

4 Q. And I am looking at lines 6 through 8,
5 the sentence that starts with "Also..."

6 A. Okay.

7 Q. And it states, "Also the retirement of
8 nuclear and coal based on generation of plants has
9 resulted in a mix of generation assets that is
10 increasingly dominated by natural gas generation."
11 Do you see that statement?

12 A. Yes.

13 Q. What do you mean by "dominated by natural
14 gas"?

15 A. What I mean by "increasingly dominated by
16 natural gas" is that natural gas capacity is
17 increasing within the marketplace as we've seen, for
18 example, the reduction of megawatts available of coal
19 fired or fossil fired plants. So we're becoming
20 increasingly dominant in gas. I think it's a key
21 question with regard to our ability to reliably serve
22 customers.

23 I believe that that trend will continue
24 where gas will be a bigger and bigger player. And as
25 we transition to that, it's important that we need to

1 maintain a balance of diverse fuel mix and diverse
2 fuel -- diverse plant types to better be able to
3 withstand increasing gas and be able to have a
4 diverse fuel mix such that our ability to deliver
5 reliable power to customers is not impacted.

6 As we rely heavier on the gas supplies
7 that will be coming into the market, we have found
8 those to be interruptible and unreliable during peak
9 times of need. That's what I meant by increasingly
10 dominant, and that's how I would attempt at this time
11 to tie it to the earlier part of my statement in my
12 testimony.

13 Q. A mix of generation that is 17.59 percent
14 natural gas fired is not dominated by natural gas,
15 correct?

16 MR. LANG: Objection, your Honor,
17 mischaracterizes his testimony. His testimony was a
18 description over current and into the future years.
19 What he's being shown purports to represent a mix
20 of -- from either a year or two years ago since we
21 can't identify whether this is 2014 data or 2014 data
22 reporting 2013.

23 EXAMINER PRICE: Sustained.

24 Q. (By Mr. Mendoza) Okay. Let's turn to
25 page 8, lines 11 through 13.

1 EXAMINER PRICE: I have a question before
2 we move on to this next section. Do you know the
3 outage rate of Davis-Besse?

4 THE WITNESS: I don't. The outage rate
5 and availability of Davis-Besse over time was
6 examined by the EDU team led by Mr. Ruberto as part
7 of the work.

8 EXAMINER PRICE: So any questions I have
9 with respect to the outage rates of the three -- of
10 the facilities that are in the proposed transaction
11 would be best directed to him?

12 THE WITNESS: I would also add that
13 Mr. Moul may be very helpful in that regard also.

14 EXAMINER PRICE: Do you know whether the
15 EDU team studied the outage rates of all of
16 FirstEnergy Solutions's fleet, or do they just study
17 the outage rate of the plants that are in the
18 proposed transaction?

19 THE WITNESS: It's my understanding they
20 analyzed those plants that are part of the proposed
21 transaction.

22 EXAMINER PRICE: Does that mean that they
23 did not analyze the plants that are not part of the
24 proposed transaction?

25 THE WITNESS: I don't know that for a

1 fact, sir.

2 EXAMINER PRICE: Okay. But Mr. Ruberto
3 possibly will?

4 THE WITNESS: Yes.

5 EXAMINER PRICE: Thank you. Thank you,
6 Mr. Mendoza.

7 MR. MENDOZA: Thank you, your Honor.

8 Q. (By Mr. Mendoza) Are you on page 8 of
9 your testimony, Mr. Strah?

10 A. Yes, I am.

11 Q. I direct your attention to lines 11
12 through 13 where your testimony states, "Gas
13 generation of this type is not adequate to handle the
14 total load or to provide continuous service for long
15 periods as well as services necessary to support the
16 reliability of the grid." And I flubbed reading that
17 statement, but do you see the lines I am referring
18 to?

19 A. Yes.

20 Q. When you formulated your opinions on
21 natural gas generation's ability to support the
22 reliability of the grid, you didn't make assumptions
23 regarding how many new natural gas fired combined
24 cycle plants will be built over the next 15 years,
25 correct?

1 A. What I understood as I created my
2 testimony is that there will be an increase in
3 component of gas supply into the marketplace and that
4 there will be future gas built. To the extent I knew
5 exactly how many plants, how many pipelines, I didn't
6 have information in front of me.

7 What I do know for certain is more plants
8 will be built out. My main concern with regard to
9 the care of our customers is the interruptible
10 qualities that are presented in any natural gas
11 delivery system that is different than the baseload
12 on-site fuel capabilities and the ability to run
13 continuously of the two baseload plants that are
14 proposed in this transaction.

15 Q. And staying on page 8, lines 11 through
16 13, when you formulated your opinions on natural gas
17 generation's ability to support the reliability of
18 the grid, you didn't consider new gas line -- new gas
19 pipeline construction in Ohio, did you, Mr. Strah?

20 A. May I have that question read back to me,
21 please.

22 EXAMINER PRICE: You may.

23 (Record read.)

24 THE WITNESS: From a global standpoint, I
25 did understand that new gas pipelines, new gas plants

1 would be built in Ohio. It is where the marketplace
2 is headed. I think we've seen early signs of that
3 build-out. What I also considered is, once again,
4 the potential threat that the lack of infrastructure
5 within the gas pipeline area is, in essence, and at
6 times a threat to my ability to -- or the companies'
7 ability to reliably serve customers.

8 We saw it manifest itself very
9 dramatically in January, early January of 2014 where
10 unavailability of gas represented nearly half of the
11 forced or interrupted outages, and that really put a
12 tax onto the distribution system, so much so in my
13 role on that date in January 7th of 2014, we were
14 literally getting ready to conduct rolling blackouts
15 with our customers due to the unavailability to serve
16 them. Gas played a role within that. And that, to
17 me, is something that we need to consider as we
18 transition to more and more gas within the
19 marketplace.

20 EXAMINER PRICE: Mr. Strah, wind played a
21 big role in avoiding disaster in the polar vortex,
22 didn't it, wind power? Let me rephrase that. Do you
23 know whether wind performed admirably well during the
24 polar vortex?

25 THE WITNESS: I don't know how it

1 performed during the polar vortex, your Honor. What
2 I do know was, once again, the challenges we were
3 faced in serving our customers properly during that
4 period of time, it is much different for me from an
5 operational view, and I've been in the operations end
6 of serving customers for a long time, it's much
7 different to conduct rolling blackouts in our
8 companies' service territory due to lack of supply
9 when our conditions on that day were 30 to 40 degrees
10 below zero with a wind chill factor, and once again,
11 your Honor, I'm not sure of your understanding of how
12 we do that, but we literally --

13 EXAMINER PRICE: Pretty limited.

14 THE WITNESS: I'm sorry?

15 EXAMINER PRICE: Pretty limited.

16 THE WITNESS: Pretty limited. What we
17 typically do is we basically go to a set of
18 substations and basically deenergize circuits that
19 could feed anywhere from 500 to a thousand customers.
20 Those customers at that time go dark. In other
21 words, we're trying to conserve power at that point.

22 Even after we've taken all the steps
23 mandated by PJM, our spinning reserve on that date in
24 January out of 142,000 megawatts in the PJM
25 footprint, we were down to a spinning reserve of

1 500 megawatts. That's the PJM picture, right?

2 What I'm concerned about is the ability
3 to serve our customers locally, and that means Ohio.
4 If we didn't have the two baseload units in this
5 proposal up and operating, that 500 megawatts would
6 have been long gone in terms of reserve. So as we
7 examine gas, interruptions and unavailability during
8 that period, of the 40,000 megawatts unavailable
9 during that period, we had roughly 18,000 megawatts
10 that were unavailable.

11 EXAMINER PRICE: Can I have the last
12 question --

13 THE WITNESS: I'm sorry.

14 EXAMINER PRICE: Are you finished? Can I
15 have my last question back?

16 (Record read.)

17 EXAMINER PRICE: I think you gave an
18 extensive answer to a pretty simple question. I'm
19 not going to strike it. But from this point on, you
20 are going to listen to everybody's questions and try
21 to answer those questions and only those questions,
22 and that's going to be particularly true vis-a-vis
23 the Examiners.

24 THE WITNESS: Yes, sir.

25 EXAMINER PRICE: Okay. Mr. Mendoza.

1 MR. MENDOZA: Thank you, your Honor.

2 Q. (By Mr. Mendoza) Following up on your
3 Honor's question, demand/response also played a big
4 role in protecting the reliability of the grid during
5 the polar vortex, isn't that correct, Mr. Strah?

6 A. Could you read back that question? I
7 want to be sure. Thank you.

8 (Record read.)

9 THE WITNESS: With regard to the entire
10 polar vortex, I can't -- I don't know the total
11 operating characteristics of demand/response. With
12 regard to demand/response within the Ohio companies'
13 footprint, we saw that after calling our ELR
14 customers as I indicate in my testimony for
15 interruptions, calling other customers that we felt
16 could help us in terms of reducing loads during that
17 critical period, I would estimate the demand response
18 if we could call it that, as being anywhere between
19 100 megawatts of help to 200 megawatts of help in the
20 Ohio footprint understanding that the PJM total load
21 at the time was 142,000 megawatts. I'm referring to
22 January -- early January of 2014.

23 Q. And just so I understand your answer,
24 when you say Ohio footprint, you're talking about the
25 whole state, not just the companies' footprint?

1 A. Thanks for the opportunity to clarify
2 that. I mean within the operating companies'
3 footprint.

4 Q. Okay. And what was -- what's -- what was
5 the load for the companies on those days?

6 A. I don't believe I can recall the exact
7 number as I sit here.

8 Q. So we can understand how important that
9 100-megawatt benefit was, could you give us an
10 estimate of what it was on those days for the
11 companies' footprint?

12 A. I don't think I could put a percentage on
13 it for you. I would call it relatively small in
14 comparison to the total.

15 Q. I'm looking more for the total load on
16 those days on January 6th, 7th, and 8th, 2014. We
17 can do the math on the percentage with the --

18 A. Yeah, I just can't recall those loads.

19 Q. Okay.

20 EXAMINER PRICE: If you entered into a
21 contract with a natural gas generator to pay their
22 whole costs of producing energy, including firm
23 transportation, that would then be reliable -- just
24 as reliable as coal or nuclear for baseload
25 generation, wouldn't it?

1 THE WITNESS: With a firm contract, sir,
2 they're still subject to interruptions, and that's
3 how I would answer that question. Irrespective of
4 contract, during the polar vortex there were
5 interruptions. I would also add that any other
6 questions with regard to your question, I would
7 potentially direct to Mr. Moul.

8 EXAMINER PRICE: Thank you.

9 MR. MENDOZA: Thank you, your Honor.

10 Q. (By Mr. Mendoza) So I think we are on
11 page 8, staying on page 8, Mr. Strah, of your written
12 testimony, I direct your attention to lines 15
13 through 20 where you talk about the polar vortex.

14 A. Yes.

15 Q. Do you know what percentage of natural
16 gas plants in PJM have contracts that provide firm
17 gas delivery?

18 A. No, I don't.

19 Q. Can you give us an estimate?

20 A. No, I can't.

21 Q. Do you know what percentage of natural
22 gas plants in Ohio have firm gas delivery contracts?

23 A. No, I don't.

24 Q. And equipment failures at generation
25 units caused a greater share of forced outages during

1 the polar vortex than issues with interruptible gas
2 generation, correct?

3 A. Are you speaking -- If I may ask, I'm
4 unclear as to whether or not your -- Are you speaking
5 to gas and interruptions seen by gas or I'm just not
6 clear on your question?

7 Q. My question is whether equipment issues
8 at all generation units, gas, coal, nuclear were a
9 great -- caused a greater share of the forced outages
10 than interruptions with natural gas delivery.

11 A. I'm sorry, could you read the question
12 back to me, please?

13 EXAMINER PRICE: Please.

14 (Record read.)

15 THE WITNESS: I don't have those facts in
16 front of me. I'm just unclear if I could render an
17 answer to that.

18 MR. MENDOZA: Okay. Your Honor, may we
19 approach?

20 EXAMINER PRICE: You may.

21 MR. MENDOZA: I would ask this be marked
22 Sierra Club 8, please.

23 EXAMINER PRICE: So marked.

24 (SIERRA CLUB EXHIBIT 8 MARKED FOR
25 IDENTIFICATION.)

1 Q. (By Mr. Mendoza) Have you seen this
2 document before, Mr. Strah?

3 A. Yes.

4 Q. Okay. Thank you. Would you turn with me
5 to page 4 and please let me know when you are there.

6 MR. OLKER: Did you mark the document?

7 MR. MENDOZA: We would ask that be marked
8 as Sierra Club 8.

9 MR. OLKER: What's the title of that so
10 we can --

11 MR. MENDOZA: Oh, I'm sorry. This
12 document is a PJM document. It's titled Analysis --
13 Analysis of Operational Events and Market Impacts
14 during the January 2014 cold weather events, and it's
15 dated May 8, 2014, PJM interconnection.

16 MR. OLKER: Thank you.

17 Q. (By Mr. Mendoza) And, Mr. Strah, are you
18 on page 4?

19 A. Yes.

20 Q. And do you see where there's a subheading
21 there, The Polar Vortex?

22 A. Yes.

23 Q. And then in the second paragraph, I guess
24 I would ask you to take a look at that second
25 paragraph that starts with, "The generation forced

1 outage rate was..."

2 A. Yes, I see it.

3 Q. Okay. So now I want to go back to the
4 question we were talking about earlier. Equipment
5 failures at generation units caused a greater share
6 of forced outages during the polar vortex than issues
7 with interruptible gas delivery, correct?

8 A. Yes.

9 Q. Okay. One other -- Will you turn with me
10 to page 2, just the Table of Contents of this
11 document. And do you see on the Table of Contents
12 that in addition to the polar vortex on January 6
13 through 8, 2014, there was a second cold weather
14 event from January 17th through the 29th that caused
15 an increase -- Well, do you see that there's a second
16 cold weather event from January 17th through 29th?

17 A. Yes.

18 Q. And PJM in this document referred to it
19 as the winter storm; is that right?

20 A. Yes.

21 Q. And from your recollection of those
22 events in January 2014, would you agree with me that
23 there was an increase in electricity demand in PJM
24 during the winter storm?

25 A. There was an increase, yes.

1 Q. Okay. And do you know -- We don't need
2 to look at -- We can put this exhibit away actually.
3 If you would like --

4 EXAMINER PRICE: No, wait, I've got an
5 answer to my wind question.

6 MR. MENDOZA: You might find one for
7 demand/response too.

8 EXAMINER PRICE: I'll let you do that
9 one. Could you turn to page 21. You've seen this
10 document before, have you not?

11 THE WITNESS: I've read it before, yes,
12 sir.

13 EXAMINER PRICE: Excellent. If you could
14 turn to page 21 and read the last paragraph out loud.

15 THE WITNESS: "PJM also saw up to 4,000
16 megawatts produced by wind power during the peak load
17 periods of January 6 through 7. Figure 12 shows that
18 wind power produced at a level above the calculated
19 wind capacity," parenthetical, "typically 13 percent
20 of total wind capability. The wind power produced
21 had a positive impact on supply and contributed to
22 PJM's ability to maintain reliability."

23 EXAMINER PRICE: Having had your
24 recollection refreshed by reading that, wouldn't you
25 agree that wind had a positive impact on the

1 reliability of the system during the polar vortex,
2 yes or no?

3 THE WITNESS: Yes.

4 EXAMINER PRICE: Thank you. Thank you,
5 Mr. Mendoza.

6 MR. MENDOZA: Thank you, your Honor.

7 Q. (By Mr. Mendoza) I want to talk a little
8 bit about the FES plants that we've been talking
9 about. Do you know if Clifty Creek Unit 3
10 experienced an outage during the polar vortex?

11 A. No, I don't.

12 Q. Do you know if Sammis Unit 2 experienced
13 an outage during the polar vortex?

14 A. I don't know about Unit 2. I understood
15 that Sammis for the most part was operating during
16 the polar vortex.

17 Q. And --

18 A. Including the other units. Sorry for the
19 interruption.

20 Q. No, I apologize. And so you don't know
21 if Sammis Unit 2 experienced a forced outage on --
22 during the polar vortex?

23 A. For Unit 2 specifically, no.

24 Q. Okay. Do you know if Kyger Creek Unit 1
25 experienced an outage during the winter storm?

1 A. No, I do not.

2 Q. Do you know if Kyger Creek Unit 2
3 experienced an outage during the winter storm?

4 A. No.

5 Q. Do you know if Clifty Creek Unit 2
6 experienced an outage during the winter storm?

7 A. No.

8 Q. Do you know if Clifty Creek Unit 3
9 experienced an outage during the winter storm?

10 A. No.

11 Q. Do you know if Clifty Creek Unit 4
12 experienced an outage during the winter storm?

13 A. No, I do not.

14 Q. Do you know if Clifty Creek Unit 6
15 experienced an outage during the January 2014 winter
16 storm?

17 A. No, I don't.

18 Q. Do you know if Sammis Unit 4 experienced
19 an outage during the January 2014 winter storm?

20 A. No, I don't. I understand that the units
21 at Sammis over the period performed adequately.

22 MR. MENDOZA: Your Honor, I move the
23 answer after "No" be stricken.

24 EXAMINER PRICE: Motion to strike will be
25 granted.

1 Q. (By Mr. Mendoza) Do you know if Sammis
2 Unit 6 experienced an outage during the January 2014
3 winter storm?

4 A. No.

5 Q. Do you know if Sammis Unit 7 experienced
6 an outage during the January 2014 winter storm?

7 A. No.

8 Q. Okay. Switching gears, if Rider RRS is
9 denied, will Sammis retire?

10 A. I don't know if it will retire or not.
11 With the approval of Rider RRS, there's a greater
12 likelihood it would continue operation.

13 Q. Okay. If Rider RRS is denied, will
14 Davis-Besse retire?

15 A. I don't know if Davis-Besse will retire.
16 It will have a better possibility of continuing
17 operation with the approval of Rider RRS.

18 Q. If Rider RRS is denied, will OVEC -- will
19 the OVEC coal units retire?

20 A. I don't know.

21 Q. Okay. The owner of a generation unit
22 must notify PJM if the owner intends to retire a
23 generation unit, correct?

24 A. Yes.

25 Q. After receiving a notification, PJM

1 conducts an analysis of the reliability impacts of
2 such retirement, correct?

3 A. Yes.

4 Q. Are you familiar with reliability
5 must-run contracts?

6 A. I am aware of them. I don't have a
7 detailed knowledge of them.

8 Q. If PJM were to -- were to determine that
9 the Sammis plant were needed for reliability, PJM and
10 FES could enter into an RMR contract, correct?

11 A. I don't know. I think that would be
12 better directed to Mr. Moul.

13 Q. Just to be clear, you don't know if PJM
14 and FES could enter into an RMR contract?

15 MR. LANG: Objection. Asked and
16 answered.

17 EXAMINER PRICE: Sustained.

18 Q. (By Mr. Mendoza) FES has not notified PJM
19 of its intent to retire any of the Sammis units,
20 correct?

21 A. I don't know.

22 Q. FES has not notified PJM of its intent to
23 retire Davis-Besse, correct?

24 A. I don't know.

25 Q. Just one last section. Let's turn to

1 page 2 of your direct testimony. And I direct your
2 attention to lines 19 through 21 on page 2. And do
3 you see where your testimony states, "As company
4 Witness Murley shows, the plants involved in the
5 Economic Stability Program produced over 1 billion in
6 benefits to Ohio's economy annually"?

7 A. Yes.

8 Q. And all of these economic benefits apply
9 only if the plants at issue would retire absent the
10 Economic Stability Program, correct?

11 A. Yes.

12 Q. Okay. I apologize to make you flip
13 around so much, but let's turn to page 16 and line
14 16. And do you see where you refer to "the
15 tremendous economic benefits of specific Ohio
16 plants"?

17 A. Yes.

18 Q. And do these specific Ohio plants include
19 Clifty Creek?

20 A. No.

21 Q. Clifty Creek does not have "tremendous
22 economic benefits" to the Ohio economy, correct?

23 A. I don't know the exact economic benefit
24 that it would have. I would not characterize it as
25 significant, however.

1 Q. Why then is the Clifty Creek plant
2 included in the "Powering Ohio's Progress" proposal?

3 A. That plant was included as part of a
4 package offered to the companies by FES. So the
5 4.85 percent output of OVEC was part of the proposal
6 by FES and was accepted within the agreement. It was
7 part of the larger package of which I think the main
8 body obviously is the Sammis plant and the
9 Davis-Besse plant.

10 Q. So it's fair to say then that Clifty
11 Creek was not included because of any economic
12 benefits it provides to Ohio, correct?

13 A. What I can say, it was offered up as part
14 of a package for FES. I would also clarify that when
15 we talk about the \$1 billion from Witness Murley, we
16 did not include an economic development -- economic
17 impact element for the OVEC plants.

18 Q. Okay. And then let's look at Attachment
19 1 to your direct testimony referred to as SES-1. And
20 do you see at the top of this document there's a
21 shaded box with the language "Plants serving Ohio
22 customers"?

23 A. Yes.

24 Q. And do you see that one of the plants in
25 that shaded box is OVEC?

1 A. Yes.

2 Q. And staying in the shaded box underneath
3 the word OVEC, do you see where it says 160
4 megawatts?

5 A. Yes.

6 Q. And with that figure you're representing
7 FES's share of its entire OVEC entitlement, correct?

8 EXAMINER PRICE: Can I ask you to
9 clarify? Did you say 160 or 116 megawatts?

10 MR. MENDOZA: I meant to say 116, your
11 Honor.

12 THE WITNESS: Yes.

13 Q. (By Mr. Mendoza) And below that, do you
14 see where it says, "467 Ohio employees"?

15 A. Yes.

16 Q. And that's the total number of Kyger
17 Creek employees, correct?

18 A. I believe that -- It's my recollection
19 that that included all the employees of the OVEC
20 plants.

21 Q. And so just to clarify, it's not 4.85
22 percent of the employees of the OVEC plants, correct?

23 A. Yes.

24 Q. Do you know whether FES considered
25 converting any or all of the Sammis units to gas as

1 part of the proposed transaction?

2 A. No, I don't.

3 Q. Do you know -- Do you know if the
4 companies asked about that issue?

5 A. No, I don't. That would probably be
6 better directed to Witness Ruberto or Mr. Ruberto.

7 MR. MENDOZA: Your Honor, I have no
8 further questions. Thank you, Mr. Strah.

9 THE WITNESS: Thank you.

10 MR. KUTIK: Your Honor, before we go off
11 the record --

12 EXAMINER PRICE: Yes, sir.

13 MR. KUTIK: Just to finish up continuing
14 line of business with respect to the Duke Protective
15 Order motion, as we indicated earlier, we had some
16 request to disseminate that information. I am not
17 aware there has been a ruling on the motion.

18 EXAMINER PRICE: The motion for
19 Protective Order?

20 MR. KUTIK: Yes.

21 EXAMINER PRICE: Well, there has not. I
22 haven't had a chance to read it yet, but I will --

23 MR. KUTIK: I guess my question is
24 whether or not I need to wait for an order before I
25 disseminate.

1 EXAMINER PRICE: You do not. I didn't
2 promise Ms. Kingery I would rule on the order before
3 we disseminated, so you do not.

4 MR. KUTIK: As long as that's acceptable
5 to Duke, your Honor.

6 EXAMINER PRICE: They're not here to
7 defend themselves.

8 MR. KUTIK: Fair enough. Thank you.

9 EXAMINER PRICE: With that, we will go
10 off the record.

11 (Thereupon, at 12:08 p.m., a lunch recess
12 was taken until 1:20 p.m.)

13 - - -
14
15
16
17
18
19
20
21
22
23
24
25

1 Thursday Afternoon Session,
2 September 3, 2015.

3 - - -

4 EXAMINER PRICE: Let's go back on the
5 record. Mr. Oliker, please proceed.

6 MR. OLIKER: Thank you, your Honor.

7 - - -

8 STEVEN E. STRAH
9 being previously duly sworn, as prescribed by law,
10 was examined and testified as follows:

11 CROSS-EXAMINATION

12 By Mr. Oliker:

13 Q. Good afternoon, Mr. Strah.

14 A. Good afternoon.

15 Q. My name is Joe Oliker, and I represent
16 IGS Energy. Just a few questions for you today.
17 Earlier you made certain statements regarding the
18 reliability of Mr. Rose's forecast. Do you remember
19 that discussion?

20 A. Yes.

21 Q. Would you agree you have no training or
22 education regarding the fundamentals of the
23 electricity market?

24 THE WITNESS: Could you read back that
25 question, please.

1 EXAMINER PRICE: Please.

2 (Record read.)

3 A. I would agree that my understanding is
4 very basic. Therefore, I did rely on Mr. Rose's
5 testimony, also the work of the EDU team.

6 Q. Okay. And do you know how Mr. Rose
7 projected his power prices?

8 A. My understanding of the way Mr. Rose
9 projected those was at a basic level with regard to
10 examining prior volatility and price increases in the
11 past, let us say, from the mid-2000s onward, and he
12 made projections moving forward prospectively.

13 Q. You did not review any of the inputs
14 that -- or assumptions that Mr. Rose may have used
15 projecting forward prices, correct?

16 A. What I did is review the body of
17 Mr. Rose's work as it's submitted in his testimony
18 here. It is a good baseline of understanding that I
19 did have. He examined factors such as in the near
20 recent past, the Great Recession in the 2008
21 timeframe, its impact. He also made observations and
22 conclusions on future-looking price increase in
23 volatility based on our going-forward reliance on
24 natural gas as being the potential price setter
25 within the electric marketplace. That is roughly the

1 extent and understanding that I have.

2 Q. Okay. Earlier, you mentioned that
3 standard service offer prices went up after the polar
4 vortex; is that correct?

5 A. Yes. SSO customers, while they were
6 protected by a degree during the polar vortex time
7 period by a staggering and laddering that did work,
8 it didn't protect them fully from the auction that
9 was held shortly after the polar vortex. That's
10 where I had introduced the percent increase of 10 to
11 14 percent.

12 Q. Do you know what the capacity price was
13 in 2013 and 2014?

14 A. No, I don't.

15 Q. Do you know what the capacity price was
16 in 2014-2015?

17 A. No.

18 Q. So do you know whether any differences in
19 those prices might have affected the standard service
20 offer price?

21 A. I don't know for sure. What I do know is
22 the end result that I just recited.

23 Q. And just to close that loop, do you know
24 what the 2015-2016 capacity price was within the ATSI
25 zone?

1 A. No, I don't.

2 Q. Do you know whether the standard service
3 offer product that was procured subsequent to the
4 polar vortex encompassed the capacity price of
5 2015-2016 as a long-term, three-year contract?

6 A. No, I don't.

7 Q. In your testimony you discuss the impact
8 of retirements on the fuel mix maximum in PJM but you
9 have done no analysis of what the closing of
10 Davis-Besse and Sammis would have in the fuel mix
11 within PJM, correct?

12 A. No. I have not done an analysis to that
13 regard. What I do know is the value of having those
14 two baseload plants in Ohio helping us serve Ohio
15 customers.

16 MR. OLIKER: Your Honor, I would move to
17 strike everything after his answer to the question,
18 which started with "What I do know," which was not
19 responsive.

20 EXAMINER PRICE: Mr. Lang.

21 MR. LANG: Your Honor, I think when he
22 said "what I do know," he's answering the question
23 with what he knows.

24 EXAMINER PRICE: Motion to strike will be
25 granted.

1 MR. OLIKER: Thank you, your Honor.

2 Q. (By Mr. Oliker) And as a follow-up, you
3 have done no analysis of the impact of closing
4 Davis-Besse or Sammis on the fuel mix within the ATSI
5 transmission zone of PJM, correct?

6 A. I have not.

7 Q. Mr. Strah, your testimony discusses
8 potential reliability concerns related to
9 interruptible natural gas-fired generation. Have you
10 ever dispatched a natural gas-fired generation plant?

11 A. No, I have not.

12 Q. And you are not familiar with the PJM
13 capacity performance proposal, correct?

14 A. I'm aware of but not familiar deeply with
15 it.

16 Q. Can you please turn to page 112 of your
17 deposition.

18 MR. OLIKER: Does the Bench have a copy,
19 your Honor?

20 EXAMINER PRICE: We do.

21 Q. And I am on line 2, and I am going to
22 read for a while. The question is: "You talked a
23 little bit about PJM's capacity performance proposal.
24 Are you familiar with what has been proposed by PJM?"

25 There is an objection, and then the

1 witness says: "Can you read the question back,
2 please?" And then the witness: "I don't recall
3 talking about the proposal."

4 And then by me: "Let me ask you plainly:
5 Are you familiar with PJM -- with what PJM has
6 proposed? "The answer is: "No."

7 Did I read that correctly?

8 A. Yes.

9 MR. LANG: And I object, your Honor,
10 simply because this deposition in January addressed a
11 proposal pending at PJM. Mr. Olikier earlier asked
12 about the capacity performance product which has been
13 approved since this deposition, which Mr. Strah
14 correctly answered or answered that he's somewhat
15 familiar with it. Two different questions. It's
16 improper impeachment.

17 MR. OLIER: And, your Honor, he is fine
18 to explain that, but the point is to discuss what he
19 knew when he filed his testimony.

20 MR. LANG: And Mr. Olikier can ask him
21 those questions, but it's improper use of the
22 deposition transcript.

23 EXAMINER PRICE: To the extent that
24 Mr. Olikier asked two separate questions, we will
25 check the transcript later, and if it proves he did

1 say "proposal" in one question and "product" in
2 another, those certainly are two different -- two
3 different concepts and it would not constitute proper
4 impeachment, but we will deal with that when we
5 review the transcript.

6 MR. LANG: Thank you, your Honor.

7 Q. (By Mr. Olikar) Mr. Strah, would you
8 agree that you don't know whether natural gas-fired
9 power plants will be less likely to be interrupted if
10 they have firm transportation?

11 I'll just repeat the question. You don't
12 know whether natural gas-fired power plants will be
13 less likely to be interrupted if they have firm
14 pipeline transportation, correct?

15 A. I don't know.

16 Q. Okay. Going back to the capacity
17 performance product, would you agree that if a unit
18 is selected to provide the capacity performance
19 product, it must agree to provide electricity to the
20 grid at all hours during all weather, no excuses
21 provided?

22 A. I can't answer that question. I think
23 that question perhaps would be better directed to
24 Mr. Moul or Mr. Ruberto.

25 Q. Just to be clear, your answer is you

1 don't know?

2 A. My answer is I don't know.

3 Q. Were you aware that in the first year of
4 implementation of the capacity performance proposal
5 nearly 30,000 megawatts of natural gas generation
6 represented to PJM that it can provide that product?

7 MR. LANG: Objection, assumes facts.

8 MR. OLIKER: If he doesn't know, he
9 doesn't know.

10 EXAMINER PRICE: Overruled.

11 A. I don't know.

12 Q. Earlier there was a discussion regarding
13 the Dunkirk power plant. Were you aware that FERC
14 opened a Section 206 proceeding indicating that any
15 agreement with Dunkirk must satisfy the federal
16 criteria for a reliability must-run contract?

17 MR. LANG: Objection.

18 EXAMINER PRICE: Grounds?

19 MR. LANG: He's assuming facts in the
20 question.

21 MR. OLIKER: I'm merely asking if he
22 knows.

23 EXAMINER PRICE: You can answer the
24 question if you know.

25 A. I don't know.

1 Q. Earlier there was a discussion regarding
2 the polar vortex. Would you agree that most of your
3 knowledge regarding the performance of generating
4 units during the polar vortex was from the 2014
5 Winter Report I believe that was marked into evidence
6 earlier?

7 A. I would say that would be a portion of
8 my -- my knowledge on how they were operating during
9 the polar vortex. As I mentioned earlier, and I want
10 to be responsive to your question, the polar vortex
11 created a very large challenge for the companies to
12 serve their customers due to unavailability of
13 supply. So to the extent within the PJM report
14 that's depicted, there were a number of elements
15 unavailable or supplies unavailable. Gas was one of
16 them.

17 Q. Do you look at PJM's reports regarding
18 generation performance from time to time besides the
19 one that was marked into evidence earlier?

20 A. I'm sorry, could you clarify what you
21 mean by "look" at or "review"?

22 Q. Maybe I can ask this differently. Would
23 you agree that PJM issued a report following the 2015
24 winter?

25 A. Yes.

1 Q. And have you seen that report?

2 A. I've seen a portion of it, not the entire
3 report.

4 Q. Okay. We'll come back to that in a
5 second. I just want to be clear, to follow-up on
6 some questions you received earlier. You didn't
7 review the forced outage rate of Davis-Besse, Sammis,
8 Clifty Creek, or Kyger Creek during the polar vortex?

9 A. I did not.

10 Q. And, in fact, you didn't review the
11 forced outage rate of any of those plants over the
12 last five years?

13 A. I personally have not as it pertains to
14 our proposal. That review was performed by our EDU
15 team.

16 Q. On page 10, lines 5 to 6 -- and I will
17 wait until you are there. This is in your testimony.

18 A. My testimony. I'm sorry, could you
19 repeat the location again?

20 Q. Page 10, lines 5 and 6, I believe. Here
21 you state that you do not believe the polar vortex
22 would be the last time that PJM experiences volatile
23 pricing and a threat to its reliability. Would you
24 agree in the winter of 2014, which I believe you
25 refer to as the Siberian Express, power plant

1 performance was significantly better than in the
2 prior year?

3 A. Could you define "significantly"?

4 Q. Maybe we can get down to the numbers.

5 MR. OLIKER: Your Honor, may I approach?

6 EXAMINER PRICE: You may.

7 MR. OLIKER: Most of these, your Honor,
8 are double-sided with two to a page.

9 I would like to have marked as IGS
10 Exhibit 1, your Honor, which is the PJM 2015 Winter
11 Report dated May 13, 2015.

12 EXAMINER PRICE: So marked.

13 (EXHIBIT MARKED FOR IDENTIFICATION.)

14 Q. Mr. Strah, do you see the document that's
15 been marked as IGS Exhibit 1? You may not have a
16 marking on your document.

17 A. It does not, but what I have in front of
18 me is the 2015 Winter Report dated May 13, 2015, from
19 PJM Interconnection.

20 Q. And have you seen this document before?

21 A. I've seen a portion of it.

22 Q. Okay. And if you turn to page 5, what is
23 numbered page 5, it's actually the first page of text
24 in the document besides the table of contents, would
25 you agree that during the polar vortex the forced

1 outage rate was approximately 22 percent, but during
2 the winter of 2014-2015 the outage rate was actually
3 13.4 percent?

4 MR. LANG: Could I have the question
5 reread?

6 EXAMINER PRICE: You may.

7 (Record read.)

8 A. I'm reading a paragraph on page 5. I've
9 not seen this paragraph or this page before. But in
10 the reading of this paragraph, it does indicate that.

11 Q. And would you agree that on February 20,
12 2015, PJM set an all-time winter peak?

13 A. Yes.

14 Q. And that's the date that's referenced in
15 this paragraph, correct, where the forced outage rate
16 was 13.4 percent?

17 A. By date if you mean February 20, 2015,
18 yes.

19 Q. And would you agree that the improved
20 performance was a result of several factors including
21 prewinter operational testing, a winter preparation
22 checklist, better communication of fuel status, and
23 increased coordination with the natural gas
24 pipelines?

25 MR. LANG: Your Honors, is Mr. Olikar

1 asking him to read this from the document?

2 MR. OLIKER: It could be either his own
3 understanding or from the document if he needs it.

4 A. I don't see it referenced in the
5 document, and if -- if not reading it in this
6 document, I'm unaware of the observations that --
7 that you related in your question.

8 Q. Do you see the bottom paragraph under
9 Generator Performance?

10 A. It's the second paragraph under that
11 section heading.

12 MR. LANG: Still on page 5, Mr. Olikier?

13 MR. OLIKER: Yes, we are.

14 Q. And it goes on to page 6 at the top.

15 A. Yes.

16 Q. So you would agree that the increased
17 performance was related to prewinter operational
18 testing, a winter preparation checklist program,
19 better communication of fuel status, and increased
20 coordination of natural gas pipelines?

21 MR. LANG: Objection, your Honor.

22 EXAMINER PRICE: Grounds?

23 MR. LANG: He asked him for his
24 independent knowledge. He said he was unaware. He
25 did confirm that that language is in the document, so

1 one way or the other it's been asked and answered.

2 EXAMINER PRICE: Sustained.

3 Q. (By Mr. Oliker) Would you agree that in
4 the winter of 2014-15 on February 20, 2015, during
5 the peak, coal generators were actually responsible
6 for more forced outages than natural gas
7 interruptions?

8 A. I don't know.

9 Q. Could you turn to page 21 of the exhibit
10 marked as IGS Exhibit 1? Do you see the pie chart, I
11 suppose? Does that not contain the forced outage
12 rates for February 20, 2015?

13 A. Yes, it does.

14 Q. And do you disagree with the prior
15 statement that coal-fired generation was more
16 responsible for forced outages than natural gas
17 interruptions?

18 A. As depicted on this graph, I agree. This
19 is a portion of the report that I did see.

20 Q. Thank you. And if you look at the Figure
21 20 below it, even in the winter of 2014 -- I'm sorry.
22 Let me rephrase that.

23 During the polar vortex in 2014, January,
24 you would agree that natural gas interruptions were
25 only responsible for less than 25 percent of the

1 total forced outage rate?

2 A. Yes, I would agree with that. But as I
3 view the performance of these commodities, I view
4 natural gas interruptions and outages as 40 --
5 47 percent of the entirety of -- of issues we had on
6 the system during the polar vortex.

7 Q. Looking to page 11 of your testimony, on
8 a different topic, you mention a series of things
9 that companies look for when they invest in Ohio.
10 Would you agree that when any company invests in Ohio
11 they would also want to ensure there is a level
12 playing field?

13 A. I can't speak to whether a customer would
14 want a level playing field. What I can speak to in
15 terms of serving our customers in Ohio, I can speak
16 to their desire for price stability and
17 predictability, reliable service to them, and they
18 generally are engaged in a dialogue around the
19 economic vitality of Ohio. That's my experiences --
20 those are my experiences.

21 Q. You have a background in making
22 distribution investments, correct?

23 A. Yes, within the companies.

24 Q. Let me ask you a hypothetical. Would you
25 invest your distribution lines in a state where you

1 know a competitor of yours would have a guaranteed
2 higher amount of usage on their distribution lines if
3 you were collecting your revenue requirement through
4 a volumetric rate?

5 THE WITNESS: Could you read that
6 question back, please.

7 (Record read.)

8 A. I don't think I can answer your question.
9 I have never been faced with such a proposal. In
10 Ohio, as an example, we have, obviously, tariffs that
11 govern what can be done on a distribution system that
12 we follow in each of the three Ohio companies.

13 Q. When I asked you a question earlier about
14 a level playing field, what was the reason why you
15 couldn't answer that question? Is there anything
16 else you would need to know?

17 A. I don't know what a level playing field
18 means in the context of your question; therefore, I
19 just went to my experiences.

20 Q. Okay. Then to follow-up, on page 6, line
21 9, of your testimony, when you say "Rider RRS must
22 be" --

23 A. I'm sorry.

24 Q. That's okay. I'll give you time.

25 A. I went to page 9 and looked for line 6.

1 That's not correct, is it?

2 Q. No. I do that all the time.

3 A. I'm at page 6, line 9.

4 Q. Would you agree that in this reference
5 when you say, "rider RRS must be nonbypassable for it
6 to work properly and to be competitively neutral -
7 thereby avoiding any impact on the retail competitive
8 market," would agree you don't know whether approval
9 of the proposed transaction will impact the wholesale
10 competition?

11 A. No, I don't know the impact on the
12 wholesale market.

13 Q. Would you agree you also don't know
14 whether Davis-Besse, Sammis, or OVEC are the most
15 efficient plants in the FirstEnergy Solution's fleet?

16 MR. LANG: Objection, your Honor.

17 EXAMINER PRICE: Grounds?

18 MR. LANG: The question assumes that OVEC
19 is in FirstEnergy Solution's fleet.

20 EXAMINER PRICE: Please rephrase.

21 Q. Okay. I will just limit this. Would you
22 agree you don't know whether Davis-Besse and Sammis
23 are the most efficient plants in FES's fleet?

24 A. I don't know. I think that question
25 would be better directed to Witness Harden.

1 Q. In the factors you discuss regarding what
2 a company would look for to locate to Ohio, would you
3 agree that one of those companies could enter into a
4 long-term competitive supply contract, say, three to
5 five years?

6 A. Yes, that's possible. If I could correct
7 that, I would be more comfortable with a three-year
8 scenario.

9 Q. The customer would be?

10 A. No, I'm sorry. I'm sorry. The answer to
11 your question is yes.

12 Q. Okay. And you agree that contract could
13 take -- contain a fixed kilowatt-hour rate for
14 generation, correct?

15 A. I'm not sure what that contract could
16 look like.

17 EXAMINER PRICE: Do you say that because
18 of market conditions, or do you believe there is some
19 regulatory restriction on length or something like
20 that?

21 THE WITNESS: No, your Honor. I am more
22 familiar with a customer's opportunity to enter into
23 the contract, but the transactions themselves, I'm
24 not familiar with in terms of limitations, structure,
25 so on.

1 EXAMINER PRICE: Okay. Thank you.

2 Q. (By Mr. Olikar) Do you agree it's
3 possible that a supplier could offer a customer a
4 fixed kilowatt rate price for three years?

5 MR. LANG: Asked and answered and calling
6 for speculation.

7 EXAMINER PRICE: Overruled.

8 A. I'm getting a little confused here. The
9 answer is I don't know.

10 Q. Assume with me for a second that it is
11 possible, and I will just ask you a simple
12 hypothetical. Assume that a new customer, a big
13 steel mill, comes to Ohio, and they negotiate a
14 4-cent price or 5-cent price for five years. Under
15 that scenario would you agree they can budget to a
16 relative degree of certainty with what their electric
17 costs will be for five years if they control their
18 usage?

19 A. If they were in a position where they
20 knew the price of their generation, they would be
21 able to budget for it, yes.

22 Q. But if the RRS is approved, then that
23 will inject a degree of uncertainty into the amount
24 of money that they will pay in each year of those
25 five years, correct?

1 A. No. I don't agree with the premise of
2 your question. Rider RRS is specifically designed to
3 not interfere in a customer's right to choose the
4 contracts that may be available to their company.
5 Rider RRS is separate of that. In terms of
6 uncertainty regarding rider RRS, it's created and
7 designed specifically to deal with customer
8 uncertainty relative to price volatility and price
9 increases in the future.

10 The rider itself is a rate stabilization
11 mechanism and is separate from the decision-making
12 process that you are articulating in your question.

13 MR. OLIKER: Your Honor, I would move to
14 strike that whole answer. It didn't answer my
15 question, which was would it inject a level of
16 uncertainty into the price they will pay if they have
17 a fixed rate price.

18 EXAMINER PRICE: Well, I think he was
19 attempting to explain why he cannot answer your
20 question.

21 Q. Let me ask you -- you can't tell me today
22 if RRS will be a charge or a credit in any year,
23 right?

24 A. What we have within our forecast is an
25 estimate of where the charge or credit will be for

1 customers over a 15-year period. In my earlier
2 answer, I believe that promotes stability for
3 customers with regard to retail electric price, and
4 that's the reason why we have rider RRS in front of
5 the -- in front of everyone's consideration today.

6 Q. But because you cannot tell me whether it
7 will be a charge or a credit in any given year, if a
8 customer enters into a three- or five-year long-term
9 contract and expects to pay a total bill based upon
10 the rate in that contract, in actuality when rider
11 RRS comes into play, they will end up paying a
12 different price than what they otherwise expected,
13 correct?

14 THE WITNESS: Could you read back the
15 question for me, please.

16 EXAMINER PRICE: Please.

17 (Record read.)

18 A. In response to that, I think we are
19 mixing apples and oranges. In rider RRS the customer
20 is free to do whatever they would like to in terms of
21 establishing a provider. Rider RRS is independent of
22 that. As I indicated earlier today, it will be
23 calculated annually and provided on the customer
24 bills separate of whatever generation supplier they
25 have. So with regard to uncertainty, they will know

1 what rider RRS is yearly, okay? That is separate of
2 whatever choice they -- they have made for their
3 supplier.

4 Q. When you say they will know it yearly,
5 they will only know it in the year in which it
6 occurs, to be reconciled in the next year, which they
7 will find out in that year, correct?

8 A. Yes. It is reconciled annually.

9 Q. Okay.

10 MS. BOJKO: I'm sorry, could we have that
11 question reread, please?

12 EXAMINER PRICE: Could we have the
13 question and answer reread, please.

14 (Record read.)

15 Q. Page 11, lines 16 and 17. You say,
16 "Moreover, SSO procurements provide supply for SSO
17 customers; they do not necessarily address shopping
18 customers' need for stability." Do you believe that
19 shopping customers cannot make decisions to manage
20 their own energy needs?

21 A. I've dealt with customers for 30 years,
22 and I believe they can take care of their own energy
23 needs and make decisions around -- around those
24 needs.

25 Q. For example, if a customer would like to

1 be in a variable rate, market prices are pretty low
2 right now. Do you believe they should be allowed to
3 take that risk knowing that market prices could rise,
4 or do you think that we should prevent them from
5 doing that?

6 A. Customers are free to make their own
7 decisions as to what they would like to do with their
8 generation supply. Several options avail themselves
9 in the State of Ohio.

10 Q. On page 12, you state that -- try to find
11 you a line number. This is slightly paraphrasing. I
12 think it's around line 5. You state that rider RRS
13 moves counter to market price increases, claiming it
14 will be a credit whenever market prices rise.

15 Would you agree that if the cost of
16 producing electric energy at Davis-Besse, Sammis, and
17 the OVEC plants increases at the same rate as market
18 prices rise, then rider RRS will not insulate against
19 rising market prices?

20 A. So if I may, can I ask a question?
21 Mr. Olikar, are you directing me back to my testimony
22 on page 12, say, lines 4, 5, 6?

23 Q. I'm just talking about lines 5 and 6.

24 A. Five and 6, thank you.

25 Q. It goes to line 8, I suppose, as well.

1 A. I find it very unlikely that prices
2 within the marketplace and costs for the plants will
3 move in the same direction at the same time. I
4 believe you asked me a similar question during my
5 deposition and to be straightforward with you, I was
6 confused by it. Rider RRS in the way that we
7 document that staggering and laddering serves a
8 useful purpose here but this is in -- a different and
9 more effective function than even that in that we
10 understand historical and likely prospective costs in
11 the plant within our proposal.

12 We also, once again, have a forecast from
13 Mr. Rose that's been reviewed by our EDU team that
14 cost -- I'm sorry, revenues within the marketplace
15 are going to rise. Moving to market, moving counter
16 to market prices simply indicate that as market
17 revenues rise and costs are what they are, the
18 increasing credits found in that proposition there
19 would be flowed back to the customer directly.

20 MR. OLIKER: Your Honor, I would move to
21 strike most, if not all, of that answer as it was
22 nonresponsive to my question.

23 THE WITNESS: Well, I thought --

24 MR. OLIKER: Go to his deposition.

25 THE WITNESS: I thought the question was

1 with regard to the effort to move counter to market
2 prices.

3 MR. OLIKER And that is the question that
4 was not answered. I believe you -- the witness
5 disagreed with my hypothetical to start off his
6 question and then provided that long response.

7 EXAMINER PRICE: We are going to go ahead
8 and strike your answer.

9 Go ahead and pose your question again.
10 He will give a more direct answer.

11 MR. OLIKER: Thank you, your Honor.

12 Q. (By Mr. Olikier) Mr. Strah, you agree if
13 the cost of producing power at Davis-Besse, Sammis,
14 and the OVEC plants increases at the same rate as
15 market prices rise, then rider RRS will not insulate
16 against rising market prices?

17 MR. LANG: And your Honor, at this time I
18 would object. That was asked and answered.
19 Mr. Strah explained that the hypothetical is
20 irrational because costs and market prices do not
21 move concurrent with each other. That was his
22 answer. But -- so I would suggest that his prior
23 response was answering the question.

24 EXAMINER PRICE: Well, I think that if he
25 believes that Mr. Olikier's hypothetical is irrational

1 or is highly unlikely to come to fruition, that would
2 be a question for redirect, not a reason not to
3 answer his question.

4 MR. LANG: And just to be clear, your
5 Honor, that's the response that he gave in answering
6 the previous question.

7 EXAMINER PRICE: I understand.

8 MR. OLIKER: But he didn't answer the
9 question.

10 EXAMINER PRICE: He didn't answer the
11 question. He can answer the question, and if you
12 want to elicit on redirect when he thinks that
13 Mr. Oliker's hypothetical is extremely unlikely to
14 happen, that's fair enough.

15 THE WITNESS: Could I please have the
16 question reread.

17 (Record read.)

18 A. I can't agree with your hypothetical. I
19 find it unlikely to occur.

20 EXAMINER PRICE: Why do you find it
21 unlikely to occur?

22 THE WITNESS: Our projections are that
23 prices will rise. They'll rise much more quickly
24 than the cost of operating the plants.

25 EXAMINER PRICE: But your projections are

1 simply projections. Is it that difficult to imagine
2 a situation where for whatever reason costs of a
3 nuclear plant and costs of a coal plant rise at a
4 different rate than natural gas costs, which your
5 projections, I believe, indicate that natural gas
6 will be setting the market price, so why is it so
7 impossible to understand that nuclear and coal might
8 rise at a different rate than -- or same rate as the
9 market price?

10 See what I am saying? You've got three
11 different fuels in play here. Why is it impossible
12 they would all rise at the same rate or that the
13 nuclear and coal might not rise, the cost may not
14 exceed the market rate?

15 THE WITNESS: I'm having difficulty with
16 the question. If it does indeed occur, which I think
17 it's unlikely, if they both behave in the same manner
18 at the same moment in time, I would say, yes.

19 Q. (By Mr. Olikier) Thank you. On page 13 of
20 your testimony --

21 EXAMINER PRICE: Before you go on,
22 Mr. Olikier, I did have a follow-up on some of the
23 questions you asked about.

24 I think one of the problems Mr. Olikier
25 was getting at is that this is a "one size fits all"

1 financial hedge. If you are an individual customer,
2 as Mr. Olikier pointed out, you may decide you want to
3 take on a lot of risk so you are going to have a
4 variable price contract. And another customer might
5 be very risk adverse so they might be seeking out
6 just a fixed price contract or a percent-off contract
7 where they are guaranteed to get some savings off the
8 SSO rate.

9 Isn't the difficulty with this that this
10 financial hedge that you are offering customers
11 doesn't take into account any individual customer's
12 risk tolerance? Every customer gets the same hedge
13 in the same amount no matter what?

14 THE WITNESS: With regard to what I --
15 rider RRS is designed to do, what -- what you'll find
16 is that, once again, customers can shop -- see, I'm
17 getting confused by the SSO or shopping component of
18 it. They are free to do what they would like to do.
19 With regard to helping customers with long-term
20 volatility and price increases, rider RRS is there
21 for them over a 15-year period irrespective of their
22 shopping behaviors.

23 It also goes to our ability to deliver
24 reliable power for the companies and the customers
25 you refer to, your Honor. It also is a contributor,

1 rider RRS is, to the benefits I've articulated before
2 to the State of Ohio. So --

3 EXAMINER PRICE: May be a contributor,
4 may be a contributor. That's being discussed.

5 THE WITNESS: Are you speaking of the
6 economic benefits itself?

7 EXAMINER PRICE: Sure.

8 THE WITNESS: Or in general?

9 EXAMINER PRICE: All the benefits you
10 described.

11 THE WITNESS: Okay. For example, there's
12 a lot of discussion in the record of -- that
13 there's -- a lot of events you talk about are bad
14 things not happening, people not losing jobs for
15 power plants, reliability not being degraded,
16 transmission investments not being needed to make,
17 right?

18 So if it happens that instead of closing
19 Davis-Besse FirstEnergy Solutions closes Perry
20 Nuclear power plant, we'll still be out the jobs and
21 rider RRS will be in place. If it happens
22 FirstEnergy Solutions closes Perry Nuclear Power
23 Plant, there still will be massive transition
24 investments that will need to be made, and RRS will
25 not have prevented that; isn't that true? I asked

1 you a compound question and I apologize, so we will
2 do the first one first.

3 THE WITNESS: That's okay. It's
4 hypothetical, but, however, I am here to speak to the
5 benefits of rider RRS as it's proposed. Relative to
6 other actions taken with other operating units, I --
7 I don't believe that's under the purview of what's
8 being examined directly.

9 EXAMINER PRICE: But what I am trying to
10 determine is whether the benefits are looser because
11 even if Davis-Besse -- for the sake of argument,
12 Davis-Besse and Sammis are the most likely plants to
13 close. Once rider RRS would be put in place, the
14 next two plants in order will be the most likely
15 plants to close, it could be -- it could be Perry
16 Nuclear Power Plant. It could be Bruce Mansfield.

17 But if there's too much, as Mr. McNamee
18 pointed out yesterday, if it is the case that there
19 is simply too much generation supply and not enough
20 demand, rider RRS may not prevent -- may not prevent
21 plants from closing. Its just selecting which plants
22 close. Isn't that right?

23 THE WITNESS: I don't know if I can agree
24 with your point, your Honor. What I do know are the
25 benefits that are articulated in the current

1 proposal.

2 EXAMINER PRICE: Okay. Let me put it a
3 way you probably can agree. You would agree if the
4 Perry nuclear power plant were to close, we would
5 lose jobs in northwestern Ohio?

6 THE WITNESS: If it were to close, yes.

7 EXAMINER PRICE: Yes. And you would
8 agree that if the Perry nuclear power plant were to
9 be closed, that some amount, I believe it's 800 or so
10 megawatts, of baseload power with on-site storage
11 would come off the system, right? And we would lose
12 the reliability effect of that; is that correct?

13 MR. LANG: I'm sorry. Your Honor is
14 still asking about Perry?

15 EXAMINER PRICE: Yes, I am still asking
16 about Perry.

17 And you would agree that if Perry Nuclear
18 Power Plant closed, there would be the necessity for
19 some trans -- there may be the necessity for some
20 transmission upgrades to make up for the loss of
21 generation; is that right?

22 A. Yes. I am not aware of any plans
23 underway to build out transmission or anything like
24 that, but that would have to be examined, your Honor.

25 EXAMINER PRICE: That may be a

1 consequence. And you would also agree there is
2 nothing in the companies' ESP that guarantees that
3 Perry nuclear power plant will not close, right?

4 THE WITNESS: Your Honor, I am unaware of
5 Perry even being mentioned in the ESP. I don't know
6 all the components of it.

7 EXAMINER PRICE: Certainly if it's not
8 mentioned in the ESP, there is no guarantee it won't
9 close, right?

10 THE WITNESS: Right.

11 EXAMINER PRICE: Thank you.

12 Sorry about that, Mr. Olikier.

13 MR. OLICKER: Thank you.

14 EXAMINER PRICE: Lengthy tangent.

15 Q. (By Mr. Olikier) Before we actually close
16 out on this subject, you're not familiar with
17 proposed carbon dioxide regulations, are you?

18 A. No, I am not familiar with them.

19 Q. And, for example, you are not familiar
20 with the Clean Power Plan that was recently approved
21 by the EPA?

22 A. I'm aware of it. I'm not deeply familiar
23 with it.

24 Q. Okay. Thank you. Turning to page 13,
25 and this is more high level, you are talking about

1 CRES providers' offers in the Apples to Apples
2 website. Isn't it true all CRES providers' offers
3 are not in the Apples to Apples website?

4 A. I don't know.

5 Q. Have you or FirstEnergy performed any
6 survey to determine whether customers desire offers
7 that are longer than three years in the residential
8 sector?

9 A. I don't know.

10 Q. And the last thing on this subject, did
11 you know that FirstEnergy Solutions previously
12 offered a five-year deal to residential customers
13 before it stopped soliciting customers in that
14 sector, if you know?

15 THE WITNESS: Could you read that
16 question back, please.

17 (Record read.)

18 A. I don't know.

19 MR. OLKER: Your Honor, if I could have
20 just a minute.

21 EXAMINER PRICE: You may.

22 MR. OLKER: Thank you, Mr. Strah. Those
23 are all the questions I have, your Honor.

24 THE WITNESS: Thank you.

25 EXAMINER PRICE: Let's go off the record.

1 (Discussion off the record.)

2 EXAMINER PRICE: Let's go back on the
3 record. ELPC cross-examination.

4 MS. FLEISHER: Okay.

5 - - -

6 CROSS-EXAMINATION

7 By Ms. Fleisher:

8 Q. Mr. Strah, Madeline Fleisher representing
9 the Environmental Law & Policy Center.

10 So your testimony does not indicate that
11 the companies analyzed the potential for achieving
12 hedging of market prices, generation diversity, and
13 contribution to economic development through energy
14 efficiency or renewable energy, does it?

15 A. I don't know for sure. I think that
16 question is better directed to Mr. Ruberto.

17 Q. Okay. And are you familiar with Ohio
18 having statutory energy efficiency targets?

19 A. Yes, I am aware.

20 Q. And are you aware of Senate Bill 310 that
21 was enacted last year?

22 MR. LANG: Objection, your Honor.

23 A. Yeah.

24 EXAMINER PRICE: Grounds?

25 MR. LANG: Relevance.

1 EXAMINER PRICE: You are asking about
2 questions about energy efficiency. I think it's a
3 fair question. Overruled.

4 Q. I had asked are you familiar with Senate
5 Bill 310 that was enacted last year.

6 A. Yes.

7 Q. Okay. And are you aware that after the
8 enactment of that statute, FirstEnergy opted to amend
9 its energy efficiency plan to reduce its energy
10 efficiency programs?

11 MR. LANG: Objection, your Honor.

12 EXAMINER PRICE: Grounds?

13 MR. LANG: Still not relevant to his
14 testimony.

15 MS. FLEISHER: If I may respond, I think
16 we had this debate a little while back in a discovery
17 dispute when I was asking about FirstEnergy's
18 decision-making with respect to cutting back its
19 energy efficiency programs. At that time you ruled
20 that it could relate to this case because it's really
21 fundamentally about credibility. If they are
22 asserting these purpose -- certain purposes
23 underlying rider RRS and the economic stability
24 program, are they acting consistently with achieving
25 those purposes for customers elsewhere.

1 MR. LANG: Your Honor, I don't see how
2 amending a plan consistent with Ohio law goes to the
3 credibility of anyone.

4 EXAMINER PRICE: I believe I might have
5 said in some prior deposition. I don't see why she's
6 not entitled to inquire into alternative means the
7 company explored to achieve the same ends as rider
8 RRS, including energy efficiency. It could be that
9 her position is it would have been cheaper to do it
10 by energy efficiency and just as effective.

11 Again, that's up to him to be able to
12 respond to, so I think there's nothing wrong with
13 letting her inquire about this -- please proceed --
14 to a certain degree.

15 MS. FLEISHER: Certainly, your Honor.
16 I guess I would ask for the question to
17 be reread.

18 EXAMINER PRICE: Please.

19 (Record read.)

20 A. Yes.

21 Q. Okay. And are you familiar with the fact
22 that FirstEnergy has performed an energy efficiency
23 potential study to examine the potential for energy
24 efficiency programs to produce savings in its service
25 territory?

1 A. No, I am not aware of that.

2 Q. And have you or the companies analyzed
3 the potential for energy efficiency to hedge against
4 rising market prices?

5 A. I can only speak for myself. I have not.

6 Q. Okay.

7 A. I'm unclear as to whether the company has
8 or not.

9 Q. Okay. And would Mr. Ruberto be the
10 correct person to ask about that or someone else, if
11 you know?

12 A. I really don't know.

13 Q. Certainly. If we can go to your direct
14 testimony on page 15, I'm on footnote 1. Is it
15 correct that that refers to a DPU case before the
16 Department of Public Utilities of Connecticut, Docket
17 No. 05-07-14PH02?

18 A. Yes.

19 Q. Okay. And is that footnote to a sentence
20 on line 7 and 8 of the same page saying Connecticut
21 has used a long-term capacity contract to mitigate
22 long-term price risks for all customers?

23 A. Yes.

24 MS. FLEISHER: May I approach, your
25 Honors?

1 EXAMINER PRICE: You may.

2 Mr. Dougherty is not helping you today?

3 MR. DOUGHERTY: I decided to move away
4 just in case.

5 MS. FLEISHER: I wore him out.

6 Yes, if we can mark this, I believe we
7 are on ELPC Exhibit 5.

8 EXAMINER PRICE: So marked.

9 (EXHIBIT MARKED FOR IDENTIFICATION.)

10 Q. And, Mr. Strah, is this document titled
11 State of Connecticut, Department of Public Utility
12 Control -- I think I got that acronym wrong before --
13 Docket No. 05-07-14PH02, and it says "Decision" at
14 the bottom?

15 A. Yes.

16 Q. And in the course of preparing your
17 testimony, did you review this decision?

18 A. Yes.

19 Q. And so you recognize it as the final
20 decision, or at least a final decision, in the case
21 you cite in your testimony; is that correct?

22 A. Yes.

23 Q. And if you turn to the first page with
24 text, which is not page 1. I couldn't tell you why
25 it does not have a number. So were you aware at the

1 time you prepared your testimony that this was a
2 decision approving a long-term PPA for procurement of
3 capacity?

4 A. Yes.

5 Q. And were you aware that that procurement
6 does -- was a competitive procurement?

7 A. Yes.

8 Q. And were you aware that it was conducted
9 by the mandate of the CT legislature?

10 A. Yes.

11 Q. And turning to the next page, which is
12 marked page 1 --

13 EXAMINER PRICE: Can we go off the record
14 for a moment?

15 (Discussion off the record.)

16 EXAMINER PRICE: Go back on the record.

17 Q. (By Ms. Fleisher) Mr. Strah, were you
18 aware when you prepared your testimony that the
19 winning projects portfolio, as it's described here on
20 page 1, included one 5-megawatt energy efficiency
21 program?

22 A. Yes.

23 Q. And going -- I promise this won't take
24 much longer. Going to page 2, footnote 1, or, I
25 guess, apologies. Starting at the very end of page 1

1 going on to page 2, there's the sentence attached to
2 that footnote. And am I correct in reading it as
3 saying, "This portfolio is projected to create net
4 economic benefits for Connecticut ratepayers totaling
5 \$509 million on a weighted basis," and I think the
6 sentence continues, but that's all we need.

7 A. Yes.

8 Q. Okay. Now, looking to footnote 1, were
9 you aware at the time you prepared your testimony
10 that this estimate of economic benefits was based on
11 a range resulting from nine different market
12 scenarios with different supply/demand conditions,
13 environmental regulations, and fuel prices?

14 A. Yes.

15 Q. Just one minute. One last item. On page
16 3 under the heading "Cost Recovery Process Issues,"
17 do you know who -- do you know that CLP -- CL&P is
18 one of the Connecticut Light and Power Company, is
19 one of the utilities that would be a counterparty
20 under the PPA approved in this decision?

21 A. Yes.

22 Q. And were you aware when you prepared your
23 testimony that as indicated in this decision, CL&P
24 had raised concerns about its ability to recover
25 certain costs associated with negative credit rating

1 and accounting treatment caused by being a
2 counterparty to the capacity contracts?

3 A. Yes.

4 Q. And were you aware this decision approved
5 CL&P's proposal that it be able to file a rate case
6 seeking to recover those costs, if they materialized,
7 from customers?

8 A. I don't fully recall that. I used this
9 contract in contribution to my testimony as an
10 example of a 15-year PPA arrangement, so it -- to
11 your question I could reread the document and try and
12 find that, but I can't recall.

13 Q. Okay. That's -- I am really just wanting
14 to know if you were aware at the time, so just to
15 confirm, the answer is no?

16 A. Correct.

17 Q. Okay. All right. Done with that one.
18 You can put it away.

19 Now, in your direct testimony at page 6,
20 lines 1 to 15, you --

21 A. I'm sorry. I didn't catch it, page 6?

22 Q. Yes, page 6, lines 1 through 15.

23 A. Okay.

24 Q. And is it correct that this is
25 representing your position that rider RRS should be

1 nonbypassable?

2 A. Yes.

3 Q. And you say it's because all customers,
4 whether shopping or nonshopping, benefit from the
5 increased certainty and stability associated with
6 stable retail electric service and from the economic
7 support provided to the State's economy; is that
8 correct?

9 A. Yes.

10 Q. I want to ask you about a very short
11 hypothetical. So let's say there's an Ohioan, Betty
12 Buckeye, who is from Dayton, and she moves to Akron
13 for a medium-term job, let's say 2016 through 2019,
14 but knows that she is going to move back to Dayton at
15 the end of that time. That customer would not be
16 able to opt out of rider RRS, correct?

17 A. That's correct. It would be a
18 nonbypassable charge or credit, as the case may be,
19 as long as she is a customer within the operating
20 companies, in this case it would be Ohio Edison, for
21 the 15-year period we are arranging. So if she was
22 to move in and then move out, while she's with us she
23 would be enjoying the benefits of rider RRS.

24 Q. And the companies' projections are that
25 rider RRS would be a charge between 2016 and 2019,

1 correct?

2 A. From a retail price perspective, as shown
3 in my testimony, that customer would be facing a
4 charge at that time, but, once again, we're proposing
5 a longer-term look. I've said that several times
6 today. At a 15-year look to protect customers and
7 ensure them, for your specific question, it would be
8 a charge. The customer would also, though, be seeing
9 the benefits of reliable service being delivered to
10 her along with the other benefits I've articulated in
11 terms of the ongoing contribution to the economic
12 vitality of Ohio.

13 MS. FLEISHER: Okay. I move to strike --
14 maybe just strike the whole answer and just get an
15 answer to my question as to whether the rider would
16 be a charge during that -- charge over that
17 cumulative time.

18 MR. LANG: Your Honor, I think he
19 answered that question with regard to the charge in
20 two different places in that answer.

21 MS. FLEISHER: My concern is that it's
22 mixed in with lots and lots of nonresponsive matter.

23 EXAMINER PRICE: We will just simply
24 strike everything, I think, after "I've," including
25 "I've."

1 MS. FLEISHER: Okay. Not having the
2 transcript in front of me, but I'll trust your
3 judgment to what's responsive and what's not.

4 EXAMINER PRICE: Just to be clear, then,
5 we will ask the reporter to read the part that wasn't
6 stricken and see if that answers your question.

7 MS. FLEISHER: That would be great.
8 Thank you.

9 EXAMINER PRICE: Thank you.

10 (Record read.)

11 MS. FLEISHER: That's fine by me, your
12 Honor. Thank you.

13 EXAMINER PRICE: Even got to keep in your
14 "longer-term look."

15 THE WITNESS: I appreciate that, sir.

16 Q. (By Ms. Fleisher) And can we turn to
17 your -- the errata page to your direct testimony,
18 which I'm now forgetting. What is it? Exhibit 13A,
19 I think. And if we can look at that and your
20 testimony at the same time, your testimony at page
21 12, lines 10 to 14, and in this part of your
22 testimony you provide an example of rider RRS moving
23 counter to market prices, citing to market revenues
24 in 2029 exceeding the cost paid for the output of the
25 plants and OVEC by \$351 million resulting in a

1 typical residential customer getting \$4.97 credit --
2 a \$4.97 credit each month, knowing that I have been
3 paraphrasing that a bit; is that correct.

4 MR. LANG: Just objection, your Honor.
5 Technically what she's read is not in the record.
6 She read numbers that have been corrected through the
7 errata.

8 MS. FLEISHER: Oh, apologies.

9 EXAMINER PRICE: Sustained.

10 MR. LANG: Thank you.

11 MS. FLEISHER: That's fine. I did not
12 mean to do that. I didn't realize that was in the
13 errata as well.

14 Q. (By Ms. Fleisher) So moving to the --
15 actually, I don't have the errata page in front of
16 me, which is -- but I guess can we just -- I believe
17 it's still the case you refer to the year 2029 as an
18 example of rider RRS being a credit, correct?

19 A. Yes.

20 Q. Okay. And in the Figure 1 from revised
21 Figure 1 from the errata page, the workpaper, in 2029
22 the projection is that there would be a \$4.80 per
23 month credit, correct?

24 A. Yes.

25 Q. And subject to check, that's about \$60 a

1 year roughly?

2 A. \$58.

3 Q. Okay. You checked it. That's great.
4 And are you familiar with the annual energy savings
5 that a customer can attain by switching from an
6 incandescent bulb to a CFL or LED bulb?

7 A. I am not.

8 Q. Are you aware of the percentage of energy
9 savings that our customers are projected to save
10 through the energy efficiency programs formerly
11 available under FirstEnergy's efficiency portfolio
12 plan?

13 A. No.

14 EXAMINER PRICE: Can you rephrase that
15 question? Did you say "are" or "were"?

16 Q. I am asking if he is aware of the
17 percentage of savings that were available under
18 FirstEnergy's portfolio plan previous to its
19 amendment?

20 A. No.

21 MS. FLEISHER: Okay. That's all I have,
22 your Honor. Thank you.

23 EXAMINER PRICE: Thank you.

24 Mr. Petricoff.

25 MR. PETRICOFF: Might as well go down the

1 row.

2 EXAMINER PRICE: Cross-examination.

3 MR. PETRICOFF: Thank you.

4 - - -

5 CROSS-EXAMINATION

6 By Mr. Petricoff:

7 Q. Good after, Mr. Strah. I am Howard
8 Petricoff, and I represent a coalition of suppliers
9 both retail and wholesale. And if you have any
10 trouble either hearing me or understanding my
11 questions, by all means, let me know and I'll try to
12 straighten that out.

13 I am going to jump around with you
14 because most of what I was going to ask about has
15 been covered, and it's late in the afternoon, so I
16 need to do it, but I will try to cite to where the
17 discussion was so that you can -- you can pick it up.

18 My first question -- this is going to be
19 a series of questions around the Ginna power plant.
20 Did you have the opportunity to read Lael Campbell's
21 supplemental testimony in this proceeding?

22 A. No, I did not.

23 Q. Okay. Let's see, are you aware that
24 there -- that there are competitive bids that were
25 both in the Connecticut contract that you referred to

1 and the Ginna contract on 16? 16 is page 11 where
2 you make the references.

3 Actually, let's break it up and take it
4 in pieces. Are you aware there was a competitive bid
5 for reliability in the Ginna proceeding in New York?

6 A. I'm sorry. I would have to ask you with
7 regard to Ginna, what's meant by "competitive
8 proceeding"? Is that the word you used or phrase?

9 Q. That was the word that I used. Let's go
10 back a step further and we will work into this. If
11 there are reliability problems in the FirstEnergy
12 Service area, would it make sense for the Commission
13 or the State of Ohio to examine what all the
14 alternatives are for -- to assure reliability and
15 choose the one that is the most effective at the
16 lowest cost?

17 A. I'm not sure I can speak to what the
18 Commission should or shouldn't do. We felt as we
19 reviewed our proposal that the plants involved and
20 the benefits the customers would see through our plan
21 was a very, very good and compelling plan and case to
22 help reliability for customers that we serve in Ohio.

23 Q. So the answer was that you decided not to
24 have a competitive procedure to find the most -- to
25 find the lowest cost, most efficient way to address

1 reliability problems that you foresaw with these two
2 plants?

3 MR. LANG: Objection, your Honor.
4 Mischaracterized the witness' testimony.

5 MR. PETRICOFF: No. I think that's the
6 only conclusion you can draw.

7 EXAMINER PRICE: I still think you are
8 drawing an inference. Why don't you go ahead and ask
9 him the question more directly.

10 Q. (By Mr. Petricoff) Okay. You'll agree
11 with me that in the application here in the matter at
12 bar, there is no provision for a competitive auction
13 or competitive bid procedure to address reliability
14 problems?

15 A. Within our proposal, no.

16 EXAMINER PRICE: Did you ever consider a
17 competitive process to address the reliability issues
18 before making a proposal?

19 THE WITNESS: I personally did not
20 consider it as an option due to the benefits that I
21 saw in the proposed transaction from the FES
22 organization and the results that we were able to
23 produce within it. Your Honor, the \$2 billion of
24 potential credits being one of those good results for
25 customers.

1 EXAMINER PRICE: So the answer to my
2 question is no?

3 THE WITNESS: I said no, yes, no.

4 EXAMINER PRICE: Mr. Petricoff.

5 Q. (By Mr. Petricoff) And didn't you just
6 testify that in the Connecticut proceeding that you
7 cite in your testimony they did have a competitive
8 procurement process?

9 A. Yes.

10 Q. And the same is true for Ginna in New
11 York?

12 A. I can't recall, sir.

13 Q. Okay. Let me switch to another subject
14 now. In your answer to the administrator -- I'm
15 sorry. In your answer to the hearing examiner a
16 minute ago, you referred to the \$2 billion savings
17 that are projected for -- for customers over the life
18 of the rider RRS. Did the company engage in any type
19 of statistical study as to the likelihood that this
20 projection will come true, its accuracy?

21 THE WITNESS: Could you read back the
22 question, please.

23 EXAMINER PRICE: Please.

24 (Record read.)

25 MR. LANG: Objection, your Honor, just to

1 the extent I believe you asked the same question
2 earlier about the study quantifying, and that's been
3 answered.

4 MR. PETRICOFF: This is a foundation
5 question. I am going -- I have got two after it.

6 EXAMINER PRICE: He can answer if he
7 knows.

8 A. A review is conducted by the EDU team led
9 by Jay Ruberto. For specifics around the analysis, I
10 think your questions are best directed to
11 Mr. Ruberto.

12 Q. Okay. Did you see any of the studies
13 that they have done that you are referring to now in
14 your response?

15 A. I'm sorry. The "they" in your question,
16 I am unclear who that is.

17 Q. Let me start over again. Have you seen
18 competent studies where statistically one says that
19 plus or minus 10 percent we're 95 percent sure this
20 will occur. Were there studies like that that were
21 done on the projections which are on Figure 2, page
22 15 of your testimony?

23 A. I am relying on Mr. Rose's projections.
24 The EDU team performed the analysis. I did not see a
25 large analysis or -- I'm sorry, an analysis that you

1 articulated.

2 Q. So as far as you are concerned, there is
3 no level of confidence associated with the
4 accuracy -- statistical level associated with the
5 accuracy of your chart Figure 2 on page 15?

6 MR. LANG: Objection, mischaracterizes
7 his testimony.

8 EXAMINER PRICE: Sustained.

9 MR. LANG: That was specifically asked
10 and answered.

11 Q. Okay. In your experience with
12 projections, are the near-term projections usually
13 more reliable than -- than projections that are made
14 far out in time?

15 A. I believe that's a very broad question.
16 Is there any opportunity you can narrow it? I think
17 subject matter makes a difference.

18 Q. Okay. Would you be more confident in the
19 fact that for 2016 there is going to be, oh, hard to
20 read this chart, an over-4-mill expense to the
21 average residential customer than you are that in the
22 year 2029 that there is going to be a 6-mill credit?

23 A. 6 mill are -- are you indicating dollars
24 at that point?

25 Q. I am just looking at your chart.

1 EXAMINER PRICE: He is referring to the
2 cents per kilowatt-hour.

3 THE WITNESS: Cents per kilowatt-hour.
4 I'm sorry, could I have the question read back?

5 EXAMINER PRICE: You may.

6 (Record read.)

7 A. I'm confident in the entire forecast in
8 the short and long term. The EDU team did, in my
9 consideration, a very good job of the analysis.

10 MR. MENDOZA: Your Honor, I would like to
11 move to strike that entire answer.

12 MR. OLIKER: I'll join.

13 MR. PETRICOFF: As will I.

14 EXAMINER PRICE: I am not going to strike
15 his answer, but I am going to direct him to answer
16 the question again more directly.

17 THE WITNESS: Could you read the question
18 again, please.

19 EXAMINER PRICE: Please.

20 (Record read.)

21 A. No.

22 Q. I am not sure I understood the answer.
23 You are just as confident in the 2029 projection as
24 you are in the 2016 projection?

25 A. When I examined this forecast, the

1 thought process put into it by the EDU team didn't
2 give me a pause associated with the forecast in
3 general. We know that there is a level of
4 uncertainty that we talked about earlier today within
5 it, but I view it to be a good forecast.

6 Q. Nineteen years ago were people talking
7 about the shale gas revenues and shale gas electric
8 generation?

9 A. I can't speak for all, sir. I was not
10 talking about it.

11 Q. Wouldn't you agree that was unforeseen 19
12 years ago?

13 A. Yes, I would.

14 Q. Nineteen years into the future, what kind
15 of generation, storage, and electrical systems do you
16 think we are going to have?

17 MR. LANG: Objection, your Honor.

18 EXAMINER PRICE: Grounds?

19 MR. LANG: Relevance to what's occurring
20 19 years from now.

21 MR. PETRICOFF: Your Honor, he's
22 projecting a 6 mill credit in that year. I want to
23 ask him if it's --

24 EXAMINER PRICE: Why don't you amend it
25 to 15 years ago, and then it will be plenty relevant.

1 Let's say 15 years.

2 MR. PETRICOFF: Yeah, let's say 15.

3 Thank you, your Honor.

4 EXAMINER PRICE: Pending question.

5 THE WITNESS: Could you read the question
6 back, please.

7 (Record read with "15" in place of "19.")

8 A. I don't have a precise understanding of
9 what those dynamics will be.

10 Q. And that notwithstanding, you are as
11 confident in the projection for the credit out in 15
12 years as you are for the debit that's coming next
13 year?

14 MR. LANG: Objection, asked and answered.

15 EXAMINER PRICE: I would have gone
16 argumentative. I would have sustained either
17 objection.

18 MR. PETRICOFF: Thank you, your Honor.
19 I'll move on.

20 EXAMINER PRICE: Before you do, I am
21 going to circle back and talk about projections and
22 indicated markets.

23 Speaking as to projecting the price of
24 electricity, do you believe the projections are more
25 reliable in the near term than they are in the far

1 term?

2 THE WITNESS: In terms of projecting
3 electricity prices, I think there is greater
4 certainty in the near term, but as we review the next
5 15-year period, there will be increasing levels of
6 volatility in increase.

7 EXAMINER PRICE: Would that also be true
8 when it comes to projecting the price of natural gas?

9 THE WITNESS: Yes.

10 EXAMINER PRICE: Thank you.

11 Thank you, Mr. Petricoff.

12 Q. (By Mr. Petricoff) I would like to direct
13 your attention now to page 13 of your testimony,
14 lines -- well, basically lines 3 to 11, and the
15 question about CRES providers offering equivalent
16 long-term rates. First I would like to ask you what
17 do you consider a long-term rate?

18 A. The long-term rate to me is a long-term
19 view of the world as similar to what we have proposed
20 as rider RRS, a 15-year period.

21 Q. Okay. And if a customer is going to
22 engage into -- take a residential customer, because
23 that's what we are talking about here on line 3. If
24 a residential customer is going to go into a
25 long-term agreement with the CRES, then they have to

1 be fairly sure of where they are going to take the
2 power and how much they are going to take for that --
3 for a 15-year period, is that correct? If they are
4 going to enter into that contract, they are going to
5 have to make an obligation?

6 MR. LANG: Objection.

7 EXAMINER PRICE: Grounds?

8 MR. LANG: Incomplete hypothetical and
9 vague.

10 MR. PETRICOFF: Your Honor, I'll rephrase
11 this.

12 Q. Before a residential customer could enter
13 into a 15-year contract with a competitive retail
14 electric supplier, wouldn't they have to know where
15 they want to take the power, how much power, and what
16 they are willing to pay for that power in order to
17 enter into such a contract?

18 MR. LANG: Objection.

19 EXAMINER PRICE: Grounds?

20 MR. LANG: Now that I think I understand
21 what he is asking, it's -- not only assuming a fact
22 not in evidence, but assuming a fact that is not in
23 Mr. Strah's testimony or in any witness', which is a
24 residential 15-year contract.

25 MR. PETRICOFF: He said -- well, your

1 Honor, we have just established what he meant by a
2 long term, and he -- and his testimony is that CRESs
3 aren't offering long-term contracts. I am exploring
4 why.

5 EXAMINER PRICE: You are asking a company
6 official why CRES providers aren't offering long-term
7 contracts? I am not sure that's within the scope of
8 his expertise.

9 MR. PETRICOFF: Okay.

10 Q. (By Mr. Petricoff) Let's do it this way,
11 do you have -- what -- do you believe that
12 residential customers want a 15-year contract?

13 A. The way I approach that is that the
14 customers are free to decide and choose whatever they
15 would like in terms of a term of a contract, so some
16 may. I'm not sure.

17 Q. So it's possible, then, that the reason
18 that CRESs are not offering long-term contracts is
19 because customers don't want them?

20 MR. LANG: Objection, your Honor.

21 EXAMINER PRICE: Grounds?

22 MR. LANG: Calls for speculation by this
23 witness.

24 EXAMINER PRICE: Overruled.

25 A. I don't know.

1 Q. Would it be prudent for someone with a
2 two-year lease on an apartment in the service
3 territory to enter into a 15-year contract for
4 service to that location?

5 A. I can't speak for a customer in that
6 situation.

7 Q. The company is concerned about what's
8 good for its customers and, in fact, that's the
9 reason for making this proposal, correct?

10 A. Yes.

11 Q. Is it good for a customer with a two-year
12 lease to enter into a 15-year contract?

13 A. Our proposal in rider RRS is separate of
14 whatever a customer chooses to do relative to their
15 shopping habits. I also cannot speak to what a CRES
16 provider may or may not offer.

17 MR. PETRICOFF: Your Honor, I move to
18 strike. It's not responsive.

19 EXAMINER PRICE: Denied.

20 Q. You mentioned that you looked at the
21 Apples to Apples website. In evaluating whether
22 CRESs are making long-term contracts, what else did
23 you do besides look at the Apples to Apples chart?

24 A. I used only the Apples to Apples chart.

25 Q. Were most of the contracts that you saw

1 in the Apples to Apples chart for fixed-price
2 contracts?

3 A. It's really been some time ago. I don't
4 recall.

5 Q. Isn't it true if someone signed up for a
6 fixed price contract, that that price of energy will
7 now be modified by whenever the outcome is of rider
8 RRS if such is approved in.

9 A. No.

10 Q. If the contract is for 8 cents a
11 kilowatt-hour, and you are going to then in the
12 first couple of years add some unknown amount or
13 credit, some unknown amount for rider RRS, isn't
14 that going to change the fixed price contract to
15 a semi-fixed-price contract for generation?

16 A. No.

17 EXAMINER PRICE: From the customer's
18 perspective, would it have the effect of changing it
19 to a semi-fixed-price contract?

20 THE WITNESS: Not in my view. Rider RRS
21 is a rate stability rider. It will appear on the
22 customer's bill. It will appear separate of their
23 choice for generation supplier.

24 EXAMINER PRICE: Would it appear in the
25 distribution or the generation portion of their bill?

1 THE WITNESS: I know it will appear on
2 the bill. I don't know the direct answer to your
3 question.

4 EXAMINER PRICE: Thank you.

5 Q. (By Mr. Petricoff) But you will agree
6 that the rider RRS is a generation charge adjustment?

7 A. The way I view rider RRS, it's a rate
8 stability mechanism, and that rider that will appear
9 separate and will not impede a customer's ability to
10 choose now or in the 15-year horizon that we are
11 committed to here.

12 Q. But it is going to change the price they
13 pay for generation.

14 MR. LANG: Objection. Asked and
15 answered.

16 EXAMINER PRICE: Overruled.

17 A. It will change their end payment total
18 bill, is the way I view it.

19 Q. Let me move on to another topic.

20 MR. LANG: Your Honor, could we go off
21 the record a moment?

22 EXAMINER PRICE: We may.

23 (Discussion off the record.)

24 (Recess taken.)

25 EXAMINER PRICE: Let's go back on the

1 record. Mr. Petricoff.

2 MR. PETRICOFF: Thank you, your Honor.

3 Q. (By Mr. Petricoff) Mr. Strah, we talked
4 about your research into the availability of the
5 long-term contracts for residential customers. What
6 studies did you -- did you make or what activities
7 did you engage in to look to see whether there were
8 long-term contracts available for commercial and
9 industrial customers?

10 A. I didn't perform a review on that.

11 Q. Okay. To your knowledge are there gas
12 plants being constructed in the ATSI service
13 territory at this time?

14 A. I'm aware of the construction of -- of
15 one facility with another one being planned.

16 Q. Is the one facility you are aware of the
17 Oregon Clean Fuel or the Carroll County Energy?

18 A. The Oregon facility.

19 Q. Are you aware whether Carroll County
20 Energy is under construction?

21 A. I don't know.

22 Q. What about Lordstown or Rolling Hills?

23 A. It's my understanding that Lordstown is
24 planned but not currently under construction.

25 Q. Would you agree with me that if there are

1 more generating plants that are going to be added to
2 the service territory, that the price of power and
3 capacity in the service territory are going to go
4 down unless there is an increase in demand?

5 A. I don't necessarily agree with it from
6 the context of the two facilities we just spoke of.
7 I understand gas will become a bigger player. More
8 facilities will be built in Ohio. That, in my
9 thinking, doesn't necessarily transmit to lower
10 price. We -- as Mr. Rose projects, gas will continue
11 to be volatile even with and subject to price
12 increase, even with the construction going on
13 presently.

14 Q. But once the plants are built, won't they
15 be part of the capacity market?

16 A. They will be part of the capacity market.
17 The uncertainty that I see is the length of time,
18 number of plants, and dealing with interruption
19 qualities of such supplies that I don't believe are
20 fully worked out within the marketplace.

21 Q. And under rider RRS, all of the financial
22 risks that go along with these new plants entering
23 the -- entering the ATSI market are going to be borne
24 by the rate-paying customers?

25 A. No. I don't agree. The -- the customers

1 will be able to better sustain and benefit from the
2 insurance that will be afforded to them to guard and
3 protect them against price volatility and price
4 increases, along with the other benefits within rider
5 RRS. Price is not the only benefit.

6 Q. You will agree with me, though, these new
7 plants that are going to be built are all going to be
8 in competition with Davis-Besse and Sammis for the
9 load in the service territory?

10 A. While the two facilities cited will be
11 located in our territory, I can't speak to where
12 exactly they would compete in the PJM marketplace.

13 Q. Were you here yesterday for the
14 cross-examination of Ms. Mikkelsen?

15 A. I was here for a portion of it.

16 Q. Do you recall her answers when asked
17 where the -- where the electrons would go in a plant?

18 A. I was here.

19 Q. Okay. Do you agree that electrons are
20 going to go from the nearest source to the nearest
21 sync?

22 A. Well, I believe Ms. Mikkelsen's answer
23 was a good and prudent one in that the baseload
24 characteristics of the two plants serving native load
25 within Ohio interconnected electrically, I would

1 agree with that.

2 My question becomes with the two plants
3 in question that you describe, whether they have the
4 same operating characteristics that our baseload
5 plants or FES's baseload plants do. I think
6 that's -- that's a little bit different.

7 Q. But you'll agree with me that -- that
8 commercially and physically things are going to be
9 altered by the new gas plants that are coming?

10 A. Things will be altered. I also believe
11 it's promoting uncertainty for the future how fast
12 are those facilities being built out, how can we
13 integrate them while maintaining reliability to our
14 customers. That dynamic, as I would describe it,
15 forms the basis of our proposal under rider RRS to
16 provide greater certainty through this period, which
17 assuredly won't be a one-year period. It will be a
18 multiple year. Our proposal addresses a 15-year
19 period of uncertainty.

20 Q. And for that 15 years FirstEnergy
21 Solutions is assured that all of their reasonable
22 costs will for -- for running the plant will be
23 paid -- and I say FirstEnergy Solutions. That
24 includes the subsidiaries that own the plant. That's
25 going to be paid, and they are going to earn a 13 --

1 I'm sorry, a 11.15 percent return. That's their side
2 of the risk in this changing world. That was a yes
3 or no question.

4 THE WITNESS: Could you repeat the
5 question or reread the question, please.

6 EXAMINER PRICE: Please.

7 (Record read.)

8 A. No, I don't view it in that way. What I
9 view is that FES, the plants in play here, are open
10 to different risks that our customers are open to.
11 Within the proposal FES has negotiated a way, in my
12 view, a significant number of credits that will flow
13 directly to customers that's in the order of \$2
14 billion.

15 So in terms of your prior question
16 putting it on the back of consumers, I think the
17 consumers come out ahead. With regard to this
18 question, no, I don't believe that they're guaranteed
19 or assured anything. They also need to run these
20 plants reliably under the context of the agreement.

21 Q. Well, let me see if we can just funnel it
22 down to project what the risk -- actually, what the
23 business analysis is of this. If the rider RRS is
24 approved for the next 15 years, FirstEnergy Solutions
25 gets all its cost covered -- all its reasonable costs

1 covered and it earns the 11.15 percent return, and so
2 they have no risk in either getting paid for the
3 return or getting paid for the -- for their costs and
4 the risk of the profitability for those plants goes
5 to the customers, and they get all the profits above
6 the 11.15 percent return going for the 15-year
7 period. That's the deal.

8 A. I would disagree with your
9 characterization. FES is not the only part of this
10 proposal. As I just described, there are tremendous
11 benefits flowing to customers with regard to this.
12 To the extent that FES needs to continue to operate
13 the plants reasonably and make sure that they do run
14 per the terms outlined, I think that's a very
15 important part of the equation, but, once again, they
16 have really stepped away from the opportunity within
17 the market. We project that opportunity will be a
18 benefit to customers, as I've outlined in my
19 testimony.

20 Q. Just the last question, see if we can get
21 to accord on something. Do you disagree that the --
22 that the benefits of the customers -- to the
23 customers are going to be the projected \$2 billion
24 from your -- from your chart on page 15 in exchange
25 for taking the risk of the profitability of the

1 Davis -- Davis-Besse, Sammis, and the partial
2 ownership in the two Kyger Creek and Clifty Creek
3 plants?

4 A. No, I don't agree with you in that
5 characterization.

6 Q. What's wrong with the characterization?

7 A. The customers receive in this case and
8 under our proposal, under rider RRS, the over \$2
9 billion of credits that you have mentioned. They
10 also avoid an up to a billion-dollar build-out of
11 transmission facilities should these plants close.
12 Under rider RRS they will continue to see reliable
13 performance due to the plants baseload operating
14 on-site fuel characterization.

15 Lastly, we have an obligation found
16 within there in a fulfillment of the ongoing economic
17 development benefits that I articulate in my
18 testimony, including job retention.

19 Q. But you're not changing your testimony
20 that at this time there are no plans to close either
21 plant and -- stop there. There's no plans to close
22 either plant.

23 A. I'm unaware of any plan to close the
24 plants as we sit here today.

25 Q. And if you don't close the plant, then

1 there's no costs for refitting transmission. There
2 is no lost economic to the local area where people
3 are employed, and there is no loss in the taxes paid.

4 A. I believe, as Ms. Mikkelsen testified
5 yesterday, that's all true if the plants don't close.

6 MR. PETRICOFF: Okay. With that I will
7 end my questioning. Thank you very much.

8 THE WITNESS: Thank you.

9 EXAMINER PRICE: Mr. Hayes.

10 MR. HAYS: Thank you, your Honor.

11 - - -

12 CROSS-EXAMINATION

13 By Mr. Hays:

14 Q. Is my mic working okay?

15 A. Yes, sir.

16 Q. I am Tom Hays with the Northwest Ohio --
17 representing the Northwest Ohio Aggregation Coalition
18 and 11 individual communities that -- excuse me and
19 nine individual communities, like the City of Toledo,
20 Lucas County. I am not going to list them all, but
21 they also include small counties like Lake Township,
22 City of Waterville, Perrysburg, Maumee.

23 First off, I have to say I am not sure
24 anything we say in this room today will matter
25 because the Tom Brady decision is in, and he won, so

1 Deflategate is over and we are here.

2 I had -- I wanted to follow-up a little.
3 Mr. Petricoff covered some of the questions I was
4 going to ask. Are you familiar with the Bay Shore
5 plant owned by FirstEnergy in Oregon, Ohio?

6 A. Yes.

7 Q. That plant was closed, was it not, four
8 units? Four coal-fired units were closed by
9 FirstEnergy.

10 MR. LANG: Your Honor, just to follow-up
11 with your instruction on the first day, he's using
12 the term "FirstEnergy," which you instructed on the
13 first day should refer to the operating companies.

14 EXAMINER PRICE: Yes. You probably mean
15 FirstEnergy Solutions.

16 MR. HAYS: I did mean FirstEnergy
17 Solutions, your Honor. I apologize.

18 EXAMINER PRICE: Thank you, Mr. Lang.

19 MR. HAYS: I will try and stip that.

20 Q. (By Mr. Hays) So, first, you are aware
21 that FirstEnergy Solutions closed the four coal-fired
22 units at the Bay Shore plant in Oregon? Yes or no?

23 A. No.

24 Q. But you are aware that there is a new
25 gas-fired plant opening in Oregon? Are you aware of

1 that?

2 A. I understand that there's a facility
3 under construction.

4 Q. Okay. Are you aware that the companies
5 have applied for -- applied to the Power Siting Board
6 for the transmission lines to connect to the grid as
7 part of that construction?

8 MR. LANG: Objection, again, your Honor,
9 "companies."

10 MR. HAYS: Yes, I meant the companies, the
11 transmission companies, yes.

12 MR. LANG: You mean the three operating
13 units in the case, Ohio Edison, Toledo Edison, CEI?
14 That's what companies means in this case.

15 MR. HAYS: Sorry. I had a little trouble
16 because the terms are similar.

17 Q. (By Mr. Hays) Did ATSI -- is ATSI a unit
18 of the holding company, FirstEnergy holding company?

19 A. It's an organization within FirstEnergy,
20 yes.

21 Q. Are you aware that they have applied to
22 Power Siting Board to put transmission lines -- the
23 final transmission lines in where the Oregon natural
24 gas plant is?

25 A. I am unaware of that.

1 Q. When you came here to be a witness for
2 FirstEnergy, do you think that it was important to
3 know what was going on in the territories, like the
4 Toledo Edison territory?

5 MR. LANG: Objection, argumentative, your
6 Honor.

7 EXAMINER PRICE: Sustained.

8 Q. What did you do to find out what kind of
9 power plants were being constructed in the Toledo
10 Edison territory?

11 A. Could you repeat -- could you read back
12 the question.

13 EXAMINER PRICE: Please.

14 Q. Prior to writing your testimony and
15 prior --

16 EXAMINER PRICE: She is going to read
17 back the question, unless you are withdrawing it.

18 MR. HAYS: No, that's fine.

19 (Record read.)

20 A. In preparation of -- for the proceeding
21 and the way that I've learned of the Oregon facility,
22 I actually learned about it through a publication, an
23 external publication to FirstEnergy.

24 Q. Now, you have an economic expert who
25 prepared expert testimony in this matter, that's

1 going to provide expert testimony? And I am -- do
2 you recall her name?

3 A. No, I don't.

4 Q. I believe it's the basis for your \$1
5 billion worth of economic activity.

6 A. Yes, Witness Murley.

7 Q. Yes.

8 A. Thank you.

9 Q. When you read Witness Murley's testimony,
10 did you advise her that you were aware that there was
11 a plant being constructed in Oregon, the natural gas
12 plant?

13 A. I had no discussion with Witness Murley
14 about that plant.

15 Q. Do you think the construction of that
16 plant is bringing economic benefits to Toledo, the
17 city of Oregon, Lucas County, and the surrounding
18 area?

19 A. I believe there will be some level of
20 economic value. However -- I can speak more
21 thoroughly about the economic value that the
22 Davis-Besse plant provides.

23 MR. HAYS: Your Honor, I would ask to
24 strike as nonresponsive after -- I think the first
25 word was "yes."

1 MR. KUTIK: He didn't say yes.

2 EXAMINER PRICE: But we will strike
3 everything commencing with "however."

4 MR. HAYS: Thank you, your Honor.

5 EXAMINER PRICE: Let's go off the record.

6 (Discussion off the record.)

7 EXAMINER PRICE: Let's go back on the
8 record.

9 Q. (By Mr. Hays) Several times today I
10 believe you've said that the most important thing
11 is -- for customers is price stability; is that
12 correct?

13 A. I've said that price, yes, price
14 stability is important, along with several other
15 attributes of rider RRS. Price, to your point, is
16 very important.

17 Q. If you were driving down the street and
18 you saw a gas station, and it was \$1.59 and the one
19 next door were \$2.09, but had a sign, "I promise you
20 in five years, due to new oil wells we're drilling,
21 we'll keep our cost 20 cents under your competitor?"
22 Which gas station would you pick?

23 A. I don't know.

24 Q. Which gas station do you think the
25 traveling public would pick?

1 A. I think some would pick the lower-cost
2 gas station. I think others may pick the higher
3 cost.

4 MR. HAYS: Your Honor, I need one second
5 because I don't want to repeat questions that have
6 been asked.

7 EXAMINER PRICE: Take your time.

8 Q. When the new Oregon -- let's assume the
9 new Oregon plant opens. Will it be -- I'm sorry,
10 Mr. Petricoff asked that.

11 MR. HAYS: I withdraw the question, your
12 Honor.

13 Q. When the new Oregon plant opens, can it
14 file an ESP that would guarantee it 11.15 percent on
15 its equity that it's invested?

16 A. I don't know.

17 Q. As a matter of fairness, should it be
18 allowed to?

19 A. I think the facility, as you call it, or
20 the owners of that facility have the opportunity to
21 do what they would like in terms of proposing
22 anything in front of the PUCO.

23 Q. So that's your understanding, that they
24 would be able to do that under the Ohio Revised Code?

25 A. I'm not a lawyer.

1 Q. All right.

2 A. Okay. So I'm not sure.

3 Q. Well, let's go back then to the fairness
4 question. If I interrupted you, finish your answer.
5 Were you finished?

6 A. I don't know where I left off, to be
7 perfectly frank with you.

8 Q. All right. I thought you were done and
9 then you looked back up, and I just wanted to be
10 sure.

11 A. I'll tell you as a matter of clarity,
12 could I just have your last question --

13 Q. No, absolutely.

14 A. -- and my answer reread, and then we can
15 close that off.

16 Q. I think I actually have asked the
17 questions I wanted to ask in that area.

18 MR. LANG: Your Honor, I think the issue
19 was whether he had finished answering, if we could
20 determine that, please.

21 EXAMINER PRICE: You can withdraw your
22 last question.

23 MR. HAYS: No. Let's go ahead. I'm
24 sorry, your Honor.

25 EXAMINER PRICE: Please read the previous

1 question and his answer.

2 (Record read.)

3 A. It was a little bit interrupted, but I
4 don't know the answer to your question.

5 Q. Because you are not a lawyer.

6 A. That I am not.

7 Q. Yes, okay. I believe you testified here
8 today that you had examined the PUCO's Apples to
9 Apples charts.

10 A. Yes.

11 Q. It true that FirstEnergy Solutions is a
12 CRES provider?

13 A. I don't know.

14 Q. Could FirstEnergy -- let's assume that
15 they are a CRES provider, that FirstEnergy Solutions
16 is a CRES provider. Could they offer a 15-year
17 product to consumers if they wanted to?

18 A. I really don't know if or how that
19 decision would be made. And my role in the
20 organization previously as my testimony was filed and
21 my current role, I'm focused on serving customers.
22 Code of conduct exists in our company in which I
23 don't get involved with FES, its offerings, or
24 anything of that variety.

25 Q. Are you aware that FirstEnergy Solutions

1 provides -- that FirstEnergy Solutions has contracts
2 to supply electricity to governmental aggregations?

3 A. I knew they did at one time. I don't
4 know what their current position is.

5 Q. Do you know if they currently have a
6 aggregation contract with Lucas County and the
7 other -- separate contracts with Lucas County,
8 Toledo, and the other member communities of NOAC to
9 provide electricity?

10 EXAMINER PRICE: Don't answer that
11 question.

12 Let's go off the record.

13 (Discussion off the record.)

14 EXAMINER PRICE: Let's go back on the
15 record.

16 Please answer the question

17 THE WITNESS: Could I please have it
18 reread.

19 (Record read.)

20 A. No, I don't.

21 Q. But I take it within the company there
22 would be corporate knowledge of that.

23 MR. LANG: Could I have that question
24 reread. I'm sorry.

25 EXAMINER PRICE: You may.

1 (Record read.)

2 MR. LANG: Your Honor, objection.

3 EXAMINER PRICE: Grounds?

4 MR. LANG: Hard to say where to start.

5 EXAMINER PRICE: Why don't you rephrase
6 your question?

7 Q. (By Mr. Hays) Are there other people
8 within FirstEnergy Solutions or the companies that
9 would know that, that would know if there were
10 contracts between FirstEnergy Solutions and Lucas
11 County and the other member communities of NOAC to
12 supply electricity to their government aggregations?

13 MR. LANG: Your Honor, I don't know.
14 He's testified he is not familiar at all with that
15 arrangement. Asking him whether other people might
16 know about something that he doesn't know about is
17 directly calling for speculation. It's beyond the
18 scope of his testimony to the extent we've gone far
19 beyond the scope of the testimony.

20 EXAMINER PRICE: He either can or he
21 cannot direct this question to another witness in
22 this proceeding. If he can, he should. If he
23 cannot, then he cannot.

24 You've seen all the testimony in this
25 proceeding, is that right, or some of it?

1 THE WITNESS: I haven't seen it all.
2 I've seen portions that I've referenced previously
3 today.

4 EXAMINER PRICE: Can you direct his
5 question to another witness?

6 THE WITNESS: I don't know of a witness I
7 could directly send the question to.

8 EXAMINER PRICE: Okay.

9 MR. HAYS: Your Honor, we'll-- I am going
10 to save this line of questioning, although I think
11 the witness should have been prepared to answer such
12 questions, but I'll save them.

13 MR. LANG: Your Honor, could I move to
14 strike?

15 EXAMINER PRICE: Granted.

16 You can't say that.

17 MR. HAYS: I guess not now.

18 Q. What is your exact position at the --
19 within the holding company? Where -- or its
20 subsidiaries?

21 A. Within FirstEnergy Services Corporation,
22 I am senior vice president and president of FE
23 utilities -- FirstEnergy utilities.

24 Q. And who do you report to?

25 A. I report to Charles E. Jones, who holds

1 the title of president and CEO.

2 Q. Of the entire holding company?

3 A. Of FirstEnergy Corporation, FirstEnergy
4 Services Corporation.

5 Q. So if I am understanding this, you are
6 one step down from the big man on campus, No. 1 guy?

7 EXAMINER PRICE: Please rephrase that
8 question. I'm afraid he might look at this
9 transcript and see that I allowed it.

10 Q. All right. Do you report to the chief
11 executive officer?

12 A. I do.

13 Q. Did you ask him prior to coming here to
14 testify if he intends to close the plants if this
15 isn't approved?

16 A. No, I did not have a discussion with
17 Mr. Jones.

18 Q. During the entire pendency since you
19 filed this application, have you ever asked him if
20 they intend to close the plants if the application is
21 denied?

22 A. I am not sure on the use of the word
23 "pendencies" in your question.

24 Q. Since the case was filed, since the
25 application was filed.

1 A. Okay. Okay. I'm just a little bit lost.
2 Could we reread that question or could you rephrase
3 it with that clarification?

4 EXAMINER PRICE: Let's reread the
5 question.

6 (Record read.)

7 A. No, I have not asked him, Mr. Jones. I
8 have not asked him that question.

9 Q. In your position, in your current
10 position, are you involved in any way with production
11 of the annual reports?

12 A. It's a fairly broad question. I would
13 like to attempt to answer it by saying performance
14 results of our operating companies in terms of safety
15 and reliability as an example are typically included
16 in the annual report.

17 Q. Do you read the annual reports?

18 A. I've read some of them, not all of them.

19 Q. Have you read the ones for 2013, 2014?
20 That's two separate reports. Have you read the one
21 for 2013?

22 A. I can't recall.

23 Q. Have you read the one -- the most recent
24 annual report is the 2014 annual report; am I
25 correct?

1 A. Yes.

2 Q. Have you read the 2014 annual report?

3 A. I read a portion of it, not all of it.

4 Q. To the best of your knowledge, in the
5 2014 annual report, is there any suggestion by
6 FirstEnergy that either the Sammis or the Davis-Besse
7 plants will close?

8 A. I don't know.

9 Q. Do you know if in any of the filings for
10 the SEC that there is any mention of a potential of
11 either the Sammis or the Davis-Besse plants closing,
12 potentially closing?

13 THE WITNESS: Could I please have the
14 question reread.

15 EXAMINER PRICE: You may.

16 (Record read.)

17 A. I don't know.

18 MR. HAYS: I have no further questions,
19 your Honor. Thank you for your time.

20 THE WITNESS: Thank you.

21 EXAMINER PRICE: NOPEC.

22 MR. BORCHERS: I have no questions, your
23 Honor.

24 EXAMINER PRICE: Thank you.

25 Ms. Bojko, would you like to go next?

1 MS. BOJKO: Yes, thank you, your Honor.

2 - - -

3 CROSS-EXAMINATION

4 By Ms. Bojko:

5 Q. Good afternoon, sir. My name is Kim
6 Bojko, and I represent the Ohio Manufacturers'
7 Association Energy Group.

8 A. Good afternoon.

9 Q. You talked a little bit about rider RRS
10 being a hedge mechanism. Do you recall that?

11 A. Yes.

12 Q. And if a customer has already secured
13 some type of hedge against rate increases, should
14 that customer be required to pay for rider RRS?

15 A. Yes. Rider RRS is designed to be a
16 nonbypassable charge to all customers.

17 Q. Okay. Sir, do you recall -- I believe
18 you said earlier today you recall giving your
19 deposition back in January, or you didn't recall the
20 exact date, but you recall giving a deposition for
21 this proceeding; is that correct?

22 A. Yes.

23 Q. And do you have that deposition in front
24 of you?

25 A. I do.

1 Q. Okay. And could you turn to page 141 of
2 that deposition, please. The actual question begins
3 on 140, is where the Q is for question. Are you
4 there?

5 A. I am at the top of page 140.

6 Q. It's at the bottom of 140.

7 A. Bottom of 140.

8 Q. It's not really a question there, but
9 that's where the Q starts.

10 A. Okay.

11 Q. It says, "Sure. If a customer has
12 already taken action or -- strike that." And then we
13 turn over to the top of page 141, it says, "If a
14 customer has already secured some type of hedge
15 against rate increases, should that customer be
16 required to pay for rider RRS?"

17 Mr. Lang posed an objection, and then the
18 witness, you, responded "I don't know." Is that
19 correct?

20 A. Yes.

21 Q. And I believe you stated that RRS is an
22 annual rider, and it's true that that rider is
23 adjusted annually; is that correct?

24 A. Yes.

25 Q. So is it your understanding that rider

1 RRS, the rate will be in place from June 1 of one
2 year through May 31st of the following year? Is that
3 your understanding?

4 A. It's my recollection that it would start
5 in June at the conclusion of this proceeding, would
6 run until January, and then be reset for the entirety
7 of that next year. Questions of more specific detail
8 in its operation can be directed to Witness Joanne
9 Savage.

10 Q. So you believe that the rider is on a
11 calendar basis?

12 A. Yes. But I would refer to my prior
13 answer with regard to Joanne Savage.

14 Q. Okay. So assuming that the rider is on a
15 calendar basis, if an event happens such as polar
16 vortex on January, it's your understanding that rider
17 RRS would not change until the following January; is
18 that correct?

19 A. Yes.

20 Q. Okay. And could you turn to page 6 of
21 your testimony, please, sir. On page 6 of your
22 testimony on lines 3 and 4, you talk about customers
23 bearing the costs. Do you see that?

24 A. Yes.

25 Q. Okay. The costs that you are referring

1 to in this sentence are the costs paid to the
2 generator, FirstEnergy Solutions in this situation,
3 and those are the costs described by Witness
4 Lisowski; is that correct?

5 A. In line 2 of my testimony with regard to
6 all customers receiving benefits, I meant by the word
7 "costs" within line 4 as it being a credit or a
8 charge to customers, so I used the word "costs" in a
9 generic term, in a generic way here.

10 Q. And you understand that rider RRS is a
11 netting of the revenues from the output of the
12 generating units against the costs that are paid to
13 the generator under the term sheet; is that correct?

14 A. Yes.

15 Q. Okay. And those costs and that concept
16 would be described by Witness Lisowski; is that
17 correct?

18 THE WITNESS: Could you read the question
19 back.

20 EXAMINER PRICE: Please.

21 (Record read.)

22 A. Yes.

23 Q. Okay. And going to page 5 of your
24 testimony, as I read your testimony on lines --
25 starting on line 17 through 19, it's your

1 understanding that there will be no final agreement
2 between the companies and FirstEnergy Solutions until
3 rider RRS is actually approved by the Commission; is
4 that correct?

5 A. Yes.

6 Q. Okay. And to your knowledge, has there
7 been a contract between the companies and FirstEnergy
8 Solutions created?

9 A. Not to my knowledge.

10 Q. So in the process of drafting that
11 contract, the terms or conditions around certain
12 provisions could be revised; is that right?

13 A. My view of the term sheet is that it
14 would -- all provisions found within it would be
15 placed into a PPA and would not be altered. With
16 regard to other legal matters that I am unaware of as
17 to how you fully produce that contract, I can't speak
18 to. But the term sheet and its provisions would be
19 in the PPA.

20 Q. But we don't know, sitting here today,
21 what the exact contract is going to look like or the
22 exact words putting forth those provisions in the
23 term sheet; is that correct?

24 A. I don't know.

25 Q. Okay. And we don't know what it will

1 look like until after the Commission has approved
2 rider RRS; is that right?

3 A. Yes.

4 Q. Do you know whether plants could be added
5 to the contract before its finalized?

6 A. The proposal that's in front of this body
7 in the approval of rider RRS includes the plants that
8 are articulated within it. There is no plan to my
9 knowledge to add or subtract any plants. In other
10 words, it would be the terms found within the term
11 sheet that would transport -- well, transfer into
12 what would be the final PPA.

13 Q. Okay. Let's -- you were asked some
14 questions about the polar vortex earlier today. I
15 want to follow up on some of those questions. To
16 your knowledge -- I don't think the dates were
17 actually stated, but the polar vortex was January 6
18 through 8; is that correct?

19 A. Of 2014.

20 Q. Oh, I'm sorry, 2014.

21 A. Yes.

22 Q. And isn't it true that during that polar
23 vortex coal-fired generating plants were offline?

24 A. Yes.

25 Q. And isn't is also true nuclear plants

1 were offline during the polar vortex?

2 A. Yes.

3 Q. Sir, isn't it also true that FirstEnergy
4 Solutions or other FirstEnergy-affiliated companies
5 had several nuclear and fossil outages and derates
6 that occurred during the first quarter of 2014?

7 A. I don't know.

8 Q. Sir, is PJM responsible for the
9 reliability of the transmission system for the region
10 that includes Ohio?

11 A. PJM has a responsibility to deliver and
12 be part of a reliable system, yes.

13 Q. Do you know who directs which generating
14 units should be dispatched within the region?

15 A. No, I don't.

16 Q. Isn't it true that PJM schedules
17 resources sufficient to meet the forecasted demand
18 and adds a 15 percent reserve margin?

19 A. I'm aware of PJM's role in that regard.
20 I'm not sure about the 15 percent reserve that you
21 indicated.

22 Q. And you don't know what the actual
23 reserve margin is today, do you?

24 A. Today as I sit here, no. However, we
25 have a transmission organization that would.

1 Q. And I believe you stated earlier this
2 morning that you are familiar with the PJM's
3 reliability list run RMR; is that correct?

4 A. I'm aware of it, yes.

5 Q. Okay. And are you also aware of the
6 newly enacted capacity performance product created --
7 I believe you talked about the order so let me
8 rephrase. You are aware of the capacity performance
9 product that was recently approved by FERC; is that
10 correct?

11 A. I'm aware of it, yes.

12 Q. Right. And, sir. Are you also aware
13 that PJM has FERC approved tariffs, tariff provisions
14 regarding scarcity and shortage of pricing?

15 A. No, I am not aware of that.

16 Q. So you're not aware that PJM has tariff
17 provisions that would govern operational actions such
18 as dispatching emergency demand response, voltage
19 reductions in order to manage operating reserves as
20 they approach a reserve deficiency?

21 A. I understand globally what PJM's
22 responsibility is to manage such matters globally.
23 However, in terms of dispatching units, for example,
24 I think those questions would be better directed and
25 answered by Mr. Moul in this proceeding.

1 Q. Okay. Thank you. In your testimony you
2 discuss resource diversity and that means to you a
3 diversity in the variety of energy sources; is that
4 correct?

5 A. Yes.

6 Q. And to your knowledge, does the ESP IV
7 application pending before the Commission, does it
8 propose any new generating resources to be added in
9 the companies' service territory?

10 A. No, not to my knowledge.

11 Q. And to your knowledge, does the
12 application propose any new renewable resources to be
13 added in the companies' service territory?

14 A. No, not to my knowledge.

15 Q. To your knowledge does the application
16 consider any distributed generation resources added
17 to the companies' service territory?

18 A. No, not to my knowledge.

19 Q. Could we turn to page 8 of your
20 testimony, line 23. Are you there?

21 A. Yes.

22 Q. On this page 8, line 23, you use the term
23 "essential generation." Do you see that?

24 A. I'm sorry. I'm a little lost. Could you
25 redirect me to where exactly you are at?

1 Q. Sure. Page 8, line 23, you use the two
2 words "essential generation."

3 A. Yes.

4 Q. Are coal and nuclear generating resources
5 the only types of generation that would qualify as
6 essential generation to you?

7 A. Yes. To me they do, due to their
8 operating characteristics, including on-site fuel and
9 the ability to run continuously. That, for me, is
10 one of the reasons I've termed it as such.

11 Q. Again, do you recall that question being
12 posed to you in your deposition in January? If you
13 could, maybe turn to page 143. On page 143 on line
14 10, the question reads, Okay. And in your
15 estimation, then, are coal and nuclear generating
16 resources are the only types of generation that would
17 qualify as essential generation?

18 Excuse me, I think I misread that. Let
19 me try again. "And in your estimation, then, coal
20 and nuclear generating resources are the only types
21 of generation that would qualify as essential
22 generation." Your answer, "I would say no. It is
23 outlined in my testimony, though, the -- the
24 important nature of coal and nuclear plants."

25 Did I read that correctly?

1 A. You did read it correctly.

2 Q. And do you know what other -- well,
3 sitting here today -- strike that.

4 Would you consider a natural gas
5 generating facility a firm supply of natural gas to
6 be essential generation, sir?

7 THE WITNESS: Could you reread the
8 question, please.

9 EXAMINER PRICE: Please.

10 (Record read.)

11 A. I'm not sure if I would consider it
12 essential generation; however, it does play a very
13 productive part within the -- the fuel mix within the
14 State of Ohio. My hesitancy in indicating that it's
15 essential is that even with a firm contract, it's
16 interruptible. That -- that's a difference to me in
17 that, as I use the example of nuclear and coal
18 plants, those plants have capacity around being able
19 to operate for prolonged periods with on-site fuel.

20 Q. Okay. Sir, do you recall being asked
21 that question in your deposition back in January on
22 page 143, line 21? The question asked, "Okay. Would
23 you consider a natural gas generating facility with a
24 firm supply of natural gas to be essential
25 generation?"

1 There was an objection and then you
2 responded, "I don't know."

3 A. I think I was confused at the point in
4 which that question was asked. I think that's the
5 best way I could -- I could represent it.

6 Q. Okay. Thank you. On page --

7 EXAMINER PRICE: Ms. Bojko, if I may
8 interrupt you.

9 Before we leave this concept of essential
10 generation, are nuclear and coal equally essential,
11 or is one more essential than the other?

12 THE WITNESS: As I look at essential
13 generation, I view them as both being very important
14 because of the characterization of on-site fuel
15 supplies and the ability to run for prolonged
16 periods. Personally, as a person serving customers
17 and being on the energy delivery side of my career,
18 for the most part, I would just say they are both
19 important and necessary for the mix of generation we
20 need going forward.

21 EXAMINER PRICE: Which, generally,
22 power plant -- if you can't answer this, that's fine.
23 Which type of power plant generally has a better
24 outage rate, nuclear or coal?

25 THE WITNESS: Unfortunately I don't know.

1 Those questions perhaps, your Honor, would be better
2 directed to Witness Harden for the company.

3 EXAMINER PRICE: But one difference
4 between the two types of essential generation is
5 nuclear is carbon free, is it not?

6 THE WITNESS: It is.

7 EXAMINER PRICE: Thank you.

8 Thank you, Ms. Bojko.

9 Q. (By Ms. Bojko) Let's turn to page 11 of
10 your testimony, sir. Starting on line 5 you state,
11 "The greater the degree of certainty about energy
12 costs that we can provide these" customers --
13 "companies, the greater our odds of landing new
14 capital investment and employment in the state of
15 Ohio." Do you see that?

16 A. Yes.

17 Q. Would you say that that is true, if the
18 energy costs yielded under the proposed ESP are
19 consistently higher than the market prices?

20 THE WITNESS: Could I have the question
21 reread, please.

22 EXAMINER PRICE: You may.

23 (Record read.)

24 A. It's a hypothetical question that I don't
25 believe I can fully answer. What I do know is with

1 regard to customers and other businesses that I've
2 interacted with. Certainty and stability around
3 pricing is one factor that many of them use in
4 determining whether to expand the facility or build
5 new. It's the certainty and stability. I don't know
6 the answer to whether that would be above market
7 price or not, in terms of your hypothetical.

8 Q. And if the rider RRS is a charge so it
9 has the effect of increasing the total bill, as we
10 discussed earlier, that would impact customers when
11 making those types of decisions; isn't that true?

12 A. It would be, as I indicated, a factor for
13 the customers that I speak of in the -- on page 11
14 you previously asked me about. When I would talk or
15 approach them and talk of a \$2 billion benefit to
16 customers over a 15-year period, I believe they would
17 find that to be favorable.

18 MS. BOJKO: May I have the answer read
19 back, please.

20 EXAMINER PRICE: You may.

21 (Record read.)

22 MS. BOJKO: Your Honor, I move to strike
23 after "it was a factor that they could continue" and
24 he goes on and talks about some different factors.

25 MR. LANG: And, your Honor, she asked an

1 incomplete hypothetical. He completed the
2 hypothetical. I believe it's a fair answer.

3 EXAMINER PRICE: We are going to deny the
4 motion to strike.

5 Q. Okay. I want to focus just on the ESP IV
6 period. It's your understanding that rider RRS is
7 projected to be a cost during the ESP IV period; is
8 that correct?

9 A. Yes, within the three-year period per the
10 projection it's a cost.

11 Q. In fact, it's a significant cost of
12 approximately \$400 million; is that correct?

13 A. I can't recall the exact number. Once
14 again, what I do know, it's a long-term contract that
15 we are proposing here.

16 Q. And during the ESP period, the three
17 years for approval of the application for the ESP,
18 isn't it true that increases in electric prices could
19 increase the cost to a manufacturer to make its
20 product?

21 A. I think that would depend on the
22 manufacturer, its cost structure including the price
23 of energy, but it would be a factor for them in terms
24 of producing their products.

25 Q. And I said so it could. It's possible

1 that it could increase a manufacturer's costs of the
2 product that they are producing; is that right?

3 A. I don't know that to be for sure.

4 Q. Okay. Well, you have testified that
5 increases in costs could negatively affect customers;
6 isn't that correct?

7 A. I believe what I've testified to is that
8 customers appreciate price stability and price
9 certainty, and that's what we offer within rider RRS.

10 Q. And you've also projected that during the
11 first three years of the ESP that there's -- the
12 projection is that that is going to be a cost; is
13 that correct?

14 MR. LANG: Objection, asked and answered,
15 I believe word for word.

16 EXAMINER PRICE: Sustained.

17 Q. If there is a cost, as companies have
18 projected for the first three years of the ESP, there
19 is a cost, wouldn't that decrease the amount of money
20 that a customer would have to reinvest in their
21 facilities?

22 MR. LANG: Objection, incomplete
23 hypothetical.

24 EXAMINER PRICE: Overruled.

25 THE WITNESS: Could I have the question

1 read back to me, please.

2 EXAMINER PRICE: Please.

3 (Record read.)

4 A. I can't know that for sure, based on what
5 the customer's bill might be, their usage level and
6 so on. I can't make an investment decision for them.

7 Q. Well, sir, as a businessman, if the cost
8 of your product increases, do you not have less money
9 to spend elsewhere in your company?

10 A. It might force me to reprioritize.

11 Q. Okay. And wouldn't it also force you to
12 reprioritize whether you spend money in the community
13 versus spend it on your facilities?

14 A. As a businessman, as you've asked me, it
15 would have to be a significant cost that would force
16 me to reprioritize. In my view while you're drawing
17 a distinction between short-term and longer-term
18 issues, short-term charge versus many years of
19 long-term gain, as a businessman, to your question, I
20 would not necessarily alter my community-giving level
21 if that's what -- where we are at due to a modest
22 increase to assure the stability that this plant
23 affords.

24 MS. BOJKO: Well, your Honor, even though
25 he didn't use the word "however," he used the word

1 "in my view" and then went off and became
2 nonresponsive to my question. Move to strike.

3 THE WITNESS: I was attempting to
4 explain --

5 EXAMINER PRICE: That's his job to argue
6 the motion to strike, and he will do a very good job
7 of it.

8 THE WITNESS: My apology.

9 EXAMINER PRICE: Mr. Lang.

10 MR. LANG: Sorry. I'm not sure an
11 argument is necessary at this point, your Honor. He
12 has -- she has been asking these extremely more and
13 more hypothetical questions that require his view as
14 a businessman offering his opinion on that
15 hypothetical. He has offered his opinion on the
16 hypothetical.

17 EXAMINER PRICE: I am forced to agree.
18 The motion to strike is denied.

19 Q. And when you keep talking about near term
20 versus long term, just so I'm clear, the long term is
21 not a guaranteed credit to customers; is that right?

22 A. We're not guaranteeing a credit or a
23 charge to customers. It's a forecast estimate.

24 Q. Thank you.

25 EXAMINER PRICE: You have customers, do

1 you not, arc furnaces, such as Mr. Kurtz represents,
2 where the costs of electricity may be the top three
3 or four class related to a plant; isn't that right?

4 THE WITNESS: In general, yes. In a
5 heavy industrial manufacturing environment, that
6 could be the case.

7 EXAMINER PRICE: So it might be right up
8 there with, you know, whatever commodity is being
9 processed? Labor and electricity could be the three
10 largest costs for some of these plants?

11 THE WITNESS: Labor, material, energy,
12 both electricity and, perhaps, other commodities,
13 yes.

14 EXAMINER PRICE: Thank you.

15 Q. (By Ms. Bojko) And to follow-up on that,
16 so if it is an energy-intensive company and they are
17 using a lot of energy to produce their product, any
18 change, any increase could significantly impact their
19 business, could it not?

20 A. It could.

21 Q. In drawing back to the example,
22 however -- just stop.

23 MS. BOJKO: Thank you. I have no further.
24 Well, one second.

25 I have no further questions. Thank you.

1 EXAMINER PRICE: Thank you.

2 MS. BOJKO: Thank you, sir.

3 THE WITNESS: Thank you.

4 EXAMINER PRICE: Mr. Dougherty.

5 MR. DOUGHERTY: I think we've covered
6 mine. No questions, your Honor.

7 EXAMINER PRICE: Mr. O'Brien.

8 MR. O'BRIEN: A few questions, your
9 Honor.

10 - - -

11 CROSS-EXAMINATION

12 By Mr. O'Brien:

13 Q. Good after, Mr. Strah. I am Tom O'Brien,
14 and I represent the Ohio Hospital Association.

15 A. Good afternoon.

16 Q. I just have a very couple brief lines of
17 questioning, it being 10 minutes until 5:00, and
18 you've been on the stand a very long time.

19 Could I turn your attention to page 13 of
20 your testimony, please, and the discussion about the
21 Commission's Apples to Apples website.

22 A. Yes, I have it.

23 Q. Do you recall there was some discussion
24 of that earlier this afternoon?

25 A. Yes.

1 Q. I just want to make sure that your
2 testimony is clear, that that was based on basically
3 a view of the website and you did no further
4 investigation of the offers that any of the companies
5 that are, you know, listing products on the website
6 may be -- may be offering at any given time; is that
7 correct?

8 A. Yes.

9 Q. Okay. Turning then to -- so a line of --
10 a line of questions that were asked -- geez -- early
11 this morning by Mr. Mendoza, very early this morning,
12 you stated -- you indicated, and I believe the record
13 is clear at this point, that neither the term sheet
14 nor the PPA will be offered to the Commission for
15 approval. Do you recall that?

16 A. Yes.

17 Q. Do you know why it won't be offered to
18 the Commission for approval?

19 A. It's based on a review, to my knowledge,
20 by our legal organization.

21 Q. And that's the extent of your knowledge?

22 A. That's the extent of my knowledge.

23 Q. Okay. That's fine. Finally, regarding
24 the \$2 billion of benefit that the transaction is
25 going to provide to customers over the 15-year term,

1 would it be fair to say that that \$2 billion is a
2 corresponding liability to FES, all other things
3 being equal?

4 A. I don't -- I am not in the FES
5 organization, nor am I what I would call a power
6 plant expert. What I believe we have here, though,
7 is an agreement in which FES is comfortable with the
8 15-year horizon that's been articulated to be
9 involved in this agreement so I would not consider
10 that a liability. They've negotiated away some
11 longer-term opportunity for them to get some what I
12 would call a shorter-term opportunity.

13 Q. But that longer-term opportunity totals
14 \$2 billion over the term of the deal, doesn't it?

15 A. Well, it represents the value of rider
16 RRS, and that's why the companies felt it was -- it
17 was a good offer.

18 Q. So there's a -- some benefit to FES, but
19 at the end of the day, the 11.15 return that they are
20 going to be guaranteed would be greater in the
21 absence of the PPA, correct?

22 MR. LANG: Objection, your Honor.

23 EXAMINER PRICE: Grounds?

24 MR. LANG: Mischaracterizes the use of
25 the ROE agreement.

1 EXAMINER PRICE: Overruled.

2 THE WITNESS: May I have that question
3 read back, please.

4 EXAMINER PRICE: Please.

5 (Record read.)

6 A. I really don't know if I can comment on
7 it. What I can comment on is that FES found it
8 acceptable to them and favorable to them to enter
9 into the agreement.

10 MR. O'BRIEN: Thank you, your Honor.
11 That's all I have.

12 EXAMINER PRICE: Before I proceed to
13 Mr. Sauer, I just have two questions that nobody has
14 asked that I am curious about. Are you familiar with
15 the United States Environmental Protection Agency's
16 Clean Power Plan?

17 THE WITNESS: I am aware of it.

18 EXAMINER PRICE: You are aware of it.
19 And at the time you prepared your testimony in 2014,
20 had the USEPA issued its proposed rule?

21 THE WITNESS: I don't know.

22 EXAMINER PRICE: Okay. I think I know
23 the answer to this next question, but in formulating
24 your testimony as to the overall benefits of rider
25 RRS to customers, did you take into account the

1 proposed rule on the Clean Power Plan?

2 THE WITNESS: Yes, we did, as that was
3 factored into Mr. Rose's forecast.

4 EXAMINER PRICE: I am asking if you took
5 it into account in preparing your testimony beyond
6 that.

7 THE WITNESS: Not beyond that, sir.

8 EXAMINER PRICE: And are you familiar
9 with the final rule and how it may have differed from
10 the proposed rule?

11 THE WITNESS: I'm aware of it, but I
12 don't have a deep familiarity with it.

13 EXAMINER PRICE: And so you cannot
14 testify to how anything in your testimony may change
15 in light of the final rule issued by the USEPA?

16 THE WITNESS: If I may, sir, I would
17 suggest that you direct any of those questions to
18 Mr. Evans that is a witness on behalf of the company
19 in this case.

20 EXAMINER PRICE: I will, but I was just
21 curious as to the issues that you testified solely
22 that you are not aware of how that might be impacted
23 by the final rule in the USEPA.

24 THE WITNESS: It is my understanding that
25 it was -- and I have a global level of

1 understanding -- that it was anticipated in
2 Mr. Rose's forecast.

3 EXAMINER PRICE: Okay. Fair enough.
4 Thank you.

5 Mr. Sauer.

6 THE WITNESS: Thank you.

7 MR. SAUER: Thank you, your Honor.

8 - - -

9 CROSS-EXAMINATION

10 By Mr. Sauer:

11 Q. Good afternoon, Mr. Strah. My name is
12 Larry Sauer. I am an attorney with the Ohio
13 Consumers' Counsel.

14 A. Good afternoon.

15 Q. I just have a few questions for you here.
16 If you could turn to page 2, line 7 to 9 of your
17 testimony. And there you state that the economic
18 stability program "will provide stability for all of
19 the Companies' customers by conveying over \$2 billion
20 in potential credits over the term of the Program"?

21 A. Yes.

22 Q. Assume with me, then, instead of a credit
23 in any of the years, the rider RRS is actually a
24 charge, and in that case would customers still
25 receive -- would the benefit of the program still

1 provide customers with the stability that you are
2 touting in your testimony?

3 A. Yes. The customers will see stability
4 around certainty that will help protect them against
5 rate increases or price increases. That's one of the
6 primary reasons we're here proposing rider RRS.

7 Q. But, again there are no credits. It's a
8 charge. Their bills are going up every month
9 throughout the 15-year term as a result of rider RRS.
10 Would you still tout that there's stability in the
11 economic stability program?

12 MR. LANG: Objection, your Honor.

13 EXAMINER PRICE: Grounds?

14 MR. LANG: I believe that question was
15 just answered.

16 EXAMINER PRICE: Overruled.

17 THE WITNESS: Could I have the question
18 read back, please.

19 EXAMINER PRICE: You may.

20 THE WITNESS: Thank you.

21 (Record read.)

22 A. I'm still a little unclear on your
23 question. Are you asking me to assume that all 15
24 years are a charge?

25 Q. Yes.

1 A. Okay. Yes, there's still benefits to
2 customers. I find the assumption that would be a
3 charge every year extremely unlikely. Customers
4 would continue to benefit by our ability to deliver
5 reliable service to them along with the other
6 economic development benefits that would still be
7 contributing to Ohio's economy.

8 Q. But it wouldn't be stabilizing their
9 bills.

10 A. Reflecting on my previous answer, I can't
11 develop a scenario in my mind that a 15-year annual
12 charge would occur under rider RRS.

13 Q. On page 3, lines 9, you -- were talking
14 you about the delivery system. How do you define
15 "delivery system" as it's used in your testimony?

16 A. In my testimony I primarily speak of the
17 distribution delivery system that we have in each of
18 our three operating companies in Ohio.

19 MR. SAUER: Could I have that answer
20 reread, please.

21 EXAMINER PRICE: You may.

22 (Record read.)

23 Q. Earlier today there were discussions
24 regarding fuel diversity. Do you recall those
25 discussions?

1 A. Yes.

2 MR. SAUER: Could I approach, your Honor?

3 EXAMINER PRICE: You may.

4 MR. SAUER: I have a document I would
5 like to be marked as OCC Exhibit 2.

6 EXAMINER PRICE: It will be so marked.

7 (EXHIBIT MARKED FOR IDENTIFICATION.)

8 Q. Mr. Strah, have you seen this document
9 before? My understanding is this document was on the
10 PUCO website and is actually a bill insert for the
11 companies, so you may have seen it as an Ohio Edison
12 customer.

13 MR. LANG: Your Honor, there is now two
14 questions, I believe, pending. Perhaps Mr. Strah can
15 answer the first question first.

16 THE WITNESS: May I ask a question before
17 I get there? The handout that you gave me, is it two
18 pages or is it multiple of pages?

19 Q. It's a nine-page document.

20 A. Thank you.

21 Q. Did you get all nine?

22 A. I did. I'm sorry. I was initially
23 confused.

24 EXAMINER PRICE: Could I please have the
25 first question reread.

1 Why don't we start over.

2 Mr. Sauer, start over with your question
3 about this exhibit.

4 MR. SAUER: Sure.

5 Q. (By Mr. Sauer) I have just handed you a
6 nine-page document. The first page has
7 "Environmental Disclosure Information," and then the
8 second page provides "Environmental Disclosure -
9 Quarterly Comparison, Actual Data for the
10 Period" January 1, 2014, to September 30, 2014. And
11 then there's just a page with "FirstEnergy" at the
12 bottom of the page, and then there is another page
13 that has "Environmental Disclosure Information" and
14 then a page following that that has "Projected Data
15 for the 2014 Calendar Year," and then another page
16 that just has "FirstEnergy" at the bottom, and then
17 "Environmental Disclosure Information" on the seventh
18 page, with the eighth page having more data that's
19 "Projected Data for the 2015 Calendar Year." Do you
20 have all those documents?

21 A. Yes, I do.

22 Q. Okay. And are you familiar or have you
23 seen these documents before?

24 A. I recall seeing one of these. I just
25 don't remember which one, so I saw one of the reports

1 at one time, yes.

2 Q. Are these regularly issued environmental
3 disclosure information by the companies?

4 A. I don't know.

5 Q. And do you know if they are actually
6 provided to customers as bill inserts at various
7 times through the year or annually. I don't know
8 what the timeframe would be.

9 A. The one that I did see was intended to be
10 a bill insert, yes.

11 Q. Okay. And if you recall, of the three
12 documents which is the one you think you've seen
13 before?

14 A. I can't remember.

15 Q. Okay. Are you familiar with the
16 information that would be displayed on the second
17 page that has to do with the actual data for the
18 period January 1, 2014, to September 30, 2014?

19 A. I'm just not sure if I've seen this
20 before.

21 Q. I'll move on. I guess before I move on,
22 is there another witness in this proceeding that
23 might have more information regarding the
24 presentation that is provided on those various
25 environmental disclosure documents?

1 A. I don't know if this is certain, but I
2 would suggest Witness Mr. Evans on behalf of the
3 companies.

4 Q. Okay. But, again, you said you did see
5 one of these documents, and it was your understanding
6 it was to be a bill insert for presentation to
7 customers; is that your understanding?

8 A. The more I think back on the review, I
9 remember reviewing a draft of this document, of one
10 of these documents.

11 Q. For that purpose, though, as a bill
12 insert; is that what you were reviewing?

13 A. It was part of the discussion.

14 Q. Okay. Thank you. In your testimony you
15 had some discussion of Ms. Murley's analysis and her
16 \$1 billion impact that she opines on if the plants
17 would close. Is that your understanding or your
18 recollection?

19 A. Yes.

20 Q. And is it true that FirstEnergy Solutions
21 has closed other coal-fired plants in the FirstEnergy
22 territory?

23 A. Yes.

24 Q. For example, the Eastlake plant, did it
25 close?

1 A. Yes.

2 Q. And do you recall when that plant closed,
3 approximately?

4 A. I don't know for certain, but I would
5 estimate it was closed within the last four- to
6 five-year period.

7 Q. And was there a Lake Shore plant that was
8 also closed?

9 A. Yes.

10 Q. And do you know roughly how many
11 employees those plants employ?

12 A. No, I don't.

13 Q. Do you know if all the employees at those
14 plants lost their jobs?

15 A. No, I don't.

16 Q. Do you know if some of those employees
17 may have been offered jobs at other FirstEnergy
18 facilities?

19 THE WITNESS: Could you please read back
20 the question.

21 EXAMINER PRICE: Please.

22 THE WITNESS: I'm sorry, reread back.

23 (Record read.)

24 A. Yes, I believe there was for a number of
25 employees.

1 Q. And do you know if in Ms. Murley's
2 analysis if she assumes all the employees at
3 Davis-Besse and Sammis if those plans were closed
4 would all lose their jobs?

5 A. I don't know.

6 Q. Would it be your expectation if Sammis
7 and Davis-Besse would close, that the companies would
8 make efforts to find other employment for those
9 employees who might be displaced?

10 MR. LANG: Objection, your Honor.

11 EXAMINER PRICE: Grounds?

12 MR. LANG: Both to the extent he is
13 asking about the companies' making arrangements for
14 those other employees and also asking him to -- since
15 he is clearly a company officer, asking him to
16 speculate what FES might do.

17 EXAMINER PRICE: Sustained.

18 Q. Would it be your expectation that there
19 would be opportunities for employees at Davis-Besse
20 and Sammis if they were to close to find other
21 opportunities within the FirstEnergy system?

22 THE WITNESS: Could I have that question
23 reread, please.

24 EXAMINER PRICE: You may.

25 (Record read.)

1 A. No. I would find it unlikely.

2 Q. But if there were available positions
3 around the system due to retirements or other --
4 other attritions, reasons that would create openings,
5 those employees would have an opportunity, would they
6 not, to move into other positions?

7 MR. LANG: Objection, your Honor. Sorry.
8 He is too far into speculating as to what FES
9 positions might be available.

10 EXAMINER PRICE: Sustained.

11 Q. Mr. Strah, do you recall some questions
12 regarding the 2014 Annual Report?

13 A. Yes.

14 MR. SAUER: May I approach, your Honor?

15 EXAMINER PRICE: You may.

16 MR. SAUER: It's a large document. I
17 only have a few of them.

18 EXAMINER PRICE: We'll share.

19 MR. SAUER: Provide one to the court
20 reporter after.

21 Q. Mr. Strah, have you seen this document
22 before?

23 EXAMINER PRICE: Mr. Sauer, do you want
24 this marked, or are you just using it to refresh his
25 recollection?

1 MR. SAUER: Yes, I would like to have it
2 marked as OCC Exhibit 3, please.

3 EXAMINER PRICE: It will be so marked.
4 (EXHIBIT MARKED FOR IDENTIFICATION.)

5 MR. McNAMEE: What's it called?

6 MR. SAUER: The 2014 Annual Report.

7 MR. McNAMEE: Thank you.

8 Q. (By Mr. Sauer) Have you seen this
9 document before?

10 A. It appears to be our entire annual report
11 for FirstEnergy from 2014. I am assuming all the
12 pages are there.

13 Q. I can't manage there were any more.

14 EXAMINER PRICE: Let's go off the record.
15 (Discussion off the record.)

16 EXAMINER PRICE: Back on the record.

17 Q. (By Mr. Sauer) And, Mr. Strah, could you
18 turn to, I believe, page 8. Under the FirstEnergy
19 Corp. Executive Officers at the bottom, are you the
20 Steven E. Strah that's listed as senior vice
21 president and president of FirstEnergy utilities?

22 A. Yes.

23 Q. And do you hold a position as officer of
24 any other FirstEnergy subsidiaries?

25 A. Yes.

1 Q. And what are those officer positions that
2 you hold?

3 A. I don't have a comprehensive list in
4 front of me. There are -- they are numerous.

5 Q. Okay. And if you turn to page 58, at the
6 very top, are you part of management of FirstEnergy
7 that would be responsible -- take responsibility for
8 the integrity and objectivity of the information
9 reported in the annual report?

10 A. My organization supplies information in
11 support of this report. It's compiled and then
12 approved, so, yes, I -- I stand behind those parts
13 that are matters that pertain to my organization and
14 our corporation.

15 Q. Okay. Do you get involved in any way in
16 formally signing off on the release of this document?

17 A. No.

18 Q. On page 6 there is an Executive Summary
19 and about halfway down that page they discuss some of
20 FirstEnergy initiatives, and the third -- do you see
21 that, sir, the third bullet?

22 A. I am on page 6.

23 Q. Okay. There is a section that has some
24 bullets about halfway down, the third bullet of those
25 discussing Ohio -- the Ohio companies' ESP IV,

1 Powering Ohio's Progress. Do you see that?

2 A. I'm sorry, I am on the wrong page 6.

3 There's an upfront page 6.

4 Q. Yeah, this is under the Executive
5 Summary. They may start the numbering over. I don't
6 know how they did it.

7 A. Okay. I believe I have the proper page 6
8 at this time.

9 Q. Okay. Do you see the bullets kind of in
10 the middle of the page?

11 A. Yes.

12 Q. And the third bullet down discusses the
13 Ohio's Companies' ESP IV.

14 A. Yes.

15 Q. And is there any mention in that
16 description, four-line description, I guess, of what
17 is Powering Ohio's Progress, the \$2 billion benefit
18 that will potentially be coming back to customers as
19 a result of this program?

20 A. No. It's a four-line summary of a fairly
21 large undertaking.

22 Q. And if you go to page 114 -- are you
23 there, sir?

24 A. I am, yes.

25 Q. And this is a section with a heading

1 "Ohio" and then down under "Ohio," there is near the
2 bottom of that page a discussion of, "The Ohio
3 Companies filed an application with the PUCO on
4 August 4, 2014, seeking approval of their ESP IV
5 entitled Powering Ohio's Progress." Do you see that?

6 A. Yes.

7 Q. And there's a larger discussion of the
8 ESP IV provisions included there as well, isn't
9 there, first bullet saying, "Continuing a base
10 distribution rate freeze through May 31, 2019." Do
11 you see that?

12 A. Yes.

13 Q. "Continuing collection of lost
14 distribution revenues associated with energy
15 efficiency and peak demand reduction programs." Do
16 you see that?

17 A. Yes.

18 Q. Okay. And there's six other bullets with
19 various provisions in the program. Do you see that?

20 A. Yes.

21 Q. And one of them being "An Economic
22 Stability Program Providing for a retail rate
23 stability rider to flow through charges or credits
24 representing the net result of the costs paid to FES
25 through a proposed 15-year purchase power agreement

1 for the output of Sammis, Davis-Besse and FES's share
2 of OVEC against the revenues received from selling
3 the output into the PJM markets over the same
4 period." Do you see that?

5 A. Yes.

6 Q. And is there any quantification of the
7 benefits that might -- the potential credits that
8 might be coming through to customers as a result of
9 the program?

10 A. Not articulated in Bullet 4, as you've
11 read it.

12 Q. Okay. Is it anywhere else that you are
13 aware in the -- in the document?

14 MR. LANG: Objection, your Honor. The
15 document speaks for itself. Are we going to sit here
16 at this late hour to determine whether he is going to
17 read the whole document of over 100 pages?

18 EXAMINER PRICE: Sustained.

19 Q. If the -- if the rider RRS is not
20 approved and the companies' projections come true,
21 would that \$2 billion that you are proposing to come
22 back to customers, would that be eligible for
23 distribution dividends to shareholders?

24 A. I don't know.

25 EXAMINER PRICE: Mr. Sauer.

1 MR. SAUER: Yes.

2 EXAMINER PRICE: Let's go off the record.

3 (Discussion off the record.)

4 EXAMINER PRICE: Let's go back on the
5 record.

6 Q. (By Mr. Sauer) I will try and make this
7 quick. There were some questions today, I think from
8 the Bench, regarding whether there had been a
9 reliability analysis done to demonstrate the need for
10 Sammis or Davis-Besse. Do you recall those
11 questions?

12 THE WITNESS: I'm sorry, could you reread
13 that question.

14 (Record read.)

15 A. Yes.

16 Q. And the reliability analysis would have
17 been done by PJM, correct? The questions were
18 pertaining to an analysis that PJM would have done
19 relative to those plants?

20 A. I don't know.

21 Q. I think I've lost the context of your
22 Honor's questions earlier today. I know it's been a
23 long day. I think the questions were put to you and
24 you didn't know if there had been an analysis done.
25 I was trying to do a follow-up question, that if PJM

1 had done a reliability analysis, would you have been
2 in a position to know such an analysis for the
3 Davis-Besse and Sammis would have been done?

4 A. Yeah. I don't know.

5 Q. There was another question, it may have
6 been from the Bench also, asking whether the rider
7 RRS would be a generation or distribution charge, and
8 I thought -- I think you answered you didn't know.
9 Is there someone else testifying in this proceeding
10 that would know the answer to that question, whether
11 rider RRS would be a distribution charge or a
12 generation charge?

13 A. I view it as a rate stabilization rider.
14 Relative to your question, I would direct that -- I'm
15 not sure who I would direct that to.

16 Q. There were questions also or maybe one
17 question from Mr. Hayes, I believe, who had asked you
18 if you had asked Mr. Jones a question whether
19 Davis-Besse and Sammis were going to close. And you
20 said you hadn't asked that question. My follow-up to
21 that is has Mr. Jones told you that Sammis and/or
22 Davis-Besse would close if the ESP IV and/or rider
23 RRS is not approved by the Commission?

24 A. No. We've not had such a discussion.

25 Q. Before making a decision to close Sammis

1 or Davis-Besse, would there be an attempt -- an
2 attempt to sell those plants?

3 A. I don't know.

4 MR. SAUER: I have no further questions.

5 EXAMINER PRICE: Thank you.

6 Mr. McNamee.

7 MR. McNAMEE: Thank you. Can you hear
8 me? All right.

9 - - -

10 CROSS-EXAMINATION

11 By Mr. McNamee:

12 Q. Good afternoon.

13 A. Good afternoon.

14 Q. My name is Tom McNamee. We have not met
15 before. I only have a few questions for you.

16 One of the benefits of the plan that's
17 being presented for the Commission's consideration
18 here is that it offers a hedge to the customers of
19 the company, right?

20 A. Yes.

21 Q. Okay. You believe that it offers the
22 right amount of hedge to the customers of the
23 company, don't your?

24 A. Yes, I do.

25 Q. Why do you believe that?

1 A. I'm relying on the rider RRS itself.
2 When you examine a 15-year period with a \$2 billion
3 opportunity for our customers, I believe that is
4 appropriate. When you look at the generating assets
5 involved in the proposal, that appears to me, and it
6 was confirmed by the EDU team, to be sized right as
7 the opportunity set beyond the other benefits that
8 customers will receive that I've articulated in my
9 testimony.

10 Q. Why is it sized right from the
11 perspective of the customers?

12 A. The end result of the agreement will
13 represent \$2 million of credits flowing to them over
14 a 15-year period. I think that constitutes a very
15 good deal for customers.

16 Q. If -- if the amount of the hedge were
17 larger, wouldn't the benefits be larger as well?

18 A. Well, it's my understanding that
19 Mr. Ruberto factored that into the EDU team review of
20 the opportunity.

21 Q. So Mr. Ruberto would be the one to ask
22 these questions to, really.

23 A. Yes, sir.

24 Q. Okay. That's fine. Thank you.

25 And also if I were interested in asking

1 questions about why Davis-Besse is included and not
2 Perry or why not both of them, those questions would
3 best be directed to Mr. Ruberto as well?

4 A. Yes, yes.

5 Q. Okay. That may be it. Let me look. Oh,
6 if one were -- if a customer were concerned about the
7 risk of electricity prices rising in the future, it
8 would be possible to purchase energy futures as a way
9 to try to ameliorate that concern or reduce that
10 concern; isn't that true?

11 A. I don't know. I am not really conversant
12 or familiar with energy futures.

13 MR. McNAMEE: Fair enough. Almost there.
14 No more questions. Thank you.

15 THE WITNESS: Thank you, sir.

16 EXAMINER PRICE: Redirect?

17 MR. LANG: Your Honor, there has been
18 circling around behind me. If we could have three
19 minutes, I think we are looking at one or two tops.
20 It's just whether we will go forward with those.

21 EXAMINER PRICE: Go ahead. Let's go off
22 the record.

23 (Discussion off the record.)

24 EXAMINER PRICE: Let's go back on the
25 record.

1 Redirect?

2 MR. LANG: No redirect from the
3 companies, your Honor.

4 EXAMINER PRICE: Thank you. With that,
5 we are adjourned. We will take up admission of the
6 exhibits tomorrow.

7 Mr. Strah, you are excused. Thank you
8 very much.

9 THE WITNESS: Thank you, sir.

10 EXAMINER PRICE: We are adjourned until
11 9:00 o'clock tomorrow.

12 (Thereupon, the hearing was adjourned at
13 5:39 p.m.)

14 - - -

15

16

17

18

19

20

21

22

23

24

25

1 CERTIFICATE

2 I do hereby certify that the foregoing is
3 a true and correct transcript of the proceedings
4 taken by me in this matter on Thursday, September 3,
5 2015, and carefully compared with my original
6 stenographic notes.

7
8
9
10 _____
11 Karen Sue Gibson, Registered
12 Merit Reporter.

13 (KSG-6088)

14 - - -
15
16
17
18
19
20
21
22
23
24
25

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

9/18/2015 2:45:09 PM

in

Case No(s). 14-1297-EL-SSO

Summary: Transcript In the Matter of the application of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company hearing held on 09/03/15 - Volume IV electronically filed by Mr. Ken Spencer on behalf of Armstrong & Okey, Inc. and Gibson, Karen Sue Mrs.