

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

- - -

In the Matter of the :
Application Seeking :
Approval of Ohio Power :
Company's Proposal to : Case No. 14-1693-EL-RDR
Enter into an Affiliate :
Power Purchase Agreement :
for Inclusion in the Power:
Purchase Agreement Rider. :

In the Matter of the :
Application of Ohio Power :
Company for Approval of : Case No. 14-1694-EL-AAM
Certain Accounting :
Authority. :

- - -

PROCEEDINGS

before Ms. Greta See and Ms. Sarah Parrot, Attorney
Examiners, at the Public Utilities Commission of
Ohio, 180 East Broad Street, Room 11-D, Columbus,
Ohio, called at 9:00 a.m. on Thursday, October 1,
2015.

- - -

VOLUME IV

REDACTED PUBLIC VERSION

- - -

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

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

- - -

1 APPEARANCES:

2 American Electric Power
3 By Mr. Steven T. Nourse
4 Mr. Matthew J. Satterwhite
5 and Mr. Matthew S. McKenzie
6 1 Riverside Plaza, 29th Floor
7 Columbus, Ohio 43215

8 Porter, Wright, Morris & Arthur LLP
9 By Mr. Daniel R. Conway
10 41 South High Street
11 Columbus, Ohio 43215

12 Ice Miller
13 By Mr. Christopher Miller
14 250 West Street
15 Columbus, Ohio 43215

16 On behalf of the Ohio Power Company.

17 McNees, Wallace & Nurick LLC
18 By Mr. Frank P. Darr
19 and Mr. Matthew R. Pritchard
20 21 East State Street, 17th Floor
21 Columbus, Ohio 43215

22 On behalf of the Industrial Energy Users
23 of Ohio.

24 Vorys, Sater, Seymour & Pease, LLP
25 By Mr. M. Howard Petricoff
Ms. Gretchen Petrucci
Mr. Stephen M. Howard
and Mr. Michael J. Settineri
52 East Gay Street
Columbus, Ohio 43215

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

1 APPEARANCES: (Continued)

2 Carpenter Lipps & Leland LLP
3 By Mr. Joel E. Sechler
4 280 North High Street, Suite 1300
5 Columbus, Ohio 43215

6 On behalf of EnerNOC, Inc.

7 Kravitz, Brown & Dortch, LLC
8 By Mr. Michael D. Dortch
9 Mr. Justin M. Dortch
10 and Mr. Richard R. Parsons
11 65 East State Street, Suite 200
12 Columbus, Ohio 43215

13 On behalf of Dynegy, Inc.

14 Ohio Environmental Council
15 By Mr. Trent A. Dougherty
16 1145 Chesapeake Avenue, Suite I
17 Columbus, Ohio 43212

18 On behalf of the Ohio Environmental
19 Council and the Environmental Defense
20 Fund.

21 Taft, Stettinius & Hollister LLP
22 By Mr. Mark S. Yurick
23 and Ms. Celia Kilgard
24 65 East State Street, Suite 1000
25 Columbus, Ohio 43215

On behalf of The Kroger 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 Sierra Club Environmental Law Program
3 Ms. Kristin Henry
4 85 Second Street, 2nd Floor
5 San Francisco, California 94105

6 Olson, Bzdok & Howard
7 By Mr. Christopher M. Bzdok
8 420 East Front Street
9 Traverse City, Michigan 49686

10 Earthjustice
11 By Mr. Shannon Fisk
12 Northeast Office
13 1617 John F. Kennedy Boulevard, Suite 1675
14 Philadelphia, Pennsylvania 19103

15 On behalf of the Sierra Club.

16 Carpenter Lipps & Leland LLP
17 By Ms. Kimberly W. Bojko
18 and Ms. Danielle Ghiloni
19 280 North High Street, Suite 1300
20 Columbus, Ohio 43215

21 On behalf of the Ohio Manufacturers'
22 Association Energy Group.

23 Spilman, Thomas & Battle, PLLC
24 By Mr. Derrick Price Williamson
25 1100 Bent Creek Boulevard, Suite 101
Mechanicsburg, Pennsylvania 17050

Spilman, Thomas & Battle, PLLC
By Ms. Carrie Harris
310 First Street, Suite 1100
Roanoke, Virginia 24011

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

IGS Energy
By Mr. Joseph Oliker
6100 Emerald Parkway
Dublin, Ohio 43016

On behalf of IGS Energy.

1 APPEARANCES: (Continued)

2 Boehm, Kurtz & Lowry
3 By Mr. Michael L. Kurtz
36 East Seventh Street, Suite 1510
4 Cincinnati, Ohio 45202

5 On behalf of the Ohio Energy Group.

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

8 Environmental Law & Policy Center
9 By Mr. Justin M. Vickers
35 East Wacker Drive Suite 1600
Chicago, Illinois 60601

10 On behalf of the Environmental Law &
11 Policy Center.

12 Ohio Poverty Law Center
13 By Mr. Michael R. Smalz
555 Buttles Avenue
Columbus, Ohio 43215

14 On behalf of the Appalachian Peace and
15 Justice Network.

16 FirstEnergy Corp.
17 By Mr. Mark Hayden
and Mr. Scott J. Casto
76 South Main Street
18 Akron, Ohio 44308

19 On behalf of the FirstEnergy Solutions
20 Corp.

21 Direct Energy
22 By Ms. Jennifer L. Spinosi
21 East State Street, 19th Floor
Columbus, Ohio 43215

23 On behalf of Direct Energy Business, LLC,
24 and Direct Energy Services, LLC.
25

1 APPEARANCES: (Continued)

2 Bruce J. Weston, Ohio Consumers' Counsel
3 By Mr. William J. Michael
4 Mr. Kevin F. Moore
5 and Ms. Jodi Bair,
6 Assistant Consumers' Counsel
7 10 West Broad Street, Suite 1800
8 Columbus, Ohio 43215-3485

9 Bricker & Eckler, LLP
10 By Mr. Dane Stinson
11 100 South Third Street
12 Columbus, Ohio 43215-4291

13 On behalf of the Residential Consumers of
14 the Ohio Power Company.

15 Mr. Richard L. Sites
16 155 East Broad Street
17 Columbus, Ohio 43215

18 Bricker & Eckler, LLP
19 By Mr. Thomas J. O'Brien
20 100 South Third Street
21 Columbus, Ohio 43215-4291

22 On behalf of the Ohio Hospital
23 Association.

24 Thompson Hine
25 By Mr. Michael Austin
41 South High Street, Suite 700
Columbus, Ohio 43215

On behalf of Buckeye Power.

Mike DeWine, Ohio Attorney General
By Mr. William L. Wright,
Section Chief
Mr. Steven L. Beeler
and Mr. Werner L. Margard, III,
Assistant Attorneys General
Public Utilities Section
180 East Broad Street, 6th Floor
Columbus, Ohio 43215

On behalf of the Staff of the PUCO.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

(REDACTED PORTION.)

EXAMINER PARROT: Ms. Henry.

- - -

FURTHER CROSS-EXAMINATION

By Ms. Henry:

Q. Good afternoon, Mr. McManus.

1 A. Good afternoon.

2 Q. So much has changed since we spoke
3 earlier.

4 A. It has. Are you as excited about the
5 ozone standard as we are?

6 (Laughter.)

7 Q. You know, I love lame duck Obama; do you?

8 A. Pardon?

9 Q. I love lame duck Obama; do you?
10 I was just figuring out what exhibit
11 number we're up to. I am going to introduce Sierra
12 Club Exhibit 14 Confidential. I'm glad to know that
13 you still have a sense of humor.

14 MS. HENRY: So I would like to mark as
15 Confidential Sierra Club Exhibit 14 a copy of
16 AEP Ohio's supplemental response to Sierra Club
17 interrogatory 2-52 and a Supplemental Confidential
18 Attachment 1-CCR Costs.

19 EXAMINER PARROT: So marked.

20 (EXHIBIT MARKED FOR IDENTIFICATION.)

21 MS. HENRY: May I approach?

22 EXAMINER PARROT: You may.

23 Q. So please refer, sir -- do you want a
24 second, Mr. McManus?

25 A. Okay.

1 Q. So please refer to Sierra Club
2 interrogatory 2-52 Supplement and the supplemental
3 confidential attachments. So the initial response to
4 this interrogatory was that there were no studies or
5 analyses that exist.

6 Sorry, let me step back for a second.

7 Is it correct that the request asked
8 AEP Ohio to "Identify all studies, analyses, or other
9 documents estimating the capital, fixed O&M, and
10 variable O&M costs for the coal units to comply with
11 the CCR Rule"; is that correct?

12 A. That's what it has in item B, yes.

13 Q. Okay. And then in the initial response
14 that was provided by the company does it state that
15 no such study exists?

16 A. Yes.

17 Q. And then AEP Ohio supplemented its
18 response on September 24th, 2015, correct?

19 A. That's correct.

20 Q. Okay. So can we assume that these
21 studies were created between the initial response and
22 the supplemental response?

23 A. No, I wouldn't assume that.

24 Q. What?

25 A. I would not assume that.

1132

1 Q. Okay. Do you know when they were done,
2 sir?

3 A. There are dates on some of the documents
4 that provide that indication. And the dates vary.

5 Q. So for the PowerPoint presentation, that
6 was from 2013, correct?

7 A. That's correct.

8 Q. Okay. So was -- can you refresh my
9 memory, was the CCR rule finalized in 2013?

10 A. No, it was not.

11 Q. So this is based on the -- this is based
12 on the proposal, on the proposal CCR.

13 A. Yeah. Which documents specifically are
14 you referring to?

15 Q. Well, you said there was a date, correct,
16 and there's a PowerPoint presentation which is
17 entitled "Kyger Creek CCR and ELG Projects." Do you
18 see that, sir?

19 A. Yes.

20 Q. And the date on that is what, sir?

21 A. November 7th, 2013.

22 Q. Okay. And was -- my question was, was
23 the CCR rule and/or the ELG rule finalized by that
24 date?

25 A. No, they were not.

1 Q. So this is based on the proposed -- so
2 this cost projection I'm assuming is based on the
3 proposed rule, sir?

4 A. Yes, it would be.

5 Q. Okay. Just give me one second.

6 Okay. Now, in your testimony you
7 identified the CCR rule could have a potential impact
8 on the Kyger Creek units, the Stuart units, and the
9 Cardinal units, correct? And I can refer you to your
10 direct testimony on page 8, lines 11 through 13. Is
11 that correct?

12 A. That's correct.

13 Q. Okay. And this supplemental confidential
14 attachment, it provides an analysis that discusses I
15 believe Cardinal, Kyger Creek, and Conesville; am I
16 correct?

17 A. Can you point to a specific place?

18 Q. Sure. Well, if I look on the very first
19 page of the supplement, I believe it lists the
20 facilities that are included in this document, if I'm
21 correct, and I believe it lists pages 2 through 7,
22 cover civil engineering department; 8 through 9 says
23 Mitchell dry ash fly ash conversion; page 10, Amos
24 unit dry ash conversion; page 12, Cardinal landfill
25 options file; pages 13 through 22, Kyger Creek

1 CCR/ELG, correct?

2 A. Yes.

3 Q. So this first document would cover
4 Cardinal and Kyger Creek if I'm understanding this
5 correct.

6 A. What the document provides -- this came
7 out of the deposition that I had and the discussion
8 of, you know, what information we might have, and
9 recognize that, you know, we may not have interpreted
10 exactly what was being asked for in this case,
11 compliance with the CCR rule when it's a proposed
12 rule, we said no studies exist.

13 And also in the process that we used and
14 I described earlier with environmental engineering
15 projects, we don't always necessarily produce what
16 you would call a bound study. We look at things, we
17 may provide documents like this, we may draw on our
18 experience at implementing projects at other plants
19 that may be needed for the CCR rule or the ELG rule.

20 So the document here related to Mitchell
21 and to Amos dry fly ash conversion. Those were
22 projects that we actually implemented and so having
23 that experience is useful and formed what may be
24 needed at Cardinal for dry fly ash conversion.
25 That's why this set of documents was put together.

1 It kind of informs, you know, how we came up with
2 cost estimates for the proposed rules at the units
3 that we thought would be affected by different
4 aspects based in part on our experience in
5 implementing similar projects at other AEP units.

6 Q. So I just want to explain, we're
7 trying -- as the Sierra Club, we're just trying to
8 make sure that the costs that were presented by
9 Mr. Thomas are reflective of the compliance project
10 that you said are required and we're trying to make
11 sure that everything -- that the cost assumptions are
12 reasonable. So I'm just trying to track everything
13 to their source documents and see what we have in the
14 record. Is that okay with you, sir?

15 A. Yeah. I understand.

16 Q. Okay. So my question to you was, this
17 document covers, if I'm reading it correctly, Kyger
18 Creek and Cardinal, correct?

19 A. Again, it has information in it that may
20 be relevant to others. So the first document is
21 bottom ash pond complex retrofit, and it talks about
22 how you might reline a bottom ash pond. So we do
23 have bottom ash pond reline projects in our listed
24 projects that would be relevant to those projects.
25 We do have Cardinal fly ash conversion that would be

1136

1 relevant to that based on our experience at Mitchell
2 and Amos. And, you know, for Kyger Creek we have
3 relevant experience for both fly ash conversion,
4 wastewater treatment that would be relevant to what
5 Kyger might have to do under in this case the CCR and
6 the ELG rule.

7 Q. Can you point to any analyses about the
8 Stuart facility and then analysis of what's going to
9 be required there and how those cost estimates were
10 derived?

11 A. For the Stuart facility?

12 Q. Yes, sir.

13 A. No. I indicated before, Dayton Power and
14 Light prepares those analyses, they share their
15 process and oversight process that the owners have
16 and so we have information on their budgetary
17 estimates, but they develop.

18 Q. And if I remember correctly from your
19 deposition, when we showed you the estimates, you
20 said that you had just seen those estimates for the
21 first time the week of your deposition, correct?

22 A. Yes.

23 Q. Okay. So there's no documentation in the
24 record of what's the basis for those estimates,
25 correct?

1137

1 A. That seems to be correct. You can talk
2 to Mr. Thomas about that process and how the
3 information is shared and then what we do to review
4 it; he's more familiar with the ownership process.

5 Q. Okay. Thanks.

6 Now let's refer to the PowerPoint --
7 okay. So let's take -- if you look at the document
8 that I just handed you, which is Sierra Club Exhibit
9 14, and you go to page 4 of the first attachment.
10 Are you there, sir?

11 A. The page numbered 4 of 22; is that what
12 you're referring to?

13 Q. Yes, sir.

14 A. Okay. I wanted to make sure I'm on the
15 right page.

16 Q. Yeah. And then it looks like there's a
17 total cost to reline the Conesville pond. Do you see
18 that?

19 A. Yes.

20 Q. What's the estimate there, sir?

21 A. Appears to be [REDACTED].

22 Q. Now let's go back to confidential Sierra
23 Club Exhibit 7.

24 A. Okay.

25 Q. And what is the estimate there?

1138

1 A. So we're on the long spreadsheet on the
2 exhibit for Conesville Plant?

3 Q. Uh-huh.

4 A. And there is a line there for Conesville
5 units 5-6 bottom ash pond relining that looks to be
6 [REDACTED] and there's a line for Conesville 4,
7 bottom ash pond relining, it looks to be [REDACTED].
8 So [REDACTED].

9 Q. Now, this is -- now, that's for
10 Conesville. Now, this is just a table that was
11 created. Do you see -- where's the analysis for the
12 Conesville estimate? Because if you look on the
13 cover page, it talks about how they're going to look
14 at these certain facilities, but then when you get
15 into it -- do you know how those numbers are derived?

16 A. I don't know specifically how they're
17 derived. I didn't prepare these documents. These
18 are prepared by either our engineering department or
19 our projects department. But the bottom, bottom ash
20 pond complex retrofit as I understand it is intended
21 to explain what's involved in retrofitting the bottom
22 ash pond, relining it, in a general sense and then
23 that information and that knowledge would be used on
24 a plant-by-plant basis looking at each specific
25 bottom ash pond, the size of that pond, and what

1 might be involved in retrofitting.

2 So applying the general knowledge that
3 engineering has on how to execute it to specific
4 plant and pond with the size of that pond and then
5 deriving a cost associated with this.

6 Q. Do I see any analysis for if groundwater
7 contamination is found and how we would address that?

8 A. No. And we discussed this morning, we
9 did not have that because we're early in the stage of
10 the whole groundwater monitoring process.

11 Q. So those costs aren't reflected in Sierra
12 Club Confidential Exhibit 7, correct?

13 A. We don't know if there will be any costs.

14 Q. Okay. Let's go to --

15 MS. HENRY: I'd like to mark as Sierra
16 Club Exhibit 15, which is a copy of AEP Ohio's
17 response to OCC -- no. No. Sorry.

18 AEP Ohio's supplemental response to
19 Sierra Club interrogatory 2-53 and supplemental
20 confidential Attachment 1-CCR Costs.

21 EXAMINER PARROT: So marked.

22 MR. SATTERWHITE: We're marking that as
23 confidential in the name, right?

24 EXAMINER PARROT: Yes.

25 MR. SATTERWHITE: Thank you.

1140

1 MS. HENRY: Confidential Sierra Club
2 Exhibit 15, is that acceptable?

3 MR. SATTERWHITE: Great.

4 (EXHIBIT MARKED FOR IDENTIFICATION.)

5 Q. Okay, so --

6 MR. SATTERWHITE: Can I ask a question
7 first? Did you say whether this is an excerpt or --

8 MS. HENRY: Yeah, I actually think I
9 haven't quite introduced it quite yet. Is that okay?

10 MR. SATTERWHITE: Yes.

11 MS. HENRY: Sorry. So I just marked as
12 Confidential Sierra Club Exhibit 15 a copy of
13 AEP Ohio's supplemental response to Sierra Club
14 interrogatory 2-53 and Supplement Attachment 1-CCR
15 costs and of the attachment, the attachment was 147
16 pages and I just produced the first 19 pages of it.

17 Q. Can you please refer to the initial
18 response to this interrogatory, Mr. McManus.

19 A. Okay.

20 Q. And is it correct that we asked AEP Ohio
21 to identify all studies, analyses and other documents
22 estimating the capital, fixed O&M, variable costs
23 associated with the Cardinal and the Stuart units'
24 compliance with the proposed ELG rule, correct?

25 A. That's correct.

1 Q. And then when we got the initial
2 response, the response was: "No such studies are
3 available"; is that correct?

4 A. That's correct.

5 Q. Okay. And then AEP Ohio supplemented its
6 responses on September 24th, 2015, after your
7 deposition, correct?

8 A. That's correct.

9 Q. Okay. And this is what was provided to
10 us after your deposition?

11 A. Yes.

12 Q. So did you pull this document as
13 responsive?

14 A. After the deposition when we had the
15 conversation about the specific data requests and how
16 we responded and realized -- and better realized what
17 was being asked compared to how we initially
18 responded, I got together with the representatives
19 from our projects organization and our engineering
20 organization to talk about, with this better
21 understanding, what type of information can we
22 provide. That I think was the day after the
23 deposition.

24 So I was involved with the initial
25 discussion on what type of information we should try

1142

1 and look for and provide in the supplement.

2 Q. So if we look at the first attachment,
3 it's involving Kyger Creek; is that correct? Again,
4 if you look at it, it kind of runs through the
5 facilities on the first page, is that correct, sir?

6 A. Which page number? That would help.

7 Q. One of 172.

8 A. Okay. And so -- and you're asking about
9 the first item listed there?

10 Q. So you identified certain plants that
11 would have to comply with the ELG rule; is that
12 correct?

13 A. Yes.

14 Q. And I'm asking you of those PPA units, of
15 the PPA units how many does this analysis on the
16 cover page say that it covers? Of the PPA units.

17 A. On page 1.

18 Q. Of 172. And I believe it lists -- it
19 appears to be the table of contents. I'm assuming
20 these are your documents; you use these all the time?
21 This is something you're familiar with.

22 A. These are documents prepared by our
23 projects organization so I'm familiar, again, with
24 the process that we use, environmental engineering
25 projects to understand requirements, identify

1 technologies, develop costs. This is what I expect
2 to see the projects organization to be preparing as
3 they're looking at technologies which might be
4 applicable under a rule, in this case the ELG rule.

5 Q. Okay.

6 A. But if -- okay. Go ahead.

7 Q. Am I wrong, this is not a table of
8 contents of the facilities that are looked at?

9 A. The table of contents refers to the
10 documents that are attached and so the first one
11 which you see there is Flint Creek --

12 Q. Yes.

13 A. -- leachate. Flint Creek plant is in
14 Arkansas.

15 Q. Correct.

16 A. So our projects organization developed a
17 project to do a leachate treatment system at the
18 Flint Creek plant. So we had that information, we
19 had that knowledge. When we look at the ELG rule,
20 there may be a need for leachate treatment systems in
21 the ELG rule so we can use the experience at Flint
22 Creek to help inform and develop cost estimates for
23 plants that may have to put leachate treatment in
24 because of the ELG rule, in this case, you know, some
25 of the plants in this proceeding.

1 Q. I guess my question, let me be more
2 direct, do you see any analyses -- I mean, does this
3 table of content indicate there would be any analyses
4 for the Stuart or Zimmer plants?

5 A. No.

6 Q. Let's turn to -- you also provided a
7 PowerPoint presentation which we were looking at
8 earlier. Do you remember that? It's attached to
9 this one as well. The one that was produced and
10 covered Kyger Creek.

11 A. Yes.

12 Q. Okay. I guess the -- oh, so it's labeled
13 through 172 but I'm assuming each is a separate
14 document. Is that how it's done? They don't seem to
15 flow together; is that correct?

16 MR. SATTERWHITE: Would you like me to
17 clarify how we put it together? Would that help?

18 MS. HENRY: Well, I mean, Mr. McManus
19 produced it. I assume Mr. McManus could describe it.

20 MR. SATTERWHITE: I think he's told you
21 but you seemed confused so I wanted to offer since I
22 helped put this together and send it, how it was put
23 together, I offered.

24 MS. HENRY: I'll let Mr. McManus answer.

25 MR. SATTERWHITE: Okay.

1 A. So what was the question again?

2 Q. I mean, is this just a compilation of
3 various documents? Is that what this is? I mean,
4 because there's a PowerPoint presentation kind of
5 stuck in the middle and then it kind of goes to
6 another page. Is this just a compilation of various
7 documents that you put together?

8 A. That's essentially what it is. And the
9 cover page provides sort of that guide, what pages
10 relate to what specific executive summary,
11 presentation, matrix, and so if you look at the page
12 numbers on the cover page, match them with the page
13 numbers in the top right corner, then you can
14 distinguish one document from another.

15 Q. Okay. Let's go to page 18 of 172.

16 A. Okay.

17 Q. Do you see there's at the bottom, there's
18 a thing -- there's -- it says "Assumptions" and then
19 there's a list for different assumptions? Do you see
20 that, sir?

21 A. Yes, I do.

22 Q. And then does say that for the ELG and
23 assumes that option 4a is -- that the estimates are
24 based on option 4a; is that correct?

25 A. Yes, that's what it says.

1 Q. And option 4a was more lenient than
2 option 4 which the final rule selected, correct?

3 A. Again, as I said this morning, I'm not
4 sure that level of detail on the ELG rule, it just
5 came out yesterday afternoon or mid-day yesterday.
6 But I also indicated that, you know, this information
7 on this page has a September 2013 date on it, was
8 prepared, we had to make certain assumptions when you
9 look at an EPA rule when you have eight options on
10 in, we picked one option. Now that we have a final
11 rule we'll go back and we'll look at what the final
12 rule may require compared to the proposed rule. Are
13 there adjustments that need to be made here or are
14 the projects -- account type of work we identified
15 going to be consistent with the final rule. So we
16 still have to do that step now that we have a final
17 rule.

18 Q. So my question is, assuming that option 4
19 is more stringent than option 4a, would you suspect
20 that the costs in this would go up? Reasonably.

21 A. I don't know because we'll have to look
22 at the final rule requirements. Does it actually
23 require additional work that wasn't in here or could
24 the systems that we were anticipating also meet the
25 requirements of the final rule. We'd still need to

1 do that evaluation.

2 Q. But, generally speaking, if a rule is
3 more stringent then you assumed it would be, it
4 usually leads to more compliance costs, correct?

5 A. I can't say that. And, again, you've
6 said the rule's more stringent. I don't know,
7 because we haven't had the opportunity to do that
8 complete evaluation yet.

9 MS. HENRY: That's all the questions I
10 have.

11 EXAMINER PARROT: Ms. Ghiloni.

12 MS. GHILONI: Yes.

13 - - -

14 FURTHER CROSS-EXAMINATION

15 By Ms. Ghiloni:

16 Q. I just have a few questions, Mr. McManus.
17 If you'll look at Sierra Exhibit No. 7, that was the
18 chart.

19 A. All right.

20 Q. I'm actually going to point you to the
21 chart with the OVEC title.

22 A. Okay.

23 Q. Says "Future Major Environmental
24 Projects." Okay, so I'm looking specifically for the
25 major projects at the Clifty Creek unit, okay, and it

1148

1 looks like on this chart that the Clifty Creek unit
2 is included in three projects, correct? The landfill
3 expansion, the 316(b) compliance, and the other
4 ELG/CCR compliance; is that correct?

5 A. Yes. And there's two projects in that
6 last category for Clifty Creek.

7 Q. Exactly. So four projects, three of the
8 areas, correct?

9 A. Yes.

10 Q. And the total values for those projects,
11 do you have a calculator?

12 A. I do not.

13 MS. HENRY: Mr. Olikier does.

14 MR. OLIER: I do.

15 MS. HENRY: I can hand it.

16 MR. OLIER: You never know when you're
17 going to need it.

18 EXAMINER PARROT: Thank you.

19 MS. GHILONI: Thank you.

20 A. I'm not sure I recognize this. It
21 doesn't come with a phone.

22 (Laughter.)

23 Q. (By Ms. Ghiloni) So under the landfill
24 expansion section, so under that project, the total
25 amount for that project is [REDACTED]; is that

1149

1 correct?

2 A. Yes.

3 Q. Okay. And the projects related to
4 compliance with the 316(b) rule will total
5 [REDACTED]; is that accurate?

6 A. That looks to be correct.

7 Q. And then the final two projects together,
8 those total [REDACTED], correct?

9 A. Let me try that again. I'm rusty on this
10 type of calculator.

11 Q. That's okay. I did it twice as well.

12 A. [REDACTED], is that what you got?

13 Q. Yes.

14 A. Yes.

15 Q. So when you add those all together,
16 [REDACTED], [REDACTED], [REDACTED], the total
17 amount of the projects for Clifty Creek totaled
18 [REDACTED]; is that correct?

19 A. Yes.

20 Q. And that unit is located in Indiana; is
21 that correct?

22 A. That's correct.

23 MS. GHILONI: I have no further
24 questions. Thank you.

25 EXAMINER PARROT: Thank you, Ms. Ghiloni.

1150

1 Ms. Bair.

2 MS. BAIR: Thank you.

3 - - -

4 FURTHER CROSS-EXAMINATION

5 By Ms. Bair:

6 Q. On Sierra Club Exhibit 7 -- well, I guess
7 I can just ask in general, for environmental
8 compliance the projected budget by Mr. Thomas, did
9 those costs include O&M?

10 A. It's my understanding that both of these
11 tables represent capital costs.

12 Q. Okay. So no O&M associated with the
13 projects have been estimated at all?

14 A. I don't know that.

15 Q. Could you please look at Sierra Club
16 Exhibit 7 Confidential. And it is my understanding
17 that the company's response No. 4 on the bottom of
18 the page says that O&M costs associated with the
19 projects have not been estimated. It's on page 1.

20 A. That's what it indicates.

21 MS. BAIR: Thank you.

22 That's all I have.

23 EXAMINER PARROT: Thank you.

24 Mr. Olikar?

25 MR. OLICKER: Yes, just briefly.

1 FURTHER CROSS-EXAMINATION

2 By Mr. Olier:

3 Q. Look at Exhibit 14C, please, and on page
4 5.

5 A. Which one is that again?

6 Q. This is the response to interrogatory
7 2-052.

8 A. Okay.

9 Q. And what I'm referring to is the page
10 that says Kyger Creek CCR and ELG projects.

11 A. Is that 13 of 22?

12 Q. It's page 17 of 22.

13 A. Within that --

14 Q. Within that, yes.

15 A. -- document.

16 Q. Yes. And specifically it also says
17 "Probabilistic Risk Analysis Summary." Let me know
18 when you're there.

19 A. Okay. I have that.

20 Q. Now, am I correct that the percentiles
21 here that you've listed on the right column starting
22 at [REDACTED] to [REDACTED], that shows the way the total
23 project costs can vary from a [REDACTED] to
24 [REDACTED]?

25 A. I don't really know. Again, I didn't

1 prepare this document; the projects group prepared
2 it.

3 Q. Okay.

4 A. And I don't really know what this is
5 supposed to represent.

6 Q. Do you typically -- this document was
7 created by American Electric Power, correct?

8 A. Yes.

9 Q. And do you typically look at estimates
10 for the costs of completing a particular
11 environmental project?

12 A. That's what the projects group would do.

13 Q. But like, say, this column on the right,
14 or this type of presentation, is this something
15 you've seen before?

16 A. No.

17 Q. No?

18 Does American Electric Power typically do
19 an estimate of the costs within a range like we're
20 seeing in document number -- or page 5 here?

21 MR. SATTERWHITE: I'm sorry. What page 5
22 are you referring to?

23 MR. OLKER: 14C, it's really 17 of 22.

24 MR. SATTERWHITE: Seventeen of 22. I
25 wanted to make sure. Thank you.

1 A. I don't know if our projects organization
2 typically prepares this type of document. I don't
3 see it's showing a range. I'm really not sure what
4 these numbers represent.

5 Q. Okay. I guess that's what I'm trying to
6 understand is, is there usually an analysis like
7 we're seeing on page 5 done for a project for AEP?

8 A. Again, I don't know. I've not seen this
9 type of presentation before. Our projects
10 organization, they prepare cost estimates, they put,
11 you know, uncertainty ranges around them, I guess I'd
12 call it that. As they get better and better
13 information, then they can narrow that uncertainty
14 and provide a more accurate cost estimate. Sometimes
15 that may result in costs going up, sometimes it may
16 result in costs going down as they get better
17 information and they can improve the accuracy of the
18 estimate.

19 Q. Okay. But if we look at this estimate,
20 is it safe to say that there is a lot higher, if we
21 were to look at bands for whether it's going to be
22 less or more, the band is much higher on the ability
23 for the project to cost more than projected.

24 A. I can't say that because I don't actually
25 understand what they're presenting here.

1154

1 MR. OLIKER: Okay. No more questions,
2 your Honor.

3 Thank you, Mr. McManus.

4 EXAMINER PARROT: Ms. Fleisher.

5 MS. FLEISHER: Thank you, your Honor.

6 - - -

7 FURTHER CROSS-EXAMINATION

8 By Ms. Fleisher:

9 Q. Mr. McManus, if you can look at Sierra
10 Club Exhibit 7 and the legal size piece of paper. If
11 you can look back, I think I before had you look at
12 the listing for Stuart for mercury effluent
13 wastewater treatment project. Do you see that?

14 A. Yes, I do.

15 Q. And you see there's a cost listed there
16 for 2015 of [REDACTED]; is that correct?

17 A. That's correct.

18 Q. Do you know what that cost covers?

19 A. I don't.

20 Q. And for a number of these, I'm not going
21 to -- you can tell me if you feel we need to go
22 through every one, but I don't think we do, for a
23 number of these there's landfill expansion entries
24 listed; is that correct?

25 A. Specific to Stuart?

1 Q. No, for within the entire spreadsheet.
2 So let's say the first line there's Conesville
3 landfill expansion on the page we're on, correct?

4 A. Yes.

5 Q. And you go about five lines down there's
6 another Conesville landfill expansion, correct?

7 A. Yes.

8 Q. And I'm not trying to be entirely
9 thorough here, but if you look about midway through
10 the Cardinal listing, there's a landfill expansion.

11 A. Yeah, that's correct.

12 Q. And do you know whether those landfill
13 expansions will involve leachate discharges?

14 MR. SATTERWHITE: Objection, your Honor,
15 these are questions that could have been done on the
16 public session.

17 MS. FLEISHER: I have a question relating
18 to the costs. This is just foundation.

19 EXAMINER PARROT: I'm going to allow
20 leeway in terms of kind of leading to the
21 confidential questions so I'll allow that.

22 MR. SATTERWHITE: Okay.

23 THE WITNESS: Can you repeat the
24 question?

25 Q. (By Ms. Fleisher) Do you know whether any

1156

1 of these landfill expansion projects will involve
2 leachate from the landfills?

3 A. I don't know for certain on these. Just
4 sort of general experience, if you have a landfill,
5 you need a leachate collection system, that's part of
6 the design criteria. So I would assume that all of
7 these have some form of leachate collection system
8 involved.

9 Q. Okay. And do you -- so do you know
10 whether the cost estimates for each of these landfill
11 expansion entries would include the costs of leachate
12 collection and treatment?

13 A. I don't know for sure. I would assume
14 leachate collection would be part of the design for
15 the landfill. I don't know for certain whether
16 treatment would be included or not.

17 Q. And do you know whether the finalized
18 steam electric ELG has any requirements regarding
19 treatment of leachate for landfills?

20 A. I don't know for certain, but as we were
21 looking at one of the other exhibits where we had
22 information on leachate treatment projects at a
23 couple of our plants that we used to form the
24 estimates for the ELG rule, I think we're
25 anticipating, I don't know for sure it's in the final

1157

1 rule, but we anticipated we'd have to do those type
2 of treatment projects.

3 MS. FLEISHER: Thank you. That's all I
4 have.

5 EXAMINER PARROT: Thank you.

6 Would the company like to take a few
7 moments to determine whether you have redirect?

8 MR. SATTERWHITE: Thank you, your Honor,
9 yes.

10 EXAMINER PARROT: Okay. Let's go off the
11 record.

12 (Recess taken.)

13 (OPEN RECORD.)

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

10/30/2015 4:36:43 PM

in

Case No(s). 14-1693-EL-RDR, 14-1694-EL-AAM

Summary: Transcript -of John M McManus electronically filed by Mr. Steven T Nourse on behalf of Ohio Power Company