

1 BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

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

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10 DEPOSITION

11 of Eileen M. Mikkelsen, taken before me, Karen Sue
12 Gibson, a Notary Public in and for the State of Ohio,
13 at the offices of FirstEnergy Corporation, 76 South
14 Main Street, Akron, Ohio, on Wednesday, June 29,
15 2016, at 9:00 a.m.

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4 EILEEN M. MIKKELSEN

7 CROSS-EXAMINATION

8 By Mr. Fisk:

9 Q. Good morning, Ms. Mikkelsen.

10 A. Good morning.

11 Q. How are you today?

12 A. Fine.

13 Q. Can you hear me okay?

14 MR. KUTIK: Actually you are a little
15 hard to hear.

16 MR. FISK: Oh. Let me turn my volume up.
17 Is that any better?

18 MR. KUTIK: Yes.

19 Q. (By Mr. Fisk) Okay. Ms. Mikkelsen, could
20 you please just state your name for the record.

21 A. My name is Eileen M. Mikkelsen.

22 Q. Great. And could you please state your
23 business address for the record.

24 A. 76 South Main Street, Akron, Ohio.

1 Q. Okay. And your rehearing testimony
2 describes the companies' proposed modifications to
3 the calculation of costs and revenues that would flow
4 through rider RRS; is that correct?

5 A. Yes.

6 Q. Okay. And can we agree to refer to the
7 modified rider proposal described in your rehearing
8 testimony as the modified rider RRS?

9 A. I think I would prefer consistent with my
10 testimony if we referred to it as the proposal.

11 Q. The proposal? Okay, okay. That works
12 for me. And can we agree to refer to the version of
13 rider RRS that was approved by the Commission on
14 March 31, 2016, as the original rider RRS?

15 A. Again, consistent with my testimony I
16 would prefer that we refer to it as rider RRS.

17 Q. Okay. That works for me. Is --

18 MR. FISK: Maureen, do you have Exhibit
19 89?

20 MS. WILLIS: Yes. Is that the Mikkelsen
21 workpaper dated November 30, 2015?

22 MR. FISK: Yes. Could you pass that out
23 as an exhibit.

24 MS. WILLIS: Sure. Sierra Club Exhibit

1 1?

2 MR. FISK: Yeah. Thank you.

3 MR. KUTIK: And this is a document you
4 are marking for purpose of this deposition as Sierra
5 Club Exhibit No. 1?

6 MR. FISK: Yes.

7 (EXHIBIT MARKED FOR IDENTIFICATION.)

8 MS. WILLIS: I've only got three copies.
9 I'm sorry. And it's been marked and handed to the
10 witness.

11 MR. FISK: Okay. Thank you.

12 Q. (By Mr. Fisk) Okay. Ms. Mikkelsen, you
13 have been handed a document that's been marked as
14 Sierra Club Exhibit 1 for purposes of this deposition
15 which is your workpaper dated November 30, 2015; is
16 that correct?

17 A. Yes.

18 Q. Okay. And have you seen this document
19 before?

20 A. Yes.

21 Q. Okay. And this document projects the
22 annual charges or credits under rider RRS; is that
23 correct?

24 A. Among other things, yes.

1 Q. Okay. And those annual charges or
2 credits, projected charges or credits, are reflected
3 in lines 12 and 13; is that correct?

4 A. No.

5 Q. Which -- which lines are they reflected
6 in?

7 A. Line 12.

8 Q. Okay. Line 12 and that's in nominal
9 dollars, correct?

10 A. Yes.

11 Q. Okay. And line 13 is those same figures
12 expressed in net present value dollars?

13 A. Yes.

14 Q. And the projected charges and credits set
15 forth in line 12, are they the same for the proposal?

16 A. Yes, with the exception of the 2016 value
17 which represented a value that was expected to start
18 at June.

19 Q. Okay. So but for 2017 through the end of
20 rider RRS, the values are the same for the proposal?

21 A. Yes.

22 Q. Okay. And the costs that would be passed
23 through the proposal are the same as the costs that
24 are listed on line 11 of this Exhibit 1; is that

1 correct?

2 A. Yes, with, again, the exception for '16
3 relative to the starting date.

4 Q. Right. Okay. And line 10 projected
5 market revenue with the exception of the 2016
6 starting date issue, are those projected figures the
7 same for the proposal?

8 A. Yes.

9 Q. Okay. And if you could turn to your
10 rehearing testimony page 8 and specifically line 6 to
11 8 and footnote 1. And if you could just let me know
12 when you're there.

13 A. I'm there.

14 Q. Thank you. Okay. And here in your
15 testimony you explain how the forecasted annual
16 energy revenue under the proposal would be
17 calculated; is that correct?

18 MR. KUTIK: May I have the question read,
19 please.

20 (Record read.)

21 MR. KUTIK: Objection.

22 A. Yes.

23 Q. And the annual revenues under the
24 proposal would be forecasted based on the annual

1 generation levels that are already in the record
2 multiplied by monthly on-peak and off-peak energy
3 forwards for the AEP Dayton Hub; is that correct?

4 A. No.

5 Q. How -- what was incorrect in that
6 statement?

7 A. I thought a couple of things were
8 incorrect in the statement.

9 Q. Such as?

10 A. I believe you referred to the annual
11 energy revenue, and the portion of the testimony you
12 are focusing on is forecasted energy revenue, not the
13 actual annual energy revenue.

14 Q. Okay. So -- so forecasted annual energy
15 revenue under the proposal would be based on annual
16 generation levels that are already in the record
17 multiplied by the on-peak and off-peak energy
18 forwards for the AEP Dayton Hub; is that correct?

19 A. No.

20 Q. Okay. How will forecasted annual energy
21 revenues be calculated?

22 A. As it says in footnote No. 1, "monthly
23 on-peak and monthly off-peak generation output values
24 derived from the economic dispatch model that

1 produced the annual generation output values
2 contained in the record will be used. The monthly
3 on-peak and off-peak generation output will be
4 multiplied by average monthly on-peak and off-peak
5 forwards for the AD Hub posted on the
6 Intercontinental Exchange. To calculate the energy
7 forwards for use in developing the energy forecast,
8 the Companies will average the information from each
9 trading day in the month of March that precedes the
10 RRS effective date."

11 Q. Okay. And the AD Hub, that is the AEP
12 Dayton Hub; is that correct?

13 A. Yes.

14 Q. Okay. And there will be a quarterly
15 true-up to reflect the actual monthly average on-peak
16 and off-peak energy prices at the AEP Dayton Hub; is
17 that correct?

18 THE WITNESS: May I have that question
19 reread, please.

20 (Record read.)

21 A. No.

22 Q. Okay. Will there be a quarterly true-up
23 of the -- under the proposal?

24 THE WITNESS: I'm sorry. I need that

1 reread. It broke up at the end. I apologize.

2 (Record read.)

3 A. Yes.

4 Q. Okay. And how will that -- how will that
5 quarterly true-up work with regards to the energy
6 revenues that are passed through the proposal?

7 A. The generation on-peak and off-peak
8 values included in the case will be multiplied by the
9 average day-ahead LMP prices at the AD Hub both
10 on-peak and off-peak to derive the actual energy
11 revenues for use in the reconciliation.

12 Q. And why -- why are the companies
13 proposing to use the AEP Dayton Hub energy prices
14 rather than FE's own energy prices in determining the
15 energy revenues under the proposal?

16 A. It is a more liquid and transparent
17 pricing hub that includes forwards.

18 Q. And the "it" you are referring to is the
19 AEP Dayton Hub you are saying is more liquid and
20 transparent?

21 A. Yes, and there are forward price
22 estimates at the AEP Dayton Hub.

23 Q. And so there are not -- are you saying
24 that there are not forward price estimates for the

1 ATSI zone?

2 A. Yes.

3 Q. Okay. Turning back to Exhibit 1, which
4 is your workpaper from November 30, 2015, we
5 discussed earlier that line 10 is the projected
6 market revenue that would be passed through the
7 proposal; is that correct?

8 A. May I ask you to rephrase the question,
9 please?

10 Q. Looking at Sierra Club Exhibit 1, line 10
11 is the projected market revenue for purposes of the
12 proposal; is that correct?

13 A. May I ask you to rephrase the question,
14 please?

15 Q. What -- what do you find confusing about
16 the question?

17 A. I don't understand the question.

18 Q. Okay. What -- do you see line 10 on
19 Sierra Club Exhibit 1?

20 A. Yes.

21 Q. And it says "Projected Market Revenue."
22 Do you see that?

23 A. Yes.

24 Q. And does that line then project for each

1 year the market revenue under rider RRS?

2 A. Yes.

3 Q. Okay. And that -- those projected market
4 revenue figures included projected energy revenues
5 from the Sammis and Davis-Besse plant; is that
6 correct?

7 MR. KUTIK: Objection.

8 THE WITNESS: May I have the question
9 reread, please.

10 (Record read.)

11 A. No.

12 Q. What is incorrect about that statement?

13 A. Line 10 represented projected market
14 revenues from the companies' sale of the capacity,
15 energy, and ancillary services from Davis-Besse --
16 pardon me, Davis-Besse, Sammis, and the FES OVEC
17 entitlement.

18 Q. Okay. So one of the elements of that --
19 of the figures in line 10 were projected revenues
20 from the sale of energy from Sammis and Davis-Besse;
21 is that correct?

22 A. Yes.

23 Q. And do you know, were the energy
24 revenues -- were the energy revenues from the sale of

1 energy from Sammis and Davis-Besse that are included
2 in line 10 developed using ATSI zone energy prices or
3 AEP Dayton Hub energy prices?

4 A. Neither.

5 Q. What prices were -- what energy prices
6 were used?

7 A. The prices at the Sammis pricing node and
8 the prices at the Davis-Besse pricing node.

9 Q. Okay. And those pricing nodes -- if I
10 say that those nodes were developed using ATSI zone
11 energy prices plus an adjustment -- and a nodal
12 adjustment, correct?

13 A. I don't know.

14 Q. Okay. Do you know if they were developed
15 using AEP Dayton Hub energy prices plus a nodal
16 adjustment?

17 A. I don't know.

18 Q. Okay. And do you know how AEP Dayton Hub
19 energy prices generally compare to ATSI zone energy
20 prices?

21 A. May I ask you to rephrase the question,
22 please?

23 Q. What do you find confusing about it?

24 A. "ATSI zone energy prices."

1 Q. What is confusing about "ATSI zone energy
2 prices"?

3 A. I'm not aware of that being a pricing
4 node.

5 Q. So you are not aware or if there are
6 energy prices for the ATSI zone that are different
7 than energy prices for the AEP Dayton Hub?

8 MR. KUTIK: I'm sorry. Did you finish
9 your question?

10 MR. FISK: Yeah. That was the question.

11 MR. KUTIK: May I have it read, please.

12 (Record read.)

13 MR. KUTIK: Objection.

14 A. No.

15 Q. No, you are not aware or, no, there are
16 not different prices?

17 THE WITNESS: May I have the original
18 question reread, please.

19 (Record read.)

20 MR. KUTIK: Objection.

21 A. May I ask you to rephrase the question,
22 please?

23 Q. Sure. Are you aware as to whether there
24 are energy prices for the ATSI zone that are

1 different than energy prices for the AEP Dayton Hub?

2 MR. KUTIK: Objection, asked and
3 answered.

4 A. No.

5 Q. And you mean, no, you are not aware, or,
6 no, there are not different prices?

7 MR. KUTIK: Objection.

8 A. I'm not aware.

9 Q. Okay. Shifting to a new topic, the
10 proposal did not involve the purchase or sale of any
11 energy services; is that correct?

12 MR. KUTIK: Objection.

13 A. The proposal is for a retail rate
14 stability rider for the companies' customers.

15 Q. Okay. So does the proposal involve the
16 purchase or sale of any energy services?

17 MR. KUTIK: Objection.

18 A. May I ask you to restate the question,
19 please?

20 Q. What do you find confusing about the
21 question?

22 A. All of it but with respect to who's
23 purchasing, who's selling, for example.

24 Q. Well, the question is are there any

1 purchases or sales that are part of the proposal?

2 A. May I ask you to rephrase the question?

3 Q. What do you find confusing about that
4 question?

5 A. I don't understand what purchases or
6 sales are the subject of the question.

7 Q. In the proposal that first -- that the
8 companies are making and described in your rehearing
9 testimony, are there any purchases or sales of energy
10 services as part of that proposal?

11 MR. KUTIK: Objection.

12 A. May I ask you to rephrase the question,
13 please?

14 Q. What is confusing about that question?

15 A. I don't know what your definition is of
16 "energy services."

17 Q. Does your -- does the companies' proposal
18 pending in -- before the Commission involve the
19 purchase or sale of any energy?

20 A. No.

21 Q. Okay. And does the proposal involve the
22 purchase or sale of any capacity?

23 A. No.

24 Q. Okay. And does the proposal involve the

1 supply of any electricity to retail customers?

2 A. No.

3 Q. Okay. And does the proposal place any
4 restriction on the ability of retail customers to
5 shop for their energy?

6 A. No.

7 Q. Okay. Does the proposal change the price
8 that shopping customers pay for energy that they
9 would receive through such shopping?

10 MS. WILLIS: Can I have that question
11 reread, please.

12 (Record read.)

13 A. The proposal does not impact the price a
14 customer pays to its generation supplier.

15 Q. And is that also true for nonshopping
16 customers?

17 A. The proposal --

18 MR. KUTIK: Objection. Go ahead.

19 A. The proposal does not affect the price a
20 retail customer pays to its generation supplier.

21 Q. Okay. Regardless of whether they are
22 shopping or nonshopping customers, correct?

23 A. Yes.

24 Q. And the proposal -- strike that.

1 The charges and credits under the
2 proposal will not be based on actual generation
3 output of any generation plant, correct?

4 A. Yes.

5 Q. Okay.

6 MR. FISK: Maureen, do you have Sierra
7 Club Set 14-Interrogatory 253?

8 MS. WILLIS: Yes.

9 MR. FISK: Okay. Could you mark that as
10 Sierra Club Exhibit 2.

11 MS. WILLIS: Sure.

12 MR. FISK: Thank you.

13 (EXHIBIT MARKED FOR IDENTIFICATION.)

14 MS. WILLIS: The exhibit has been marked
15 as Sierra Club 2 and passed to the witness.

16 MR. FISK: Thank you.

17 Q. (By Mr. Fisk) Okay. Ms. Mikkelsen, you
18 have been handed a document that's been marked as
19 Sierra Club Exhibit 2. It is the companies' response
20 to Sierra Club Set 14-Interrogatory 253; is that
21 correct?

22 A. Yes.

23 Q. Okay. And you are identified as the
24 witness responsible for this response; is that

1 correct?

2 A. Yes.

3 Q. And have you seen this document before?

4 A. Yes.

5 Q. Okay. And if you could look at

6 Subsection D like dog of the request, it asks --

7 specifically Subsection D1 asks the company to

8 confirm that they are projecting that the cash

9 received by the companies from 2019 through May 31,

10 2024, would be lowered by \$623 million net present

11 value as a result of the proposal; is that correct?

12 A. If you add up the numbers on line 13 of

13 Sierra Club Exhibit 1 for '19 through '24, the years,

14 pardon me, 2019 through 2024, you would get the \$623

15 million net present value referenced here.

16 Q. Okay. And similarly if you added up

17 those values from line 12, you would get a nominal

18 amount of 976 million; is that correct?

19 A. Yes.

20 Q. Okay. And so the companies are

21 projecting that under the proposal the cash they

22 would receive from customers would be lowered by \$623

23 million net present value under the proposal; is that

24 correct?

1 A. Yeah. I think of the cash received from
2 customers as a nominal value but, yes.

3 Q. Okay. So using the nominal figure then,
4 the companies are projecting that under the proposal
5 the companies would receive -- the cash that the
6 companies would receive would be lowered by
7 \$976 million in nominal dollars; is that correct?

8 A. Yes.

9 Q. Okay. And if you look at Subsection B
10 like boy of this request, it asks to "State whether
11 the Companies could seek to recover from its
12 customers additional revenues in order to offset the
13 lowering of the amount of cash received by the
14 Companies as a result of Rider RRS credits." Do you
15 see that?

16 A. I see Subpart B.

17 Q. Okay. And if you could turn to your
18 response to Subpart B and after various objections,
19 it states "It is not the Companies' intent to seek
20 recovery from customers of additional revenues in
21 order to offset the lowering of the amount of cash
22 received by the Companies as a result of Rider RRS
23 credits"; is that correct?

24 MR. KUTIK: Well, I'll object. The

1 request also says "Objection. This request is vague
2 and ambiguous in its use of 'could,' 'additional
3 revenues,' and 'the lowering.' This request also
4 calls for a legal conclusion and calls for
5 speculation. Subject to and without waiving the
6 foregoing objections" and then it says what you said.
7 Go ahead.

8 MR. FISK: Yeah. I noted that there were
9 objections.

10 THE WITNESS: May I ask you to reread the
11 question, please, ma'am.

12 (Record read.)

13 A. It is correct with the exception that the
14 word "intent" in your question should be "intention."

15 Q. Oh, thank you. Thank you for the
16 correction. And did you understand what the request
17 was asking in providing that answer?

18 MR. KUTIK: Objection.

19 A. No, because -- not entirely because the
20 request was vague and ambiguous in the use of the
21 words could, additional revenues, and lowering.

22 Q. Okay. What -- do you -- so you
23 personally find the phrase "the lowering" to be vague
24 and ambiguous?

1 A. I'm not sure -- perhaps ambiguous is
2 better, what is meant by "the lowering of the amount
3 of cash."

4 Q. You used -- you used that phrase in your
5 response, correct?

6 A. Yes.

7 Q. And do you understand what it means in
8 your response?

9 A. I do.

10 Q. Okay. And what does it mean?

11 A. I just don't know that it means the same
12 thing as it meant in your question.

13 Q. Okay. What do you mean by it in your
14 response?

15 A. The response means that it is not the
16 companies' intention to seek recovery from its
17 customers of additional revenues in order to offset
18 the amount of cash received as -- that is less than
19 the amount of cash it would have otherwise received
20 as a result of the rider RRS credits.

21 Q. Okay. But what did you mean when you
22 used the phrase "the lowering" in your response?

23 MR. KUTIK: Objection, asked and
24 answered.

1 A. I just described it in my answer, sir.

2 Q. Okay. Do you understand what the phrase
3 "additional revenues" means in your response?

4 A. I do.

5 Q. Okay. And what did you mean when you
6 used that phrase?

7 A. That it was not the companies' intention
8 to seek additional revenues beyond what it is
9 otherwise authorized to collect in order to offset
10 revenues that aren't collected as a result of the
11 rider RRS credits.

12 Q. Okay. And are the companies willing to
13 commit to not seek recovery from customers of
14 additional revenues in order to offset the lowering
15 of the amount of cash received by the companies as a
16 result of rider RRS credits?

17 A. As I said, it's not the companies'
18 intention to recover rider RRS credits from its
19 customers.

20 Q. Right. And I'm asking outside of --
21 regardless of the companies' intention are the
22 companies willing to commit to not doing so?

23 MR. KUTIK: Objection, asked and
24 answered.

1 A. May I ask you to rephrase the question,
2 please?

3 Q. What do you find confusing about the
4 question?

5 A. "Commit."

6 Q. Do you not understand what the word
7 "commit" means?

8 MR. KUTIK: Well, now, you are arguing
9 with the witness so if you have another question, ask
10 another question.

11 MR. FISK: I'm asking her to --

12 Q. What -- what do you find confusing about
13 the word "commit"?

14 A. I'm asking you what you mean when you
15 posed the question to me including the word "commit."

16 Q. Are the companies willing to state they
17 will not seek recovery from customers of additional
18 revenues in order to offset the lowering of the
19 amount of cash received by the companies as a result
20 of rider RRS credit?

21 A. No.

22 Q. And why not?

23 A. As I said, it's not the companies'
24 intention to seek recovery of additional dollars

1 arising from the rider RRS credit.

2 Q. But why won't the companies not state
3 that they will not do so?

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

6 A. It's not our proposal.

7 Q. Okay. In the event that the projected
8 \$976 million nominal lowering of cash received by the
9 companies under the proposal actually occurred, do
10 you believe that would have any financial impact on
11 the companies?

12 MR. KUTIK: Objection.

13 A. May I ask you to rephrase the question,
14 please?

15 Q. What do you find confusing?

16 A. "Financial impact."

17 Q. What do you find confusing about
18 "financial impact"?

19 A. I don't understand what you mean by
20 "financial impact."

21 Q. Well, how would you define a "financial
22 impact"?

23 A. I don't know. That's why I'm asking you
24 how you would define it.

1 Q. Have you ever heard the phrase "financial
2 impact"?

3 A. I may have.

4 Q. And do you have an understanding of what
5 that phrase means?

6 MR. KUTIK: Well, I'll object. You are
7 arguing with the witness. She asked you to define
8 what you meant. Either define it or move on.

9 MR. FISK: It would be nice if your
10 witnesses would use the common meaning of the
11 words --

12 MR. KUTIK: Well, since we are making --

13 MR. FISK: -- rather than wasting
14 everybody's time with this game they don't understand
15 basic English words.

16 MR. KUTIK: Well, since you are making
17 speeches, it would be nice if you asked questions
18 that are clear and concise and the witness could
19 understand rather than playing games with the
20 witness.

21 MR. FISK: Well, I think the game playing
22 award clearly goes to you guys, not to us.

23 MR. KUTIK: No, it goes to you. Since
24 all we are doing is making Karen rich let's go.

1 Q. (By Mr. Fisk) Would -- if the companies
2 were to -- if the cash received by the companies as a
3 result of the proposal were to be lowered by
4 \$976 million nominal, would that have any impact on
5 the companies?

6 A. May I ask you to restate the -- rephrase
7 the question, please?

8 Q. What do you find confusing?

9 A. "Any impact on the companies."

10 Q. And what is confusing about that?

11 A. I don't know what you mean by "any impact
12 on the companies."

13 Q. Well, I am asking you if you can identify
14 any impact that the reduction of the cash received by
15 the companies by \$976 million, would that have any
16 impact at all on the companies? Can you identify any
17 impact that would have?

18 A. I think the companies would be benefited
19 by the economic development and retail rate stability
20 benefits that accrued to the customers in its service
21 territory resulting from rider RRS under the
22 proposal.

23 Q. If the companies brought in \$976 million
24 less in revenue as a result of a proposal, would that

1 have any negative effects on the company?

2 MR. KUTIK: Objection, incomplete
3 hypothetical.

4 A. When the companies looked at the rider --
5 the rider RRS proposal, it looked at it in the
6 context of the entirety of the ESP and all of the
7 elements of the ESP and concluded that in total this
8 was a benefit to our customers, the State of Ohio,
9 and the companies.

10 Q. So did you evaluate in any way whether
11 the lowering of the cash that the companies would
12 receive from their customers by \$976 million would
13 affect -- would negatively affect the companies?

14 A. The companies evaluated the entirety of
15 the ESP IV proposal including rider RRS under the
16 proposal.

17 Q. So the companies did not specifically
18 evaluate whether the lowering of cash received by the
19 companies by \$976 million as a result of the proposal
20 would negatively affect them?

21 MR. KUTIK: Objection, misstates her
22 testimony.

23 A. The companies evaluated the proposal in
24 the context of the entirety of the ESP IV.

1 Q. And in doing so, did the companies
2 identify any negative effects of the proposal on the
3 company?

4 MR. KUTIK: May I have the question read,
5 please.

6 (Record read.)

7 MR. KUTIK: You meant the companies?

8 MR. FISK: Yes.

9 A. May I ask you to rephrase the question?

10 Q. What do you find confusing about the
11 question?

12 A. I thought the question was negative
13 effects on the proposal.

14 Q. Negative effects on the company.

15 A. May I ask you to rephrase the question in
16 totality, please?

17 Q. In evaluating the proposal, did the
18 companies identify any negative effect that the
19 proposal would have on the companies?

20 A. The companies evaluated the proposal
21 relative to rider RRS in the context of the entire
22 ESP IV before agreeing or deciding to make the
23 proposal.

24 Q. And in doing so, did the companies

1 identify positive benefits to the companies of the
2 proposal?

3 A. I already answered that question, I
4 believe.

5 Q. And that was your response regarding
6 economic development benefits; is that right?

7 MR. KUTIK: Objection, mischaracterizes
8 her testimony.

9 A. In part, that was part of the answer,
10 yes.

11 Q. Okay. And, conversely, did the companies
12 identify any negative effects that the proposal would
13 have, or did it only identify positive effects of the
14 proposal?

15 MR. KUTIK: Objection.

16 A. The companies evaluated the proposal in
17 the context of the entirety of the ESP IV and all of
18 the elements of the ESP IV and in total concluded
19 that the package was beneficial to the customers, the
20 companies, and the State of Ohio.

21 Q. And so you've identified benefits of the
22 proposal, but you can't identify to me a single
23 negative effect of the proposal on the companies; is
24 that correct?

1 MR. KUTIK: Objection.

2 A. The companies evaluated the proposal in
3 the context of the entirety of the ESP IV and
4 concluded that as a package, the proposal as part of
5 ESP IV provided benefits to the company, its
6 customers, and the State of Ohio.

7 Q. Does it concern you that between 2019 and
8 May 31, 2024, your projections show that the
9 companies would receive \$976 million less cash from
10 their customers as a result of the proposal?

11 A. No.

12 Q. And why not?

13 A. When the company evaluated the proposal
14 in totality with the other elements of the ESP IV, it
15 concluded that it was beneficial to its customers,
16 the State of Ohio, and the companies.

17 Q. How will the companies absorb a reduction
18 of \$976 million in the cash that they would be
19 receiving from their customers as a result of the
20 proposal?

21 MR. KUTIK: Objection.

22 A. May I ask you to rephrase the question,
23 please?

24 Q. What do you find confusing?

1 A. How would they absorb.

2 Q. Well, would the companies have to cut
3 spending as a result of a reduction of \$976 million
4 in cash received from customers?

5 MR. KUTIK: Objection, incomplete
6 hypothetical.

7 A. May I ask you to rephrase the question,
8 please?

9 Q. What do you find confusing?

10 A. Calls for speculation.

11 Q. Have you evaluated in any way whether the
12 projected lowering of cash received by the companies
13 from customers by \$976 million would require cuts to
14 other spending by the company?

15 MR. KUTIK: Objection, assumes facts.

16 A. The energy delivery management team and
17 our treasury department reviewed the proposal and
18 were comfortable with moving forward with the
19 proposal.

20 MS. WILLIS: I'm sorry. Could I have
21 that answer reread.

22 (Record read.)

23 A. I should add in the context of the
24 entirety of the ESP IV.

1 Q. And do you know who on that team reviewed
2 the proposal?

3 A. Not entirely.

4 Q. Can you identify anybody on the team who
5 reviewed the proposal?

6 A. May I ask you to rephrase the question,
7 please?

8 Q. What do you find confusing?

9 A. I'm not sure what "team" you are
10 referring to.

11 Q. The energy -- the energy delivery team
12 that you just referenced in your previous answer.

13 A. The proposal was approved by the
14 president of the utilities group.

15 Q. Okay. I'm asking though -- you referred
16 to an energy delivery team that reviewed the
17 proposal; is that correct?

18 MR. KUTIK: Objection, mischaracterizes
19 her testimony.

20 A. I don't know that I did.

21 MR. FISK: Could we have the question --
22 the answer read back from I believe it was three or
23 four questions ago where Ms. Mikkelsen referred to an
24 energy delivery team.

1 MS. WILLIS: The reference was to "energy
2 delivery management team."

3 MR. FISK: Okay. Energy delivery
4 management team.

5 MR. KUTIK: I don't believe that's
6 correct either.

7 MS. WILLIS: Try that.

8 Q. (By Mr. Fisk) Ms. Mikkelsen, did you
9 refer to an energy delivery management team reviewing
10 the proposal?

11 A. As I said, the proposal was approved by
12 the president of the utilities group.

13 Q. Right. But in an earlier response
14 about -- I think it's about five questions back now,
15 did you not refer to an "energy delivery management
16 team"?

17 MR. KUTIK: No. She said energy delivery
18 and treasury reviewed the proposal. That was her
19 testimony.

20 MS. WILLIS: Perhaps we should go back
21 because I wrote -- I wrote it all down in quotes, so
22 maybe I misread it so that might help. Sorry.

23 MR. FISK: Could we go back to that
24 response and have it reread.

1 (Record read.)

2 MR. FISK: Thank you.

3 Q. (By Mr. Fisk) Okay. Ms. Mikkelsen, can
4 you identify anyone on the energy delivery management
5 team who reviewed the proposal?

6 MR. KUTIK: Well, she already did so
7 objection, asked and answered. Go ahead.

8 A. The president of the utilities group
9 approved the proposal.

10 Q. And is the president on the energy
11 delivery team?

12 A. The president was who I was referring to
13 when I made that comment.

14 Q. Okay. Do you know if the president is on
15 the energy delivery management team?

16 MR. KUTIK: Objection, asked and answered
17 and mischaracterizes her testimony.

18 THE WITNESS: May I have the question
19 read, please.

20 (Record read.)

21 A. When I referred to the energy delivery
22 management, I was referring to the president of the
23 energy -- pardon me, the president of the utilities
24 group.

1 Q. Okay. Is there a separate energy
2 delivery management team at the companies?

3 A. Not that I'm aware of in the context I
4 used the -- as far as --

5 Q. Sorry. I missed the end of your response
6 there.

7 MR. FISK: Could I have that reread.

8 MR. KUTIK: I am not sure she finished it
9 so could we have it.

10 MR. FISK: Oh, okay.

11 MR. KUTIK: Do you want it read?

12 THE WITNESS: I do.

13 MR. FISK: Well, unless you weren't
14 through. I got cut off with some static.

15 MR. KUTIK: She wasn't through but let's
16 have the question read and the partial answer,
17 please.

18 (Record read.)

19 A. The phrase.

20 Q. Okay. Can you identify anyone in the
21 treasury department who reviewed the proposal?

22 A. The treasurer.

23 Q. And who is that?

24 A. Steve Staub.

1 Q. Okay. And did you discuss the proposal
2 with the treasurer?

3 A. I don't remember.

4 Q. Do you recall discussing the proposal
5 with anybody at the companies?

6 A. Yes.

7 Q. And who did you discuss it with?

8 A. The president of the utilities group.

9 Q. Anyone else?

10 A. There may have been other people I
11 discussed the proposal with that represented or
12 worked for the companies.

13 Q. And do you recall who those -- any of
14 those other people may have been?

15 A. I mentioned the treasurer. I don't
16 recall whether -- I know he looked at the proposal.
17 I don't recall whether I spoke directly to him.

18 Q. Anyone else?

19 A. No employees of the company other than
20 that that come to mind, employees or officers.

21 MR. KUTIK: Of the companies?

22 THE WITNESS: Companies, right.

23 Q. And did you discuss the proposal with
24 anyone besides counsel who isn't an employee of the

1 companies?

2 THE WITNESS: May I have that reread. I
3 lost the end of the question.

4 (Record read.)

5 A. Yes.

6 MR. KUTIK: At this -- okay. Okay. Go
7 ahead and answer the question. You can answer that
8 question "yes" or "no."

9 A. Yes.

10 Q. Okay. And who did you discuss it with?

11 A. May I ask you to rephrase the question,
12 please?

13 Q. Who was that -- who other than counsel
14 who is not an employee of the companies did you
15 discuss the proposal with?

16 A. May I ask you to rephrase the question,
17 please?

18 Q. What is confusing about the question?

19 A. Unclear on the time frame.

20 Q. At any time.

21 A. Does the at any time apply to the prior
22 questions as well?

23 Q. Yes.

24 A. Then I think I have to modify my prior

1 answers as well.

2 Q. Okay.

3 A. I have spoken to other employees of the
4 company about the proposal -- companies about the
5 proposal.

6 Q. Did you -- who at the companies did you
7 speak with?

8 A. Yeah, I don't recall specifically all the
9 names, but the discussions would have been in the
10 context of describing the proposal at -- to
11 representatives of the companies.

12 Q. Okay. And how about people who are not
13 employed by the companies outside of counsel?

14 MR. KUTIK: Well, okay. I am now not
15 sure when you say "how about" what you are talking
16 about.

17 Q. Did you discuss the proposal with people
18 not employed by the companies outside counsel?

19 A. Yes.

20 Q. Okay. And who did you discuss it with?

21 A. Signatory parties, other parties in the
22 case, for example.

23 Q. Anyone else?

24 A. Employees of FirstEnergy Service Corp.

1 Q. Anyone else?

2 A. Not that I remember.

3 Q. Okay. And who at FirstEnergy Service
4 Corp. did you discuss the proposal with?

5 MR. KUTIK: And he's excluding counsel in
6 these questions, correct?

7 Q. Yes, excluding counsel.

8 A. I would have discussed the proposal with
9 folks from our communications group, our strategy
10 group, other people in the rates department.

11 Q. Okay. And did any of those
12 communications occur before you filed your rehearing
13 testimony?

14 A. Yes.

15 Q. Okay. And who did you discuss it -- the
16 proposal with before you filed your rehearing
17 testimony outside counsel?

18 A. Colleagues in the rates department.

19 Q. Anyone else?

20 A. Representatives from our risk group.

21 Q. Anyone else?

22 A. Representatives -- or representative from
23 our accounting group, our strategy group.

24 Q. Anyone else?

1 A. That's what I remember at this time.

2 Q. And were any of those communications in
3 writing?

4 A. No.

5 Q. Okay. So -- so going back to the
6 projected \$976 million lowering of the cash received
7 by the companies as a result of the proposal, have
8 you evaluated whether such lowering of the cash
9 received by the companies would reduce dividends paid
10 to FirstEnergy Corp.?

11 A. May I ask you to rephrase the question,
12 please?

13 MR. KUTIK: Note my objection.

14 Q. What do you find confusing?

15 MR. KUTIK: Well, first, note my
16 objection. Go ahead.

17 A. I'm sorry. Pardon me, sir?

18 Q. What do you find confusing?

19 A. I can't accept the premise of the
20 question.

21 Q. What part of the premise?

22 A. The premise -- the premise about the cash
23 not received by the companies when you parse the
24 period.

1 Q. Okay. Well, earlier we discussed, am I
2 correct, that you -- you were projecting that the
3 cash received by the companies from 2019 through
4 May 31, 2024, would be lowered by \$976 million as a
5 result of the proposal, correct?

6 A. Yes.

7 Q. Okay. And would that lowering of the
8 cash received by the companies -- strike that.

9 Have you evaluated whether that
10 lowering -- projected lowering of the cash received
11 by the companies would impact the dividends that the
12 companies pay to FirstEnergy Corp.?

13 MR. KUTIK: Objection.

14 THE WITNESS: May I ask you to reread the
15 question, please, ma'am.

16 (Record read.)

17 A. No.

18 Q. No, you have not evaluated; is that
19 right?

20 A. Yes.

21 Q. Okay. And have you evaluated whether the
22 lowering of the -- the lowering -- the projected
23 lowering of the cash received by the companies as a
24 result of the proposal would require any cuts to

1 spending by the companies?

2 MR. KUTIK: Objection, asked and answered
3 and also incomplete hypothetical.

4 A. No.

5 Q. And why not?

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

8 A. The proposal for rider RRS was evaluated
9 in the context of the entirety of the ESP IV.

10 Q. Any other reason?

11 A. No.

12 Q. Okay. And have you evaluated whether the
13 lowering -- the projected lowering of the cash
14 received by the companies as a result of the proposal
15 would impact the financial health of the company?

16 A. May I ask you to rephrase the question,
17 please?

18 Q. What do you find confusing?

19 A. "Financial health."

20 Q. All right. Let me try this, has the
21 companies evaluated how the projected lowering of the
22 cash received by the companies as a result of the
23 proposal would impact the credit rating of
24 FirstEnergy Corp.?

1 THE WITNESS: May I have the question
2 reread, please.

3 (Record read.)

4 A. No.

5 Q. Okay. And why not?

6 A. I don't know.

7 Q. Okay. Do you know whether the lowering
8 of the cash received by the companies as a result of
9 the proposal would impact the credit rating of
10 FirstEnergy Corp.?

11 MR. KUTIK: May I have the question read,
12 please.

13 (Record read.)

14 A. I don't know.

15 MR. FISK: Can we go off for a second?

16 MR. KUTIK: Why don't we go off the
17 record and take a break.

18 (Recess taken.)

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

20 MR. FISK: Great.

21 MR. KUTIK: Before we do that, before you
22 ask your next question is there anyone now on the
23 phone that wishes to identify themselves that hasn't
24 done so already?

1 MR. PRITCHARD: Well, this is Matt
2 Pritchard.

3 MR. KUTIK: Anyone else? Okay. Go
4 ahead.

5 Q. (By Mr. Fisk) Okay. Ms. Mikkelsen, going
6 back to Sierra Club Exhibit 1, the workpaper. Let me
7 know when you have that.

8 A. I have it.

9 Q. Okay. And looking at line 12 for the
10 years 2017 and '18, am I correct that the companies
11 are projecting that customers would incur charges
12 under the proposal?

13 A. Yes.

14 Q. Okay. And the total charges for 2017 and
15 2018 combined are projected at \$259 million in
16 nominal dollars; is that correct?

17 A. Yes.

18 Q. And under the proposal, those charges
19 would be paid to the companies by the customers; is
20 that correct?

21 A. Yes.

22 Q. Okay. So under the companies'
23 projection, the companies would receive from
24 customers \$259 million in cash in 2017 and 2018 under

1 the proposal; is that right?

2 A. Yes.

3 Q. Okay. And have the companies developed
4 any plans for how they would use the cash collected
5 from customers under the proposal?

6 A. May I ask you to rephrase the question,
7 please?

8 Q. What do you find confusing about it?

9 A. What you mean by the word "plans."

10 Q. I mean any -- any sort of -- any sort of
11 way that they plan to use the -- the cash they are
12 projecting would be collected from customers under
13 the proposal.

14 A. On page 12 of my testimony in lines 3
15 through 7 discusses that the cash projected to be
16 collected in the first few years of rider RRS could
17 be used to fund the capital expenditures necessary to
18 modernize the companies' distribution grid through
19 advanced metering infrastructure, distribution
20 automation, and Volt/VAR controls. It could also be
21 used to invest in battery resources and/or to invest
22 in new Ohio renewable resources.

23 Q. Okay. And are the companies willing to
24 commit to spending the cash collected under the

1 proposal only on such initiatives that are listed on
2 lines 3 through 7 of your page 12 of your testimony?

3 MR. KUTIK: May I have the question read,
4 please.

5 (Record read.)

6 A. If by "commit" you mean only spend on the
7 items listed here and nothing else, then no.

8 Q. Okay. And why not?

9 A. It's not the companies' proposal.

10 Q. And why isn't it the companies' proposal?

11 MR. KUTIK: Objection.

12 A. I'm not sure I understand the question in
13 its entirety. I mean, the companies have a proposal
14 that's before the Commission that we are asking the
15 Commission to consider. Why something isn't part of
16 our proposal -- isn't part of the proposal it's not
17 part of the proposal that the company put forward.

18 Q. Did the companies ever evaluate
19 identifying specific initiatives that they would
20 spend -- that they would commit to spending the cash
21 collected under the proposal on?

22 MR. KUTIK: Well, I'll instruct you at
23 this time with respect to anything that's not the
24 proposal if you had conversations that were with

1 counsel for the purpose of giving a legal --
2 receiving legal advice or for the purpose of
3 preparing for litigation, I will instruct you to
4 exclude those conversations or that information from
5 your answer.

6 THE WITNESS: May I have the question
7 reread, please.

8 (Record read.)

9 A. No.

10 Q. And are the companies willing to commit
11 to spending a portion of the cash collected under the
12 proposal on the initiatives identified in lines 3
13 through 7 on page 12 of your rehearing testimony?

14 A. No.

15 Q. Okay. And why not?

16 A. It's not part of the companies' proposal.

17 Q. And was that -- did you ever consider
18 making that part of the companies' proposal?

19 MR. KUTIK: Same instruction as before.

20 A. No.

21 Q. Do the companies intend in the future to
22 present to the Commission for review any plans of how
23 they would spend the cash collected under the
24 proposal?

1 MR. KUTIK: Objection.

2 A. The companies have a filing before the
3 Commission with respect to this grid modernization
4 business plan. To the extent that the company
5 investigates battery resources, they would have to
6 come before the Commission before they would move
7 forward with investment in those resources, and the
8 Commission also has a role in authorizing investment
9 in the new Ohio renewable resources. So to the
10 extent that the companies pursue any of these
11 matters, it would be with the Commission's
12 understanding that they were pursuing it.

13 Q. Does the grid -- well, strike that.

14 Did you say that there is a grid
15 modernization plan that the company --

16 MR. KUTIK: I'm sorry. Did you finish
17 your question?

18 MR. FISK: Yes.

19 MR. KUTIK: We didn't hear the end of it
20 I don't believe.

21 Q. Oh, okay. I can say it again. Was it
22 your testimony, Ms. Mikkelsen, that the companies
23 have already submitted a grid modernization plan to
24 the Commission for review?

1 A. The companies made a smart -- pardon me,
2 a grid modernization business plan filing in February
3 pursuant to the stipulation in the ESP IV case.

4 Q. Okay. And have the companies proposed in
5 that proceeding to fund any grid modernization
6 efforts with cash collected under the proposal?

7 MR. KUTIK: Objection, assumes that the
8 proposal says anything about how the proposal would
9 be funded.

10 A. No.

11 Q. Okay. And are the companies proposing
12 that the Commission would have any oversight over how
13 the cash collected from the customers under the
14 proposal would be spent?

15 MR. KUTIK: Objection.

16 A. May I ask you to rephrase the question,
17 please?

18 Q. What's confusing about the question?

19 A. The word "oversight."

20 Q. Are the companies proposing that the
21 Commission would be able to in any way review how the
22 cash collected from customers after the proposal
23 would be spent?

24 A. No.

1 Q. And why not?

2 A. Not part of the proposal -- the
3 companies' proposal.

4 Q. And did you ever consider making that
5 part of the companies' proposal?

6 MR. KUTIK: Same instruction as before.

7 A. No.

8 Q. I'm sorry. Did you answer? I might have
9 missed it.

10 MR. KUTIK: She said "No."

11 MR. FISK: Okay. Thank you.

12 Q. (By Mr. Fisk) Okay. Am I correct that
13 FirstEnergy Corp. uses a consolidated balance sheet
14 that includes all of its subsidiaries including the
15 companies?

16 MR. KUTIK: Objection.

17 A. Yes.

18 Q. Okay. And would any additional revenues
19 collected by the companies from their customers under
20 the proposal appear on that balance sheet?

21 A. No.

22 Q. And why not?

23 A. Revenues are not a line item on a balance
24 sheet.

1 MR. FISK: I'm sorry. Could I have that
2 answer read back. There was some static.

3 (Record read.)

4 Q. Okay. Would the -- would any cash
5 collected by the companies from their customers under
6 the proposal be reflected in any way on the
7 FirstEnergy Corp. consolidated balance sheet?

8 THE WITNESS: May I ask you to reread
9 that question, please, ma'am.

10 (Record read.)

11 A. I don't know.

12 Q. Would the -- would the collection of cash
13 by the companies from their customers under the
14 proposal in any way strengthen FirstEnergy Corp.'s
15 balance sheet?

16 A. I don't know.

17 Q. Okay. And would the collection of cash
18 by the companies from their customers under the
19 proposal have any -- have any impact on FirstEnergy
20 Corp.'s credit rating?

21 A. I don't know.

22 Q. And what would you need to do to figure
23 that out?

24 A. May I ask you to rephrase the question,

1 please?

2 Q. What do you find confusing about it?

3 A. "Figure that out."

4 Q. What would you need to do to determine
5 whether the collection of cash by the companies from
6 the customers under the proposal would impact
7 FirstEnergy Corp.'s credit rating?

8 A. I think it would require speculation.

9 Q. Why would that require speculation?

10 A. I think I would have to speculate how the
11 credit rating agency would act. I'm not in a
12 position to do that, for example.

13 Q. Okay. And so you -- you have not
14 evaluated how the credit rating agencies might act if
15 the proposal were approved; is that correct?

16 A. Yes.

17 Q. Okay. And have you seen any evaluation
18 of how the credit rating agencies might react if a
19 proposal were approved?

20 A. May I ask you to rephrase the question,
21 please?

22 Q. What do you find confusing about it?

23 A. I'm not sure what the question is
24 referring to.

1 Q. Do you know whether the companies have
2 evaluated how credit rating agencies may react if the
3 proposal -- may react with regards to FirstEnergy
4 Corp.'s credit rating if the proposal were approved?

5 THE WITNESS: May I ask that you reread
6 the question, please, ma'am.

7 (Record read.)

8 MR. KUTIK: Objection.

9 A. Well, if the proposal is approved, there
10 would be more funds from operations which is one of
11 the metrics that credit rating agencies look at in
12 relation to debt.

13 Q. Okay. And have you -- do you know, have
14 the companies evaluated how the credit rating
15 agencies may react to the availability of more funds
16 from operations?

17 A. The companies' credit metrics would be
18 improved in the early years if the proposal is
19 accepted.

20 Q. Okay. And which credit metrics are those
21 that would be improved?

22 A. FFO to debt or FCO to debt.

23 Q. Okay. Any others?

24 A. Not that I'm aware of.

1 Q. Okay. And if the proposal were approved
2 and the credit to customers from 2019 through May 31,
3 2024, that the companies are projecting end up
4 occurring, would the companies' credit metrics over
5 that time frame then worsen?

6 MR. KUTIK: Objection.

7 A. As I said before, when the companies
8 evaluated the proposal as it relates to rider RRS, it
9 evaluated that in the context of the entirety of the
10 ESP IV, not in isolation.

11 Q. Okay. But would the projected reduction
12 in cash that the companies would receive from 2019
13 through May 31, 2024, have a downward effect on the
14 companies' credit metrics?

15 MR. KUTIK: Objection.

16 A. Again, the company would have evaluated
17 the credit metric -- pardon me. The company would
18 have evaluated ESP IV in its entirety over the
19 period, not one isolated element of the ESP IV.

20 Q. Did the companies include an evaluation
21 of the tax credit metrics in that evaluation?

22 A. Well, as we talked about, the cash into
23 the company in the early years will improve the
24 utilities' credit metrics as will cash over the

1 period associated with other elements of the ESP. So
2 in total you have improved credit metrics early and
3 stabilization of credit metrics over the term.

4 Q. And who -- who performed -- who performed
5 that evaluation for the company?

6 MR. KUTIK: Objection.

7 A. The analysis that -- the discussion we're
8 having about the impact on the credit metrics was
9 based on a summary look at the different elements of
10 the ESP and expected associated cash rising from or
11 being utilized due to the provisions of the ESP.

12 Q. And who did that summary look?

13 A. It was performed by the rate department.

14 Q. Okay. And did they document that summary
15 look in any way?

16 A. May I ask you to rephrase the question,
17 please?

18 Q. What do you find confusing?

19 A. "Document."

20 Q. Did they put that -- did they create any
21 written document about that summary outlook -- strike
22 that.

23 Did the -- did they create any written
24 document regarding that summary look at the ESP?

1 A. If by written document you mean
2 narrative, no.

3 Q. Any written document at all.

4 A. Yes.

5 Q. And what sort of document did they
6 create?

7 A. An Excel spreadsheet.

8 Q. And have you seen that Excel spreadsheet?

9 A. Yes.

10 Q. Okay. And did you rely on that Excel
11 spreadsheet in your -- for your testimony?

12 A. No, not in the preparation of my
13 testimony.

14 Q. Did you see the Excel spreadsheet before
15 you drafted your testimony?

16 A. No.

17 Q. Do you know who in particular created the
18 Excel spreadsheet?

19 A. Rates personnel.

20 MR. FISK: I'm sorry, what? Can I have
21 that answer read back.

22 (Record read.)

23 Q. Okay. Thank you. Do you know who in
24 particular in rates created that spreadsheet?

1 A. No.

2 Q. And have you personally evaluated whether
3 the companies' credit metrics would stabilize over
4 the long term under the ESP?

5 A. Not beyond what we've already discussed.

6 Q. And that was reviewing the Excel
7 spreadsheet; is that correct?

8 A. Yes.

9 Q. Okay. Anything else besides that?

10 A. May I ask you to rephrase the question,
11 please?

12 Q. Have you done anything else besides
13 review the Excel spreadsheet to evaluate whether the
14 companies' credit metrics would stabilize over the
15 term of the ESP?

16 A. No.

17 Q. And have the companies evaluated how the
18 ESP would -- with the proposal would impact
19 FirstEnergy Corporation -- FirstEnergy Corp.'s credit
20 metrics?

21 A. I'm sorry. You broke up in the mid
22 there.

23 THE WITNESS: May I ask you to reread the
24 question if you got it.

1 (Record read.)

2 A. No.

3 Q. Okay. Do you have any opinion as to how
4 the ESP with the proposal would affect FirstEnergy
5 Corp.'s credit metrics?

6 A. Yes.

7 Q. Okay. What is your opinion?

8 A. That improvement in the companies' credit
9 metrics could result in improvement in FirstEnergy
10 Corp.'s credit metrics.

11 MS. WILLIS: May I have that answer
12 reread, please.

13 MR. KUTIK: I'm sorry. Had you finished
14 your answer?

15 MS. WILLIS: I didn't mean to interrupt.

16 MR. KUTIK: I didn't know whether she had
17 or not.

18 (Record read.)

19 Q. And how would improvement in the
20 companies' credit metrics result in improvement in
21 FirstEnergy Corp.'s credit metrics?

22 A. By consolidating the improved metrics
23 into the FirstEnergy Corp. view.

24 Q. And have you personally evaluated how the

1 stabilization of the companies' credit metrics over
2 the long term of the ESP would affect FirstEnergy
3 Corp.'s credit metrics?

4 MR. KUTIK: Objection.

5 A. No.

6 Q. Do you have any opinion as to how the
7 companies' stabilization of the companies' credit
8 metrics over the long term of the ESP would affect
9 FirstEnergy Corp.'s credit metrics?

10 A. No.

11 Q. Do you know if the FE companies have
12 evaluated that question?

13 A. I'm not aware of that analysis.

14 Q. Okay. As a general matter, the companies
15 have allocated dividends to FirstEnergy Corp.; is
16 that correct?

17 A. May I ask you to rephrase the question,
18 please?

19 Q. What do you find confusing?

20 A. "As a general matter," I am not sure what
21 that means.

22 Q. Well, I guess I just mean generally the
23 companies can pay dividends to FirstEnergy Corp. I
24 am not talking about specifically in this case, but

1 just generally they can pay them, right?

2 A. Yes.

3 Q. Okay. And are such dividends based on
4 the amount of earnings that the companies accrue over
5 a particular time frame?

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

8 (Record read.)

9 A. Dividend decisions would be based on a
10 number of factors.

11 Q. Okay. And what factors are those?

12 A. It would include things like the capital
13 structure of the company, the current liquidity of
14 the company, projected liquidity of the company, the
15 companies' credit metrics, the companies' cash needs
16 in the near and medium term, for example.

17 Q. All right. Any other -- any other
18 factors that you can think of?

19 A. There may be. Those are the ones that
20 come to mind now.

21 Q. Okay. Are the earnings of the companies
22 relevant to whether the companies pay dividends to
23 FirstEnergy Corp.?

24 MR. KUTIK: Objection.

1 A. May I ask you to rephrase the question,
2 please?

3 Q. What do you find confusing?

4 A. "Are the earnings relevant." I am not
5 sure what you mean by relevant.

6 Q. Well, do the earnings of the companies
7 play a role in determining whether dividends will be
8 paid by the companies to FirstEnergy Corp.?

9 A. Earnings of the companies impact the
10 companies' capital structure which I described as one
11 of the factors that would be considered.

12 Q. And if the companies collect cash from
13 their customers under the proposal, that will
14 increase the companies' earnings, correct?

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

17 (Record read.)

18 MR. KUTIK: Objection, incomplete
19 hypothetical.

20 A. All else equal rider RRS revenues would
21 increase the earnings of the companies.

22 MS. WILLIS: May I have that answer
23 reread, please.

24 (Record read.)

1 Q. And so all else equal, rider RRS revenues
2 could also increase the dividends the companies are
3 able to pay to FirstEnergy Corp.; is that correct?

4 MR. KUTIK: Objection.

5 A. No.

6 Q. And why is that not correct?

7 A. As I said earlier, dividend decisions are
8 based on a number of factors, not one factor in
9 isolation. So without knowing what the other factors
10 are in the all else equal, I can't answer that
11 question.

12 Q. Well, but with all else equal, you are
13 holding all those other factors steady, so given all
14 other factors being constant, why wouldn't an
15 increase in the earnings of the companies as a result
16 of revenues from the proposal increase the companies'
17 ability to provide dividends to FirstEnergy Corp.?

18 MR. KUTIK: Objection.

19 A. That's I think a different question than
20 the question that was asked but, again, you have to
21 look at all of the items that I discussed to make a
22 determination about whether or not, you know, a
23 dividend would be made to the parent. So if --

24 Q. If you hold --

1 MR. KUTIK: I'm sorry, counsel.

2 Had you finished your answer?

3 A. Well, so, for example, if you are
4 spending cash on grid modernization, that would be an
5 item you would take into consideration, what your
6 cash needs were, one of the many elements I discussed
7 that would go into a dividend decision.

8 Q. Okay. But if you hold all those elements
9 constant, so treat them the same whether with --
10 either with the cash from the proposal or without the
11 cash from the proposal, would cash from the proposal
12 increase the ability of the companies to provide
13 dividends to FirstEnergy Corp.?

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

16 A. I don't think you can hold all the other
17 elements constant and then assume cash in but that
18 all the other elements that you need to consider in a
19 dividend decision don't change because I don't think
20 you can make that assumption.

21 Q. Are the companies willing to commit that
22 they will not use cash collected from customers under
23 the proposal to provide dividends to FirstEnergy
24 Corp.?

1 A. The companies' proposal did not include
2 any prohibitions with respect to dividends.

3 Q. So does that mean the companies would --
4 are not willing to commit that they will not use cash
5 collected under the proposal to provide dividends to
6 FirstEnergy Corp.?

7 MR. KUTIK: Objection, asked and
8 answered.

9 A. I stand by my prior answer.

10 Q. So there is no restriction in the
11 companies' proposal on the ability of the companies
12 to use cash collected under the proposal to provide
13 dividends to FirstEnergy Corp.; is that correct?

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

16 A. I stand by my prior answer.

17 MR. FISK: Maureen, do you have Sierra
18 Club Set 14-INT-252?

19 MS. WILLIS: I do.

20 MR. FISK: Okay. If you could hand that
21 as an exhibit Sierra Club Exhibit 3, I believe.

22 MS. WILLIS: Okay. I am marking and
23 handing to the court reporter and to counsel.

24 MR. KUTIK: And the witness.

1 MS. WILLIS: And the witness.

2 MR. KUTIK: Let's not get carried away.

3 (EXHIBIT MARKED FOR IDENTIFICATION.)

4 MS. WILLIS: Okay. Everyone has copies
5 of it so you can proceed.

6 MR. FISK: Okay. Thank you.

7 Q. (By Mr. Fisk) Ms. Mikkelsen, you have
8 been handed a document that's been marked as Sierra
9 Club Exhibit 3. It is the request and response to
10 Sierra Club Set 14-INT 252; is that correct?

11 A. Yes.

12 Q. Okay. And you are identified as the
13 witness providing the response to this request; is
14 that correct?

15 A. Yes.

16 Q. And have you seen this document before?

17 A. Yes.

18 Q. Okay. And if you look at Subpart A of
19 the request, it says to "Confirm that, under the
20 Companies' Modified Rider RRS proposal, it would be
21 permissible for the Companies to transfer the cash
22 associated with the Rider RRS charges to FirstEnergy
23 Corp." Do you see that --

24 A. Yes.

1 Q. -- request? Okay. And in your answer
2 there are objections and then says "Subject to and
3 without waiving the foregoing objections, not
4 confirmed." Do you see that?

5 A. Yes.

6 Q. Okay. And why is that not confirmed?

7 A. To start with it is not clear to me what
8 you mean by "transfer the cash associated with the
9 Rider RRS."

10 Q. Okay. Anything else?

11 A. I think it's not confirmed because it
12 assumes there's cash specifically designated with
13 rider RRS that would be whatever this vague reference
14 to transferred means and that's not how the cash is
15 managed.

16 Q. Okay. How would the cash under rider RRS
17 be managed?

18 A. Along with all of the companies' other
19 cash in and cash requirements out.

20 Q. Okay. And that cash in and cash
21 requirements out, does that play a role in the cash
22 needs of the companies?

23 MR. KUTIK: Objection.

24 A. May I ask you to rephrase the question,

1 please?

2 Q. I believe earlier you identified that the
3 cash needs of the companies is one of the factors
4 that goes into whether the company paid dividends to
5 FirstEnergy Corp.; is that correct?

6 A. Yes.

7 Q. Okay. And the cash in and cash
8 requirements out that you referred to in your -- in
9 your answer a couple of answers ago, are the amounts
10 of the cash in and cash requirements out relevant to
11 the companies' cash needs?

12 MR. KUTIK: Objection.

13 A. Yeah. I think of the cash needs as what
14 the companies' cash requirements are. I referenced
15 out the cash that they need to spend on operations or
16 investments in capital, things of that nature. Those
17 are the cash needs of the company.

18 Q. Okay. And then am I correct that whether
19 the cash in exceeds the cash needs plays a role in
20 determining whether the companies provide a dividend
21 to FirstEnergy Corp.?

22 A. May I ask you to rephrase the question,
23 please?

24 Q. What do you find confusing?

1 A. Time frame.

2 Q. In any particular year.

3 A. May I ask you to pose the question in its
4 totality, please?

5 Q. Actually let me take a step back. How --
6 on what time frame do the companies define whether to
7 provide dividends to FirstEnergy Corp.?

8 A. As I identified earlier, they would look
9 at the current liquidity of the company as well as
10 the expected future liquidity of the company as well
11 as the current cash needs and future cash needs are
12 some of the elements that would go into it. It's not
13 the exclusive list but those are ones that stretch
14 over an annual period.

15 Q. Okay. So when you -- when you refer to
16 the future cash needs, you are saying the future cash
17 needs over the -- over the next year; is that
18 correct?

19 MR. KUTIK: Objection.

20 A. No.

21 Q. Okay. Over what time period are you
22 referring to when you talk -- when you refer to
23 future cash needs?

24 A. I don't have a specific time period in

1 mind, but I would expect it to be longer than over
2 the next year.

3 Q. Okay. And so in determining whether --
4 in comparing the -- strike that.

5 In deciding whether to provide a dividend
6 to FirstEnergy Corp., do the companies look at
7 whether the cash in over the future time frame
8 exceeds the future cash needs over that time frame?

9 A. Among other things, yes.

10 Q. Okay. And the cash collected under the
11 proposal would factor into the amount of cash in in
12 that comparison of cash in versus future cash needs;
13 is that correct?

14 A. Yes.

15 Q. And the cash in exceeds -- if the
16 projected future cash in exceeds the future cash
17 needs, that would make it more likely that the
18 companies would provide a dividend to FirstEnergy
19 Corp.; is that correct?

20 MR. KUTIK: Objection.

21 A. Not necessarily.

22 Q. Why not?

23 A. It would depend upon the other factors.

24 Q. Holding the other factors constant, if

1 the cash in -- the future cash in exceeds the future
2 cash needs, does that make it more likely that the
3 companies would provide a dividend to FirstEnergy
4 Corp.?

5 MR. KUTIK: Objection.

6 A. As I said before, I can't accept the
7 hypothetical all else being held equal because things
8 like capital structure which I mentioned is one of
9 the items are -- or potentially would be affected by
10 the revenues.

11 Q. Are the companies willing to commit to
12 not counting the cash received under the proposal
13 towards the determination of whether future cash in
14 would exceed future cash needs for purposes of
15 evaluating potential dividends?

16 A. The companies' intention is to use this
17 cash within the operating companies.

18 Q. Okay. And will the companies commit to
19 only using the cash collected under the proposal
20 within the operating companies?

21 A. The company's intention is to use the
22 cash within the operating companies.

23 Q. But the companies are not willing to
24 commit to doing so; is that correct?

1 A. That is not the companies' proposal.

2 Q. Okay. And why not?

3 MR. KUTIK: Objection.

4 A. It's not the companies' proposal.

5 Q. And did the companies ever consider
6 making a commitment to using the cash collected under
7 the proposal only within the operating companies part
8 of their proposal?

9 MR. KUTIK: Objection, incomplete
10 hypothetical, mischaracterizes testimony, and also
11 keep in mind my prior instruction.

12 THE WITNESS: May I ask that you reread
13 the question, please, ma'am.

14 (Record read.)

15 A. And as I've said, it's the companies'
16 intention to use the cash within the companies. I'm
17 not aware of any other proposal relative to that that
18 was considered.

19 Q. Okay. If you could turn to page 15 of
20 your rehearing testimony. And starting at line 8
21 there's a discussion there that the companies propose
22 that if less than 3,200 megawatts of certain
23 generation remains in operation, then the Commission
24 could proportionately reduce the charges or credits

1 under the proposal; is that correct?

2 A. Pursuant to a Commission-initiated
3 proceeding pursuant to Revised Code 4905.26, yes.

4 MR. FISK: Okay. And, Maureen, do you
5 have Sierra Club Set 13-INT-246?

6 MS. WILLIS: Hang on. Yes, I do.

7 MR. FISK: Okay. Could you mark that as
8 Sierra Club Exhibit 4 --

9 MS. WILLIS: Sure.

10 MR. FISK: -- and pass it out. Thank
11 you.

12 (EXHIBIT MARKED FOR IDENTIFICATION.)

13 MS. WILLIS: It's been marked and passed
14 out.

15 MR. FISK: Thank you.

16 Q. (By Mr. Fisk) All right. Ms. Mikkelsen,
17 you have been handed an exhibit that's been marked as
18 Sierra Club Exhibit 4, and it is the response -- the
19 request and response to Sierra Club Set 13-INT-246;
20 is that correct?

21 A. Yes.

22 Q. Okay. And you are identified as the
23 witness on this response; is that correct?

24 A. Yes.

1 Q. Okay. And have you seen this document
2 before?

3 A. Yes.

4 Q. Okay. And a response to Subsection A
5 provides a list of generating units that would count
6 towards the 3,200 megawatts of generation that would
7 be to remain in operation under your proposal; is
8 that correct?

9 THE WITNESS: May I have that question
10 reread, please.

11 (Record read.)

12 A. May I ask you to rephrase the question,
13 please?

14 Q. Sure. So on page 15 of your rehearing
15 testimony you refer to if less than 3,200 megawatts
16 of certain generation remains in operation, then the
17 Commission may initiate a proceeding to reduce the
18 charge or credit under the rider RRS; is that
19 correct?

20 MR. KUTIK: Objection.

21 A. I see the testimony you are referring to,
22 yes.

23 Q. Okay. And the 3,200 megawatts would come
24 from formerly rate-based nuclear or fossil generation

1 owned by the companies on January 2000; is that
2 right?

3 A. Yes.

4 Q. Okay. And turning to Sierra Club Exhibit
5 4, your response to Subsection A of that request
6 identifies the list of formerly rate-based nuclear or
7 fossil generation owned by the companies in January
8 of 2000; is that correct?

9 MR. KUTIK: May I have the question read,
10 please.

11 (Record read.)

12 A. Yes.

13 Q. Okay. And that list in -- on Sierra Club
14 Exhibit 4 includes 9,120 megawatts of generation; is
15 that right?

16 A. Yes.

17 Q. Okay. So in order for the Commission to
18 be able to initiate a proceeding to reduce the charge
19 or credit under rider RRS, more than 5,900 megawatts
20 of generation from the list on Sierra Club Exhibit 4
21 would have to be retired; is that correct?

22 MR. KUTIK: Objection.

23 A. No.

24 Q. Why isn't that correct?

1 THE WITNESS: May I have the question
2 reread, please. The prior question, I'm sorry.

3 (Record read.)

4 A. No.

5 Q. Why is that not correct?

6 A. The requirement is that less than 3,200
7 megawatts remain in operation including at least 900
8 megawatts of nuclear resources. It doesn't
9 specifically dictate a retirement criteria.

10 Q. Okay. So if -- so your -- are you saying
11 that if the unit were, for example, mothballed rather
12 than retired, then that unit would not be in
13 operation?

14 A. Yes.

15 Q. Okay. So if -- so am I correct that more
16 than 5,900 megawatts of generation from the list on
17 Sierra Club Exhibit 4 would have to not be in
18 operation in order for the Commission to be able to
19 initiate a proceeding to reduce the charge or credit
20 under rider RRS?

21 MR. KUTIK: Objection.

22 A. Yes.

23 Q. Okay. I understand that. And such not
24 in operation could include retirement or mothballing?

1 A. Yes.

2 Q. Okay. Could it include any -- anything
3 else besides retirement or mothballing?

4 A. Not that I can think of.

5 Q. Okay. And looking on the list then,
6 Sierra Club Exhibit 4, Beaver Valley 1 and 2, that is
7 a nuclear plant, correct?

8 A. Two nuclear units, yes.

9 Q. Okay. And that -- those units are
10 located in Pennsylvania; is that correct?

11 A. Yes.

12 Q. Okay. And Bruce Mansfield, that plant is
13 located in Pennsylvania also; is that correct?

14 A. Yes.

15 Q. Okay. And the combined capacity of Bruce
16 Mansfield and the Beaver Valley units is more than
17 3,200 megawatts; is that correct?

18 A. Yes.

19 Q. Okay. So if Bruce Mansfield and Beaver
20 Valley continued operating, then under the companies'
21 proposal then all of the Ohio generation listed on
22 Sierra Club Exhibit 4 could be retired without
23 triggering the ability for the Commission to initiate
24 a proceeding to reduce the charges or credits under

1 rider RRS, correct?

2 A. Yes.

3 Q. So the proposal did not ensure the
4 continued operation of any Ohio-based generation,
5 correct?

6 A. The proposal did not ensure the
7 continuation of any generation, Ohio, Pennsylvania,
8 or otherwise.

9 Q. Does the proposal encourage the continued
10 operation of any generation?

11 A. May I ask you to rephrase the question,
12 please?

13 Q. Actually let me -- let me strike that
14 question.

15 If you look at your testimony --
16 rehearing testimony on page 15, line 14, let me know
17 when you're there.

18 A. I'm there.

19 Q. Okay. And you have a sentence that
20 starts with the word "Effectively." It says
21 "Effectively Rider RRS helps ensure the continued
22 operation of 3,200 megawatts of fuel diverse baseload
23 generation." Do you see that?

24 A. Yes.

1 Q. Okay. And so how does -- how does rider
2 RRS ensure the continued operation of that
3 generation?

4 A. Rider RRS provides retail rate stability
5 and predictability to the customers in the companies'
6 service territory and that stability and
7 predictability helps customers, particularly
8 industrial customers, maintain the load -- the
9 operations that they have in this area and, in fact,
10 may enable them to grow their operations in this
11 area. And to the extent that there is stable or
12 growing load in the companies' service territory,
13 that would help ensure that generating plants in the
14 region continue to operate.

15 MS. WILLIS: May I have that answer
16 reread, please.

17 (Record read.)

18 MS. WILLIS: Thank you.

19 Q. (By Mr. Fisk) None of the plants in --
20 listed on Sierra Club Exhibit 4 specifically serve
21 the companies' customers, correct?

22 MR. KUTIK: Objection.

23 A. All -- all of the plants listed on Sierra
24 Club Exhibit 4 were built to serve the companies'

1 customers across their service territories.

2 Q. But today they do not specifically serve
3 the companies' customers, correct?

4 MR. KUTIK: Objection.

5 A. May I ask you to rephrase the question?

6 Q. What is confusing about the question?

7 A. I'm not sure what you mean by "they do
8 not specifically serve."

9 Q. Well, these plants all listed on Sierra
10 Club Exhibit 4 all sell their energy and capacity
11 into the PJM market, correct?

12 A. That's correct.

13 Q. And do not directly provide energy to the
14 companies, correct?

15 A. Not necessarily.

16 Q. Which -- which plants on this list
17 directly provide energy to the companies?

18 MR. KUTIK: Objection.

19 A. I guess I'm sorting out sort of the
20 electrical path for the electricity that's produced
21 by these plants that were designed with transmission
22 systems to transport the output from these plants to
23 the companies' service territory and its customers,
24 and I am distinguishing that from I guess what sounds

1 like you are talking about a financial path with
2 respect to dollars.

3 Q. Okay. So in terms of the financial path,
4 none of the plants listed on Sierra Club Exhibit 4
5 currently sell energy directly to the companies,
6 correct?

7 MR. KUTIK: Objection.

8 A. I don't know.

9 Q. Okay. Can you identify any of the
10 plants, any plants that are listed on Sierra Club
11 Exhibit 4, that directly sells energy to the company?

12 MR. KUTIK: Objection.

13 A. May I ask you to rephrase the question as
14 it relates to "directly sells to the companies"?

15 Q. Do any -- can you identify any plant on
16 Sierra Club Exhibit 4 that as a financial matter
17 sells energy to any of the companies?

18 A. I am aware --

19 MR. KUTIK: Well, hold on a second. Is
20 any of that information confidential? Put it this
21 way, if any of that information is confidential, I
22 will instruct you not to answer that question, at
23 least in this session.

24 THE WITNESS: May I have the question

1 reread, please.

2 (Record read.)

3 A. No.

4 Q. And going back to your rehearing
5 testimony, page 15, line 14, the sentence we were
6 discussing about how effectively rider RRS helps
7 ensure the continued operation of 3,200 megawatts of
8 fuel diverse baseload generation, is that statement
9 tied in any way to the ability to the -- of the
10 Commission to initiate a proceeding to reduce the
11 charge or credit of rider RRS if less than 3,200
12 megawatts of -- of the generation remains in
13 operation?

14 MR. KUTIK: Objection.

15 THE WITNESS: I apologize. I am going to
16 need to have that question reread, please.

17 (Record read.)

18 A. May I ask you to rephrase the question?
19 I'm not sure I understand what the question is.

20 Q. Okay. Sure. So in your rehearing
21 testimony at page 15, you discuss the proposal that
22 if less than 3,200 megawatts of formerly rate-based
23 nuclear or fossil generation owned by the companies
24 on January 2000 remains in operation, the Commission

1 can initiate a proceeding to reduce the charge or
2 credit of rider RRS, correct?

3 A. Yes.

4 Q. Okay. And did that proposal play any
5 role in your contention that effectively rider RRS
6 helps ensure the continued operation of 3,200
7 megawatts of fuel diverse rate-based generation?

8 A. No.

9 Q. Okay. And why not?

10 A. As I already explained, the sentence on
11 14 continuing to 15 references the economic
12 development and job retention benefits to our
13 customers associated with retail rate stability and
14 predictability and deals with the preservation, the
15 maintenance of their existing operations, and the
16 potential for growth in their operations, or for
17 siting of new operations in the service territory.

18 Q. Okay. So then what is the -- what is the
19 reason for proposing to allow the Commission to
20 reduce -- to initiate a proceeding to reduce the
21 charge or credit of rider RRS if less than 3,200
22 megawatts of the generation identified in Sierra Club
23 Exhibit 4 remains in operation?

24 A. To create parity with the

1 Commission-approved rider RRS which relied upon 3,200
2 megawatts of generation. So under the proposal we
3 wanted there to be some sense that it was the same
4 3,200 megawatts of operating generation in the -- in
5 this region, and to the extent that if that level of
6 operating plant dipped below the 3,200, then as a
7 consequence the Commission could adjust
8 proportionately the rider RRS.

9 Q. Okay. But you do not -- it is not your
10 testimony -- strike that.

11 The companies do not believe that that
12 ability of the Commission to adjust rider RRS would
13 in any way impact the decision of whether to keep
14 more than 3,200 megawatts of the -- of the identified
15 generation in operation; is that correct?

16 A. Yes.

17 Q. Okay.

18 MR. KUTIK: Are you -- let's go off the
19 record.

20 (Recess taken.)

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

22 Q. (By Mr. Fisk) Okay. So, Ms. Mikkelsen,
23 going back to Sierra Club Exhibit 4, which includes
24 the list of plants that we were discussing before the

1 break, do you see that?

2 A. Yes.

3 Q. Okay. Is it -- do the companies believe
4 that any of the generating units listed on your
5 response on Sierra Club Exhibit 4 besides Sammis and
6 Davis-Besse are at risk of retiring if the proposal
7 is not approved?

8 MR. KUTIK: Well, I'll instruct you that
9 if any of that information is confidential or
10 nonpublic that you have, I will instruct you not to
11 answer that question, in this session at least.

12 A. I don't know.

13 Q. Okay. Did you do any evaluation of
14 whether any of those units besides Sammis or
15 Davis-Besse are at risk of retiring?

16 A. No.

17 Q. Okay. Do you know if the companies --
18 companies did any evaluation of whether any of those
19 units besides Sammis and Davis-Besse are at risk of
20 retiring?

21 A. I'm not aware of any such study.

22 Q. Okay. And besides Sammis and
23 Davis-Besse, do you know if the companies have
24 performed any evaluation on the transmission

1 reliability impact of retiring any of the generating
2 units listed on Sierra Club Exhibit 4?

3 A. I don't know.

4 Q. Okay. So you have not seen any such
5 evaluation; is that correct?

6 A. Yes.

7 Q. And do you know, have the companies
8 performed any evaluation of the transmission upgrades
9 that would be needed if any of the generating units
10 listed on Sierra Club Exhibit 4 besides Sammis and
11 Davis-Besse were retired?

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

14 THE WITNESS: May I have the question
15 reread, please.

16 (Record read.)

17 A. I think -- I'm not sure what you mean by
18 "evaluation," but from a company perspective, we have
19 looked at the transmission upgrade costs associated
20 with the Lake plant retirements. We know what those
21 costs were. We had estimates in this case associated
22 with transmission upgrades necessitated by the
23 retirement of Davis-Besse and Sammis. And so from a
24 company perspective, I think the view is that all of

1 these plants were built to serve the companies'
2 customers and are electrically connected to serve the
3 companies' customers. So should any of these plants
4 retire, it would necessitate likely transmission
5 investments in the neighborhood of the dollars that
6 we saw both with the Lake plant retirements and in
7 the studies associated with Sammis and Davis-Besse.

8 Q. Okay. But so outside of the -- do you --
9 do you know of any study that evaluated whether the
10 transmission upgrade costs for the retirement of any
11 of those other units besides Sammis and Davis-Besse
12 would be similar?

13 A. I've just given you the evaluation in my
14 mind, but if you are asking if there is a specific
15 study, I'm not aware of one.

16 Q. Okay. And are you aware of any --
17 whether any transmission grid modeling was performed
18 to evaluate the cost of transmission upgrades that
19 might be needed if any of these other units besides
20 Sammis and Davis-Besse were retired?

21 A. No.

22 Q. Okay.

23 A. I am not aware of any.

24 Q. Okay. And before the break I believe

1 you -- you mentioned that the stability and
2 predictability of pricing for energy service that
3 would be -- strike that.

4 As you look at Sierra Club Exhibit 4,
5 Subsection B, you have -- you have a response there
6 that says "The economic development benefits of Rider
7 RRS help ensure the continued operation of 3,200
8 megawatts of fuel diverse baseload generation." Do
9 you see that?

10 A. Yes.

11 Q. And the economic development benefits
12 that you are referring to there, are those the result
13 of pricing stability and predictability that you
14 believe the proposal would provide?

15 A. Yes.

16 Q. Okay. Is there any other basis for the
17 economic development benefits you are referring to
18 there?

19 A. No.

20 Q. And do you -- have the companies carried
21 out written analysis showing that the proposal would
22 provide economic development benefits -- would
23 provide economic benefits that are referred to in
24 your response on Sierra Club Exhibit 4?

1 A. There are no additional studies beyond
2 the information that's already been presented in the
3 case that I'm aware of.

4 Q. Okay. And do you know if any -- any
5 information that has already been provided in the
6 case supports the contention there are economic
7 development benefits of rider RRS?

8 MR. KUTIK: Well, I'll object at this
9 point as beyond the cope of the hearing, but you can
10 answer the question.

11 A. Yes.

12 Q. I'm sorry. Is that "yes"?

13 MR. KUTIK: Yes, that was "yes."

14 Q. Okay. Thank you. And what -- what such
15 information -- what such information has been
16 provided already supports the economic benefits of
17 rider RRS?

18 MR. KUTIK: Same objection.

19 A. For example, Mr. Strah's testimony.

20 Q. Okay. Anything besides Mr. Strah's
21 testimony?

22 A. I believe I testified about the benefit
23 to customers, industrial customers, in my experience
24 for having stable, predictable pricing as well.

1 Q. Okay. Anything else?

2 A. There may be. Those are the examples
3 that come to mind.

4 Q. Okay. If you could turn to your
5 rehearing testimony, page 10, lines 9 to 10, you --
6 you state that "The Modified Rider RRS provides all
7 the benefits of the Rider RRS that was originally
8 approved by the Commission and provides additional
9 benefits as well." Do you see that?

10 A. Yes.

11 Q. Is it your opinion that the proposal is
12 more beneficial for the companies' customers than
13 rider RRS?

14 A. It is my testimony that the proposal
15 provides additional benefits over the approved rider
16 RRS.

17 Q. So why then didn't the companies propose
18 this proposal to begin with rather than first
19 proposing rider RRS?

20 MR. KUTIK: Objection, beyond the scope
21 of the hearing.

22 A. I recall that the companies did not
23 initiate the discussion around the original proposal.
24 Rather FirstEnergy Solutions approached the companies

1 after becoming aware of what AEP was doing, and only
2 after, you know, the company -- the EDU team did
3 extensive due diligence and discovery and
4 negotiations at that time was there a decision to
5 move forward with the original rider RRS.

6 MR. FISK: Can we go off?

7 MR. KUTIK: Yes.

8 (Discussion off the record.)

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

10 MR. FISK: I have nothing further in the
11 public session.

12 MR. KUTIK: All right. Let's go off the
13 record.

14 (Discussion off the record.)

15 (Thereupon, at 12:29 p.m., a lunch recess
16 was taken.)

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

[illegible]

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

11 By Ms. Willis:

13 A. Good afternoon.

19 MR. KUTIK: I will instruct you to
20 exclude from your answer any conversation that you
21 had with counsel for the purpose of giving or
22 receiving legal advice or for the purpose of
23 preparation for hearing.

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1 with respect to respond to?

2 Q. The company filed -- let's take it back a
3 second. The company filed what we have been -- this
4 morning you called the proposal. So I am trying to
5 understand how that proposal was developed so what's
6 your first -- what was your first interaction with
7 any proposal that was to respond to the FERC order?

8 MR. KUTIK: Same instruction.

9 THE WITNESS: What was the instruction?

10 MR. KUTIK: The instruction is to exclude
11 from your answer any conversations that you've had
12 with counsel for the purpose of giving or receiving
13 legal advice or any conversations that you had in
14 preparation -- in preparation for the hearing.

15 A. The companies were notified by FES of the
16 FERC order, and at that time I think review of that
17 began subject to attorney's direction, under the
18 direction of attorneys.

19 Q. Okay. And when you say review of the
20 order began, would that have been your review as well
21 as other individuals within FirstEnergy utilities?

22 MR. KUTIK: Again, same instruction in
23 terms of information that you gave or provided in
24 conversations with counsel for giving or receiving

1 legal advice or information you did at the direction
2 of counsel in preparation for litigation.

3 A. I read the order, and subsequent to that
4 my activities would have been at the direction of
5 counsel.

6 Q. All right. Can you tell me who was
7 involved in developing a -- or developing the
8 proposal that was filed in this case?

9 A. That would have been myself, other rates
10 personnel, folks from our legal team, and others.

11 Q. Okay. Let's start with the other rates
12 personnel. Can you identify who those other rates
13 personnel would have been that were working to
14 develop the proposal that was filed in this case?

15 A. Bill Ridmann, Sonny Fanelli, and Joanne
16 Savage.

17 Q. And you said --

18 MR. KUTIK: Could you hold on a second.
19 If there are individuals on the phone who do not have
20 their phone on mute, we would appreciate it if you
21 would do so. Thank you.

22 MS. WILLIS: Thank you.

23 Q. (By Ms. Willis) You mentioned legal and
24 you said legal and others. Can you tell me who the

1 "and others" you were referring to that -- that you
2 worked with to develop the proposal that was filed in
3 this case.

4 MR. KUTIK: Object to the extent it has
5 already been asked and answered but go ahead.

6 A. Yeah. I worked with accounting. I
7 worked with risk. I worked with strategy.

8 Q. Are you -- I was just waiting.

9 A. I am. I'm done.

10 Q. Let's go through them one by one.

11 Accounting, who would have been in the accounting --
12 who would that have been? Can you identify the
13 individuals?

14 A. John Taylor.

15 Q. And what is his position?

16 A. Chief accounting officer.

17 Q. For what company?

18 A. He's the controller also. He's a
19 FirstEnergy Service Corp. employee.

20 Q. Okay. Is there anyone else in accounting
21 that you worked with to develop the proposal filed in
22 this proceeding?

23 A. No.

24 Q. Now, you mentioned that you worked with

1 risk. Can you tell me what risk -- what you were
2 referring to when you said risk?

3 A. The risk department.

4 Q. Okay. And who in the risk department
5 would you have worked with for purposes of developing
6 the proposal filed in this proceeding?

7 A. John Judge.

8 Q. And what is his position and who is he
9 employed by?

10 MR. KUTIK: Let's take them one at a
11 time.

12 Q. Sorry.

13 MR. KUTIK: So could you ask it again?

14 Q. Can you tell me who Mr. Judge is employed
15 by?

16 A. FirstEnergy Service Corp.

17 Q. Was there anyone else in the risk
18 department of FirstEnergy Service Corp. that you
19 worked with to develop the proposal filed in this
20 proceeding?

21 A. No.

22 Q. And you mentioned strategy. Can you tell
23 me what you meant by strategy? You worked with
24 strategy.

1 A. It's an organizational unit.

2 Q. Okay. And can you tell me where that
3 organizational unit is or who that organizational
4 unit is associated with, what entity?

5 A. FirstEnergy Service Corp.

6 Q. And within this strategy organization of
7 FirstEnergy Service Corp., what individual would you
8 have worked with to develop the proposal filed in
9 this proceeding?

10 A. Gary Benz and Dave Pinter and Nick
11 Fernandez.

12 Q. So can you tell me where the -- where the
13 proposal -- who -- who came up with the proposal?
14 Whose idea was the proposal?

15 MR. KUTIK: Well, again, I will instruct
16 you as I have before. You have my instruction in
17 mind?

18 A. The proposal was developed under the
19 direction of counsel.

20 Q. So when you developed your proposal under
21 the direction of counsel, who was in charge of -- who
22 was in charge of developing the proposal? Was there
23 a main person that was in charge of it?

24 MR. KUTIK: Same instruction.

1 A. I think --

2 MR. KUTIK: Also it was compound. Go
3 ahead.

4 A. I'm sorry. May I ask you to rephrase the
5 question, please?

6 Q. Was there a main point person to develop
7 the proposal that was in charge of the entire
8 proposal?

9 MR. KUTIK: Objection, and same
10 instruction.

11 A. No.

12 Q. No.

13 A. The proposal was developed under the
14 direction of counsel.

15 Q. Okay. Now, before the proposal was
16 submitted as part of your rehearing application, did
17 it have to be approved by any individual within
18 FirstEnergy utilities?

19 A. Yes.

20 Q. And who would that have been?

21 MR. KUTIK: Objection.

22 Q. Whose approval would have been needed
23 to -- in order to file the proposal as part of your
24 rehearing application?

1 MR. KUTIK: Objection, asked and
2 answered.

3 A. Steve Strah.

4 Q. And Mr. Strah is the treasurer; is that
5 correct?

6 MR. KUTIK: Objection.

7 A. No.

8 Q. Can you tell me what position he holds?

9 MR. KUTIK: Objection, asked and
10 answered.

11 A. I'm not going to have the title perhaps
12 exactly correct, but he is the senior vice president
13 and I think president in charge of all the utility
14 companies.

15 Q. Was he who you were referring to earlier
16 this morning?

17 A. Yes.

18 Q. Okay. Before the proposal was filed as
19 part of your rehearing application, did the -- did
20 the companies or the -- let me start over.

21 Before the proposal was filed as part of
22 the rehearing application, did the companies evaluate
23 the impact of the proposal as -- let me strike that.

24 To your knowledge was there anyone in the

1 FirstEnergy Corporation that had to approve the
2 proposal before it was filed as part of your
3 rehearing application?

4 MR. KUTIK: Objection.

5 A. No.

6 Q. Was there anyone in FirstEnergy Solutions
7 that had to approve the proposal before it was filed?

8 A. No.

9 Q. Was the proposal provided -- let me
10 strike that.

11 Was the proposal discussed with any of
12 the signatory parties to the stipulations prior to
13 being filed as part of the rehearing application?

14 A. Yes.

15 Q. And which signatory parties would have --
16 would you have discussed the proposal with?

17 A. All of the signatory parties.

18 Q. And those discussions would have taken
19 place before the -- the -- your testimony was filed;
20 is that correct? Your rehearing testimony filed.

21 A. Yes.

22 Q. Now, let's go to page 1 of your
23 testimony, specifically line 18, and you indicate
24 there that "The proposed modifications benefit

1 customers while eliminating any associated risk with
2 tying Rider RRS to the results of a purchase power
3 agreement." Do you see that?

4 A. Yes.

5 Q. Can you tell me specifically the benefits
6 to customers of the proposed modifications -- let me
7 strike that.

8 Can you identify specifically the
9 benefits to customers under the proposal?

10 MR. KUTIK: Objection. Go ahead.

11 A. The proposal benefits customers insomuch
12 as it eliminates any risk associated with plant --
13 actual plant costs exceeding the projected values
14 relied upon in the case. It benefits the customers
15 from avoiding the risk of outages, unplanned outages,
16 at the operating units that would have existed under
17 the original proposal. It benefits the customers by
18 making known what the values are that will be assumed
19 cleared for capacity purposes in the base residual
20 auction eliminating any risk of capacity not clearing
21 in the auction as a result of offer strategies.

22 It eliminates the risk to customers
23 associated with future environmental. There was
24 concern in the case there may be emergent

1 environmental requirements that weren't reflected in
2 the forecasts so that risk is eliminated and to the
3 benefit of the customers. It eliminates any risk of
4 emergent nuclear regulations which might give rise to
5 necessary investments under the original proposal.
6 It eliminates any risk associated with just excess
7 spending.

8 There seemed to be concern in the case
9 about excess spending at the plants, maybe gold
10 plating the plants. It eliminates that risk so all
11 of the concerns, whether I agree with them or not,
12 that were articulated by parties during the case with
13 respect to risks around the energy that was produced,
14 the capacity that cleared in the market, or the costs
15 that were incurred are eliminated under this
16 proposal.

17 Q. So you would define the benefits to
18 customers as the elimination of risk.

19 MR. KUTIK: Objection, mischaracterizes
20 her testimony.

21 A. That the testimony we are looking at
22 discusses how the proposed modifications benefit
23 customers, right.

24 Q. I just want to make sure that we are on

1 the same page. You say it benefits -- the testimony
2 is that it benefits customers while eliminating any
3 associated risk, and you've defined the benefits to
4 customers basically as the elimination of a number of
5 risks that were raised by parties to the proceeding;
6 is that correct?

7 A. It also eliminates -- the modified
8 proposal eliminates the risk of timing delay --

9 Q. And the time --

10 A. -- moving forward, the risk of
11 uncertainty associated with whether the ESP IV will
12 continue or not continue. All of those risks were in
13 addition to the plant-related risks.

14 Q. And the timing delay is the timing -- you
15 are referring to the timing of rates going into
16 effect; is that what you are referring to?

17 A. I was referring to the time I'm told it
18 would take to have the PPA reviewed at FERC.

19 Q. Oh, okay. Thank you. Is it -- is it
20 your understanding -- earlier this morning you
21 referred to the original proposal of rider RRS, so I
22 am going to pick up on that, and we are going to talk
23 about rider RRS. Is rider -- would you agree with me
24 that rider RRS was an integral component of ESP IV

1 that was proposed in this proceeding?

2 MR. KUTIK: Objection.

3 A. I would say rider RRS was a very
4 important provision of the ESP IV.

5 Q. And would you agree with me that rider
6 RRS was intended to achieve rate stability?

7 MR. KUTIK: Objection.

8 A. Yes, retail rate stability.

9 Q. Is the retail rate stability that is
10 intended to be achieved under the proposal any
11 different than the retail rate stability intended to
12 be achieved under rider RRS?

13 A. I think that there may be enhanced retail
14 rate stability under the proposal due to the
15 elimination of the matters that we discussed earlier
16 which under the original proposal may have impacted
17 the rider and now no longer will.

18 Q. And you are talking about the risks that
19 you believe are eliminated or avoided by the
20 proposal, correct?

21 A. Yes.

22 Q. Is it your understanding that the rider
23 RRS -- that rider RRS payments were tied to the
24 continued operation of Sammis and Davis-Besse?

1 MR. KUTIK: Objection.

2 A. May I ask you to rephrase the question,
3 please?

4 Q. Okay. Under rider RRS Sammis and
5 Davis-Besse would continue to operate; is that your
6 understanding?

7 MR. KUTIK: Objection.

8 A. I think there was greater certainty with
9 respect to the continued operation. Certainly there
10 were provisions in the term sheets such as if there
11 was a capital expenditure that would render the plant
12 uneconomic, things of that nature, that allowed for
13 the not -- for the units not to continue to operate.

14 Q. Is it your understanding of that under
15 rider RRS if either plant was retired, that the PUCO
16 could reopen the rider and look at -- look at the
17 rider and whether or not it should continue or be
18 modified?

19 A. I don't recall. I don't remember.

20 Q. Do you recall whether there were
21 conditions under which the PUCO could reopen the
22 rider and modify it or determine whether it should be
23 continued?

24 A. I do.

1 Q. Now, on page 2 of your testimony, you
2 state that --

3 MR. KUTIK: We can agree when you are
4 talking about testimony, we are talking about her
5 rehearing testimony?

6 MS. WILLIS: Yes, we can agree to that.

7 Q. Under page 2 of your testimony you state
8 that modified rider RRS continues to meet all of the
9 objectives identified in the Commission's order.

10 MR. KUTIK: I'm sorry. Do you have a
11 line reference?

12 MS. WILLIS: Yes. That would be lines 1
13 and 2.

14 Q. Do you see that?

15 A. Yes.

16 Q. Can you identify for me what objectives
17 you are referring to there?

18 A. I think I refer on page 3 of my testimony
19 to the Commission order where they talk about rider
20 RRS operating as a form of insurance. I would also
21 be talking about the Commission's determination with
22 respect to qualitative benefits associated with
23 protections of customers against rate volatility and
24 price fluctuations by promoting rate stability for

1 all ratepayers in the state.

2 MS. WILLIS: May I have that answer
3 reread, please.

4 (Record read.)

5 Q. Are there any other objectives that you
6 can identify that are -- that rider -- that the
7 proposal continues to meet? Let me strike that. Let
8 me be more precise.

9 You identified objectives that the
10 modified rider RRS continues to meet. Are there any
11 other objectives you can identify as we sit here
12 today that are -- are met under the proposal?

13 A. Those are -- pardon me.

14 MR. KUTIK: Objection. To the extent it
15 hasn't already been asked and answered, go ahead.

16 A. The ones mentioned are the ones that come
17 to mind now.

18 Q. Okay. Under your current -- under the
19 proposal what happens if Davis-Besse and Sammis
20 retire?

21 A. All else equal?

22 Q. Yes.

23 A. Nothing with respect to rider RRS.

24 Q. Rider RRS continues --

1 MR. KUTIK: I'm sorry. Had you finished
2 your answer?

3 THE WITNESS: I had.

4 Q. I didn't mean to interrupt.

5 MR. KUTIK: I didn't know whether she had
6 finished or not. That's why I asked.

7 MS. WILLIS: She talks fast so it's a
8 little hard to judge.

9 MR. KUTIK: And so do we all.

10 MS. WILLIS: Yes, and I'm used to
11 interrupting people. I appreciate it.

12 MR. KUTIK: Thank you for letting me ask
13 her. Go ahead.

14 MS. WILLIS: I think -- did we have a
15 question pending or? I'm not sure.

16 MR. KUTIK: Why don't you ask it again.
17 I interrupted you.

18 Q. Under the proposal -- let me strike that.

19 MS. WILLIS: If we could just have the
20 last answer and question reread. I think she may
21 have answered it so I don't need to.

22 (Record read.)

23 Q. So rider RRS would continue without
24 any -- rider RRS would continue, correct?

1 A. All else equal, in the event that
2 Davis-Besse and Sammis were to retire, rider RRS
3 would continue under the proposal.

4 Q. And under the proposal the Commission
5 would not have the opportunity or ability to reopen
6 rider RRS to determine whether it should continue or
7 be modified?

8 A. All else equal, assuming Davis-Besse and
9 Sammis retire, the Commission would not have the
10 opportunity to revisit rider RRS.

11 Q. Thank you. On page 3 of your testimony,
12 let's look at line 14. You note that the PUCO took
13 into account -- let me strike that.

14 You indicate on page 3 that the
15 Commission found evidence in the record reliable.
16 And that was the -- the evidence that you are
17 speaking of there is the companies' projection that
18 customers will receive a credit of \$561 million; is
19 that correct?

20 A. Yes.

21 Q. And that was based on the projections
22 provided by Mr. Rose; is that correct?

23 A. The projection relied in part upon
24 information provided by Mr. Rose.

1 Q. And in part on information provided by
2 Mr. Lisowski?

3 A. Correct.

4 Q. And on page -- line 14 of page 3, you
5 note that the PUCO took into account another
6 projection. Do you see that reference?

7 A. Yes.

8 Q. And that other projection was based on an
9 EIA Reference Case, correct?

10 A. Yes.

11 Q. Is it your understanding that that
12 projection would have been provided by OCC Witness
13 Wilson?

14 A. Yes.

15 Q. And that is it also your understanding
16 that Mr. Wilson relied on the EIA Reference Case
17 Outlook for 2015?

18 A. Yes.

19 Q. Is it your understanding that OCC Witness
20 Wilson's projection of a net cost of \$50 million to
21 customers using the EIA Reference Case Outlook for
22 2015 was a projection that the PUCO found -- PUCO
23 found to be reasonable and reliable?

24 MR. KUTIK: Objection.

1 A. The Commission incorporated the results
2 of that analysis in its analysis of the benefits of
3 the ESP versus the MRO.

4 Q. Do you believe that that projection was
5 reasonable and reliable?

6 MR. KUTIK: Objection.

7 A. No, I don't.

8 Q. Are you familiar with the EIA Reference
9 Case Outlook for 2015?

10 A. Not in any detail.

11 Q. Okay.

12 A. No.

13 Q. Have you looked at it?

14 A. I may have looked at it in the course of
15 the case.

16 Q. Have you discussed the EIA Reference Case
17 Outlook for 2015 with anyone in the company?

18 MR. KUTIK: Excluding counsel.

19 Q. Excluding counsel.

20 A. Excluding counsel, no.

21 Q. Are you generally familiar with EIA's
22 Annual Energy Outlook?

23 MR. KUTIK: Objection.

24 A. May I ask you to rephrase the question,

1 please?

2 Q. Are you aware of the United States Energy
3 Information Administration's annual projections that
4 are released?

5 A. I am aware that the EIA produces
6 projections, yes.

7 Q. Is it something that you keep apprised
8 of?

9 A. No.

10 Q. Is it something that you discuss
11 internally with member -- with other employees?

12 A. No. Outside of the instant proceeding,
13 no.

14 Q. And do you know whether or not
15 FirstEnergy uses the EIA Annual Outlook for any
16 purpose?

17 A. I don't know.

18 MR. KUTIK: And when you say FirstEnergy,
19 you are referring to the companies?

20 Q. First -- yes, the utilities.

21 A. I don't know.

22 Q. And are you aware of whether or not, for
23 example, the FirstEnergy Service Corporation utilizes
24 the EIA Annual Outlook for any purposes?

1 A. I don't know.

2 MR. KUTIK: If I could stop there, again,
3 we are getting noise on our speaker, so if folks on
4 the phone could make sure that they are on mute, we
5 would appreciate it.

6 MS. WILLIS: Thank you.

7 Q. (By Ms. Willis) Are you aware of whether
8 or not FirstEnergy Solutions uses the EIA Annual
9 Outlook for any purpose?

10 A. I don't know.

11 Q. Are you familiar with the EIA Annual
12 Energy Outlook for 2016?

13 MR. KUTIK: Objection.

14 THE WITNESS: May I have the question
15 reread, please.

16 (Record read.)

17 A. No.

18 Q. Are you aware that there has been an
19 early release of the EIA Annual Energy Outlook for
20 2016 that was released in May of 2016?

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

23 (Record read.)

24 A. No.

1 Q. And are you aware of whether or not there
2 will be a full release of the EIA Annual Outlook 2016
3 in July of 2016?

4 A. No.

5 Q. Are you aware generally, Ms. Mikkelsen,
6 of any changes in the power markets since 2014?

7 MR. KUTIK: Objection.

8 Q. Energy markets, I will try to be more
9 specific.

10 MR. KUTIK: Same objection.

11 A. May I ask you to rephrase the question,
12 please?

13 Q. I will try. Is it your understanding
14 that the forecasts in -- in this proceeding that you
15 are relying upon as part of your proposal were
16 developed in 2014?

17 MR. KUTIK: Objection.

18 THE WITNESS: I'm sorry. May I ask you
19 to reread the question, please, ma'am.

20 (Record read.)

21 A. May I ask you to rephrase the question?

22 Q. I'm sorry. What -- what is your problem
23 with respect to the question?

24 A. What forecast you are referring to,

1 ma'am.

2 Q. Would the forecasts that were developed
3 by Mr. Rose that the company -- let me go back a
4 second.

5 Part of the proposal in this proceeding
6 relies upon forecasts that were developed by Mr. Rose
7 and by Mr. Lisowski; is that correct?

8 A. Yes.

9 Q. And let's focus for a moment on the
10 forecast developed by Mr. Rose. Is it your
11 understanding that the forecasts developed by
12 Mr. Rose were developed in 2014?

13 A. Yes.

14 Q. And how would you characterize those
15 forecasts? What were those forecasts of, if you
16 know?

17 A. I think Mr. Rose's testimony speaks for
18 itself what his forecast was.

19 Q. I am just asking you what your
20 understanding is of those forecasts.

21 MR. KUTIK: Objection.

22 A. My understanding was he made forecasts
23 with respect to energy prices, capacity prices. I
24 think that there were other elements that he included

1 in his testimony that he forecasted prices associated
2 with.

3 Q. Okay. Is it your understanding that the
4 energy prices that Mr. Rose forecasted were -- were
5 forecasts developed in 2014?

6 A. Yes.

7 Q. And do you know what has -- do you know
8 whether or not the energy price -- energy prices have
9 come up or down since the 2014 period?

10 MR. KUTIK: Objection.

11 A. May I ask you to rephrase the question,
12 please?

13 Q. And where is the problem with the
14 question?

15 A. I am not sure what time frame you are
16 talking about, ma'am.

17 Q. Let's talk about annually, an annual time
18 frame. Do you know, for instance, in 2016 whether
19 the energy prices have come down from the energy
20 prices in 2014?

21 MR. KUTIK: Objection. It's hopelessly
22 vague.

23 A. I don't know how to answer the question.

24 Q. Okay. Do you know in general whether or

1 not energy price forecasts have changed since 2014?

2 MR. KUTIK: Objection.

3 A. May I ask you to rephrase the question
4 with respect to time frame?

5 Q. Do you know whether the energy price
6 forecasts -- if we compared an energy price forecast
7 that Mr. Rose developed in 2014, would you expect
8 there to be changes from the energy price forecasts
9 that are now available in 2016?

10 MR. KUTIK: Objection.

11 A. I think Mr. Rose's forecast was developed
12 using the most reliable forecasting methodology in
13 the case, and I would expect his forecast -- I would
14 expect to be able to rely upon his forecast over the
15 term of the ESP. There may be changes in the, you
16 know, current period with respect to energy prices
17 that are actually seen versus the forecast but that
18 was still the most reliable forecast.

19 Q. And if we compared Mr. Rose's energy
20 price forecasts with the actual energy prices that
21 have occurred in 2015 and 2016 to date, how -- what's
22 your understanding of how they would compare?

23 MR. KUTIK: Objection.

24 A. I haven't performed that study.

1 Q. Okay. Do you know if anyone in the
2 company has performed that study that would look at
3 the difference between Mr. Rose's 2014 forecasts and
4 the actual energy prices that -- that occurred during
5 2015 and 2016?

6 MR. KUTIK: Objection.

7 A. I'm not aware of anyone performing that
8 study in the companies.

9 Q. Are you aware of anyone performing that
10 study outside of the companies but within the
11 FirstEnergy Corporation?

12 MR. KUTIK: Objection.

13 A. May I ask you to rephrase the question,
14 please?

15 Q. Are you aware of -- of another entity
16 that is within the FirstEnergy Corporation that would
17 have looked at the difference between Mr. Rose's
18 energy price forecasts in 2014 and compared that to
19 the actual energy prices seen in 2015 and 2016?

20 MR. KUTIK: Objection.

21 A. I'm not aware of a calculation being
22 performed in any of the FirstEnergy Corporation's
23 subsidiaries like the one you've described.

24 Q. Are you aware of whether that is being

1 looked at beyond a calculation being performed?

2 MR. KUTIK: Objection.

3 A. No.

4 Q. Now, on page 4, lines 16 through 17, you
5 indicate that "Rider RRS will continue to provide all
6 the rate stabilization benefits recognized in the
7 Order, but without reliance on the PPA." Can you
8 identify for me what rate stabilization benefits you
9 are referring to there?

10 A. The rate stabilization benefits I'm
11 referring to there are the benefits that flow to the
12 customer as a result of the retail rate stability
13 rider such that when market prices are low, customers
14 will see a charge associated with rider RRS, and as
15 market prices increase over the term of the ESP, that
16 charge will transition to a credit thereby
17 stabilizing retail rates for our customers.

18 Q. Can you tell me what the benefits of
19 modified -- let me strike that.

20 Can you tell me what are the benefits of
21 the proposal to the FirstEnergy utilities?

22 MR. KUTIK: Well, are we talking about
23 the proposal?

24 MS. WILLIS: That is correct.

1 A. The FirstEnergy utilities are benefited
2 by the ability to provide that retail rate stability
3 to our customers, which as we discussed earlier,
4 provides associated economic development and job
5 retention benefits which serve to strengthen our
6 service territories which, in turn, benefit the
7 customers -- pardon me, benefit the companies arising
8 from this. The companies are benefited by the
9 elimination of all the uncertainty that has
10 surrounded and continues to surround the ESP IV and
11 whether or not certain provisions will or will not go
12 forward.

13 The utilities are benefited, as we
14 discussed earlier, by additional inflow of cash in
15 the early years which would help to improve their
16 credit metrics in the early years of the proposal.
17 The utilities are benefited by having the influx of
18 cash which will help them invest in things that could
19 include things like the grid modernization plan, the
20 investment in renewable resources in the State of
21 Ohio, or potentially battery technologies. There may
22 be others. Those are the benefits that come to mind
23 now.

24 Q. I'm sorry. So those are the ones as we

1 sit here today you can identify that are benefits to
2 the company of proposed rider RRS -- I'm sorry, of
3 the proposal.

4 A. Correct. Those are the ones I can think
5 of sitting here now, yes.

6 Q. Can you tell me what are the benefits of
7 the proposal to FirstEnergy Solutions?

8 MR. KUTIK: Objection.

9 A. There are no benefits to the proposal --
10 of the proposal to FirstEnergy Solutions.

11 Q. And can you tell me if there are any
12 benefits of the proposal to the FE Corporation?

13 MR. KUTIK: You mean FirstEnergy Corp.?

14 MS. WILLIS: Yes. It's not Corporation?
15 It's just Corp.?

16 MR. KUTIK: No. Yes.

17 MS. WILLIS: Thank you, Mr. Kutik.

18 MR. KUTIK: Always willing to help.

19 MS. WILLIS: Yes. Very nice.

20 A. Again, to the extent that the utilities'
21 credit metrics are improved in the early periods and
22 those utility results consolidate up to parent, that
23 improvement could give rise to an improvement for the
24 FirstEnergy Corp. consolidated metrics.

1 Q. When -- I'm sorry. Were you finished?

2 A. I was.

3 Q. When you say that the credit metrics
4 are -- could improve and consolidate up to the
5 parent, can you tell me what you mean consolidate up
6 to the parent and how that works?

7 A. I was referring to the discussion we had
8 earlier this morning with respect to that the
9 FirstEnergy Corp. represents a consolidation of all
10 of the subsidiaries, so to the extent that the
11 companies are subsidiaries and their credit metrics
12 are improved when their results consolidate up in
13 aggregate with the other members of the FirstEnergy
14 Corp., results could be improved.

15 Q. And -- let me strike that.

16 Can you tell me what are the benefits of
17 the proposal to the shareholders of FirstEnergy
18 Corp.?

19 A. I haven't thought about it in that
20 context, but I would assume shareholders are
21 benefited by stronger utility companies.

22 Q. Is there any other benefits to -- of the
23 proposal to the shareholders of FE Corp.?

24 A. It's the benefit that comes to mind as I

1 sit here today.

2 Q. And so you can think of no other benefit
3 as you sit here today.

4 A. Correct.

5 Q. Now, on page 5, line 1, you talk about
6 the hedging function of rider RRS being provided
7 directly by the companies and not through a PPA
8 construct. Do you see that?

9 A. Yes.

10 Q. Can you identify the hedging that you are
11 referring to there?

12 A. Yes. That is when market revenues based
13 on the assumed generation output and capacity cleared
14 in the case are greater than the costs that are
15 assumed in the proposal. That revenue would then
16 flow back -- the excess of the revenue over those
17 proxy costs would flow back to the customers in a
18 form of a credit, and to the extent that that revenue
19 is less than the proxy costs, that would mean market
20 prices are low and that would result in a charge to
21 the companies' customers.

22 Q. Is the hedging backed up by any financial
23 instruments, if you know?

24 MR. KUTIK: Objection.

1 A. May I ask you to rephrase with respect to
2 "financial instruments"?

3 Q. Did -- does -- do the FirstEnergy
4 utilities have to enter into any financial
5 arrangements in order to provide the hedge to
6 customers under the proposal?

7 MR. KUTIK: Objection.

8 A. No.

9 MS. WILLIS: Can I have the question and
10 answer reread, please.

11 (Record read.)

12 Q. Do any of the entities in FirstEnergy
13 Corp. have to enter into any financial arrangements
14 in order to provide the hedge?

15 A. I don't think that the question makes
16 sense to me insomuch as the utility companies are
17 providing the hedge, not any other entity in the
18 FirstEnergy Corporation.

19 Q. So the answer is no.

20 MR. KUTIK: Well, her answer is her
21 answer so I'll object.

22 Q. You can respond.

23 A. The utilities are offering the hedge via
24 the retail rate stability rider. That offer on

1 behalf of utilities does not rely upon any other
2 actions taken by any other corporate entity.

3 Q. Thank you. Are you aware of any,
4 Ms. Mikkelsen, any deregulated utilities -- electric
5 utilities which hedge power costs and charge
6 customers for that hedge through nonbypassable
7 charges?

8 MR. KUTIK: Objection. I am not sure
9 what the term "deregulated electric utility" means.

10 A. May I ask you to rephrase the question,
11 please?

12 Q. Are you aware of any other electric
13 utilities which hedge power costs and charge
14 customers for that hedge through a nonbypassable
15 charge?

16 MR. KUTIK: Objection.

17 A. As proposed, the customers will have a
18 net credit, not a charge, under the companies' hedge
19 proposal.

20 Q. But under the companies' hedge proposal,
21 by your projections for a certain number of years
22 they will have a charge under the proposal; isn't
23 that correct?

24 A. Under the proposal there is a projected

1 charge in the early years of the ESP term and then
2 credit in the later years of the ESP term so that in
3 total when you look at it, the customers have a net
4 credit associated with the hedge provided by the
5 companies.

6 Q. Are you aware of any electric utilities
7 which hedge power costs and charge customers for that
8 hedge through a nonbypassable charge?

9 MR. KUTIK: Objection.

10 A. I guess I have not performed that study.

11 Q. So you are not aware of any other
12 utilities that would provide a similar hedge to their
13 customers.

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

16 A. I'm sorry. I thought it was a little
17 different. That question was a similar hedge. The
18 first question was just a hedge.

19 Q. Right, correct.

20 A. So which is it?

21 Q. Yes. Are you aware of any electric
22 utilities which provide similar hedges to customers
23 for -- for electricity costs through a nonbypassable
24 charge?

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

3 (Record read.)

4 A. I know that AEP has a proposal pending,
5 and I think that Dayton may have a proposal pending.

6 Q. But outside those two utilities, you are
7 not aware of any electric utilities which provided a
8 similar hedge for electricity and charge customers on
9 a nonbypassable basis, correct?

10 MR. KUTIK: Objection.

11 A. Yes.

12 Q. Can you explain to me -- can you identify
13 all the costs that are associated with the hedge that
14 you are providing under your proposal?

15 A. The costs listed on Sierra Club Exhibit
16 1, line 11.

17 Q. There are no other costs that the company
18 expects to incur other than the costs listed on line
19 1, Sierra Club Exhibit 1, for providing the hedge,
20 correct?

21 A. The companies will incur some
22 administrative-related costs associated -- associated
23 with the preparation of the rider and the quarterly
24 true-ups and associated with responding to inquiries

1 associated with the annual audit.

2 Q. And can you give me an estimate of what
3 you would expect those costs to be on an annual
4 basis?

5 A. No.

6 Q. Would you agree with me that those costs
7 would be de minimus?

8 MR. KUTIK: Objection.

9 A. I don't know.

10 Q. Now, in your testimony at page 5 --

11 A. I should go on to say in addition the
12 costs associated with credits, if any, that arise
13 under the proposal.

14 Q. Understood. I was speaking outside of
15 Sierra Club No. 1.

16 A. I thought you were, but I wanted to be
17 clear on that. I apologize.

18 Q. Thank you. I appreciate that.

19 MR. KUTIK: Before we go on to your next
20 topic why don't we take a quick break.

21 MS. WILLIS: Sure. That's great.

22 (Recess taken.)

23 Q. (By Ms. Willis) Ms. Mikkelsen, I want you
24 to turn to your testimony at page 5, lines 2 to 4,

1 and there you discuss -- you discussed a little
2 earlier that the companies will be able to use any
3 rider RRS revenues produced in the near term to
4 support other ESP initiatives. Do you see that?

5 A. Yes.

6 Q. Would you agree with me that the
7 companies will be able to use the revenues for any
8 purposes --

9 MR. KUTIK: Objection.

10 Q. -- under the proposal?

11 A. As I said earlier, it is the companies'
12 intent to use the rider RRS revenue within the
13 companies, you know, whether it be for grid
14 modernization or, as we discussed earlier this
15 morning, you know, battery technology or investment
16 in renewable resources or any other way that the
17 utility company could use the dollars. The intent is
18 the dollars will be used within the company.

19 Q. Under the proposal there is no
20 restriction on how the revenues from rider RRS can be
21 used; is that correct?

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

24 A. Yes.

1 Q. And you say that there will be rider RRS
2 revenues produced in the near term to support other
3 initiatives -- let me strike that.

4 You testify on page 5, lines 18 and 19,
5 that the modified RRS will provide a more reliable
6 hedge. Do you see that?

7 A. Yes.

8 Q. Are you saying it is more reliable than
9 rider RRS? Is that the comparison you are making?

10 A. Yes.

11 Q. And why is it more reliable?

12 A. Because as we discussed earlier, the
13 companies are using proxy costs which will not
14 fluctuate based on actual costs incurred at any
15 generating unit. They are using proxy or fixed and
16 known estimates for output from an energy perspective
17 as well as capacity cleared. So, again, all of that
18 eliminates things that might have changed under the
19 original proposal, now locks those in so that the
20 hedge is more reliable because it is purely moving as
21 energy markets change and as capacity prices change.

22 Q. You indicate on -- at page 6 on lines 1
23 through 3 that modified Rider RRS holds constant the
24 cost-side of the hedging mechanism using costs in the

1 record that were already determined to be reasonable.

2 Do you see that?

3 A. Yes.

4 Q. Did the PUCO determine that the
5 forecasted costs were reasonable to charge customers?

6 A. The Commission relied upon the companies'
7 forecast in total for what the net credit would be
8 under rider RRS, and the costs that were included in
9 that calculation -- costs were included in that
10 calculation that gave rise to the number relied upon
11 by the Commission. Those are the same costs that we
12 will be using as proxy costs going forward in this
13 calculation.

14 Q. Would you agree with me that the
15 Commission determined that the forecast -- or that
16 the Commission used the costs -- the forecasted costs
17 to estimate the net costs to customers under the
18 rider RRS?

19 A. I think that the Commission found that
20 there was a net benefit, not a net cost, to customers
21 associated with rider RRS.

22 Q. But the Commission used the forecasted
23 costs to determine whether there was a benefit to
24 customers; is that correct?

1 MR. KUTIK: Objection.

2 A. Yeah. I thought, as I explained earlier,
3 that was one of the elements that would give rise
4 to --

5 Q. Nowhere -- I'm sorry.

6 MR. KUTIK: Excuse me.

7 Had you finished? "Give rise to"?

8 THE WITNESS: The Commission's
9 determination that rider RRS provides a net benefit
10 to customers.

11 Q. And can you point to me anywhere in the
12 Commission's order where the PUCO determined that
13 forecasted costs were reasonable to charge customers?

14 A. The Commission in the ESP versus MRO test
15 relied upon the forecasts that the retail rate
16 stability rider provides \$561 million worth of
17 benefit to the customers over the term and the
18 derivation of 561, as you know and as the Commission
19 knows, was dependent upon a projection of costs and
20 those are the costs that we are proposing to use as
21 proxy costs in the RRS proposal going forward.

22 Q. Under the rider RRS the costs that were
23 to be charged to customers under rider RRS were
24 actual costs that were trued up; is that correct?

1 A. Under the rider RRS proposal approved
2 costs included in the rider calculation were to be
3 actual costs incurred at the plants.

4 Q. On page 6, lines 5 through 8, you
5 indicate that "The proposal uses the generation
6 output and cleared capacity that were included in the
7 record and relied upon by the Commission in reaching
8 its decision." Do you see that reference?

9 A. Not -- no.

10 Q. I'm sorry. Page 6, lines 5 through 8 --
11 actually 6 through 8, "The proposal uses the
12 generation output and cleared capacity that were
13 included in the record and relied upon by the
14 Commission in reaching its decision." Do you see
15 that?

16 A. I see that with the proper reference now,
17 yes.

18 Q. Yes. And that decision was -- was -- was
19 the Commission was measuring the costs in order to
20 determine whether or not the proposal was in the
21 public interest; is that correct?

22 MR. KUTIK: Objection.

23 A. No.

24 Q. And why is that not correct?

1 A. Again, I think the Commission relied upon
2 the forecasted market revenues and projected costs.
3 The forecasted revenues relied upon generation output
4 assumptions and assumptions about cleared capacity
5 that gave rise to the forecast in part for the market
6 revenue that the Commission relied upon when it made
7 its determination for the ESP versus MRO test that
8 the retail rate stability rider along with other
9 quantitative measures was more favorable than an MRO.

10 Q. And is it your understanding that when
11 the Commission was looking at the more favorable in
12 the aggregate test that it was making a determination
13 that the generation output and cleared capacity
14 forecasted were a reasonable basis to base rates
15 charged to customers?

16 MR. KUTIK: Objection.

17 A. May I ask you to restate the question,
18 please?

19 Q. Would you agree with me, Ms. Mikkelsen,
20 that the Commission did not determine that it was
21 reasonable to use the generation output and cleared
22 capacity projections to set rates to customers?

23 A. That's correct, under the original
24 proposal.

1 Q. Now, the only elements that varied under
2 the proposal from the rider RRS is that -- is the
3 day-ahead prices and the actual capacity prices,
4 correct?

5 MR. KUTIK: Objection.

6 THE WITNESS: May I have the question
7 reread, please, ma'am.

8 (Record read.)

9 A. I think that the proposal relies upon
10 actual energy prices and actual capacity prices as
11 did rider RRS.

12 Q. Now, all the other elements of the
13 proposal rely on forecasted information; is that
14 correct?

15 MR. KUTIK: Objection.

16 A. The proposal suggests that the costs that
17 were projected in the case be utilized in the hedge
18 as proxy costs for, you know, generic nuclear and
19 fossil fuel generating units in the region and that
20 makes sense because, you know, the companies -- the
21 EDU team looked at those costs, they did their due
22 diligence, they compared those to costs of other
23 plants, and concluded they were reasonable, so we're
24 using those costs as a proxy for fuel diverse

1 baseload generation costs in the region.

2 And with respect to the generation,
3 energy, and capacity assumptions, those since they
4 align with the costs that were included in the case
5 are being used as proxy generation output and
6 capacity cleared in the market for purposes of the
7 calculation under the proposal.

8 Q. Why not rely upon the forecasts of the
9 day-ahead energy prices and actual capacity prices
10 for the proposal?

11 MR. KUTIK: Objection.

12 A. Because the hedge is -- rider RRS is
13 designed to provide a service to the customers in the
14 form of a hedge. And that hedge that the company is
15 trying to provide is against actual market prices so
16 if you don't use actual market prices, you don't have
17 the hedge function or service provided to your retail
18 customers.

19 Q. Are the risks that customers still bear
20 with the day-ahead market prices and capacity prices?

21 MR. KUTIK: Objection.

22 A. May I ask you to rephrase the question,
23 please?

24 Q. Well, part of your -- it's my

1 understanding that -- that under the proposal a
2 number of risks to customers are avoided in your --
3 in your words or eliminated; is that correct?

4 A. Yes.

5 Q. And I was just exploring whether or not
6 under the proposal if day-ahead energy prices and
7 actual capacity prices are used instead of forecasted
8 energy price -- day-ahead energy prices and actual
9 capacity prices, then isn't it true that customers
10 still bear risks associated with the hedge?

11 MR. KUTIK: Objection.

12 A. No.

13 Q. And why is that not true?

14 A. Because the hedge acts as a protection
15 against the risk associated with increasing and
16 volatile energy and capacity prices.

17 Q. Now, on page 6, line 16, you state that
18 "The Proposal will preserve the benefits of the
19 Stipulated ESP IV for customers as previously
20 determined by the Commission." Can you identify
21 those specific benefits with -- can you name those
22 benefits associated specifically with rider RRS?

23 A. The statement you are pointing to does
24 not specifically point to rider RRS. It points

1 generally to the benefits included in the stipulated
2 ESP IV so may I ask you to restate the question in
3 that context?

4 Q. Can you tell me how the proposal -- let
5 me strike that.

6 MR. KUTIK: Again, I would ask those on
7 the phone to make sure that their phones are on mute.
8 We are still hearing noises over the phone.

9 Q. (By Ms. Willis) Does the proposal promote
10 resource diversity?

11 A. To the extent that the proposal is
12 approved and the ESP IV moves forward in its
13 totality, yes.

14 Q. Does the proposal on its own support
15 resource diversity apart from the other provisions of
16 the ESP IV?

17 A. No.

18 Q. Does the proposal on its own provide
19 support for the generation assets of Davis-Besse,
20 Sammis, and the OVEC entitlement?

21 A. No.

22 Q. Now, on page 6 carries over to page 7,
23 you testify that "Because the hedging function would
24 be provided by the Companies, the cash associated

1 with Rider RRS charges would not flow to FES, thereby
2 potentially making more cash available to support
3 important initiatives." Do you see that?

4 A. Yes.

5 Q. Can you tell me why you -- you indicated
6 that it is only potentially making more cash
7 available?

8 A. Because the actual dollars collected or
9 paid to customers in the rider aren't known until you
10 go through the true-up process so I guess in my mind
11 they are only potentially available until we know
12 what the actual day-ahead prices are coupled with the
13 actual capacity prices.

14 Q. Now, on page 8 on lines 4 through 5, you
15 indicate "There is no need for any reconciliation of
16 costs in Rider RRS since the costs will not change";
17 is that -- do you see that?

18 A. Yes.

19 Q. And this is because FE is proposing that
20 forecasted costs be used; is that correct?

21 A. Again, as I described earlier, I think
22 what FE is proposing is that the costs that were
23 relied upon in the case be treated as proxy costs for
24 fuel diverse baseload generation in the region and

1 those costs would be used -- those proxy costs would
2 be used in the rider RRS calculation.

3 Q. And the proxy -- I'm sorry. Were you
4 finished? And the proxy costs would have been
5 developed from the forecasted costs of Davis-Besse,
6 Sammis, and the OVEC entitlement?

7 A. The proxy costs were based on the
8 forecasted costs for those plants but recognize that
9 prior to agreeing to the transaction, the EDU team as
10 part of its extensive due diligence, you know, did a
11 very rigorous review of those costs vis-a-vis costs
12 of other similarly-situated nuclear and fossil plants
13 and concluded at that time that they could rely on
14 those estimates because they were consistent with
15 what they saw when they looked at other
16 similar-situated plants. So I think it's both of
17 those factors which contribute to my comfort using
18 those as proxy costs for fuel diverse baseload
19 generation in the region.

20 Q. On page 11 of your testimony, lines 7
21 through 9, you indicate that the "benefits arising
22 from modified Rider RRS will increase due to its
23 design that includes fixed costs and fixed levels of
24 annual generation output and capacity clearing in PJM

1 auctions." Do you see that?

2 A. Yes.

3 Q. Can you explain how the benefits will
4 increase?

5 A. This is the discussion we had earlier
6 that concerns that folks had about actual costs being
7 in excess of the costs that were included in the
8 case. That risk is no longer there so that provides
9 a benefit. To the extent that was a concern of
10 parties, that provides a benefit. To the extent the
11 parties were concerned about long outages or forced
12 outages when the units wouldn't be generating
13 megawatt-hours to drive energy revenue, that risk no
14 longer exists.

15 To the extent the parties were concerned
16 about offer strategies that might lead to capacity
17 not clearing in the base residual auction, that
18 concern is no longer there. To the extent that there
19 were concerns about emerging environmental
20 regulations which hadn't been reflected in the
21 forecast, that concern is gone. Concerns about
22 emergent nuclear regulations or investments
23 necessitated, those are examples of the things we
24 discussed that all of the concerns about those that I

1 heard expressed by the parties throughout the case no
2 longer exist.

3 Q. And when you were saying that the
4 benefits increased, you are comparing it to rider
5 RRS.

6 A. Yes.

7 Q. Now, on page 11 on lines 20 through 21,
8 you state that "There are no contracts or any other
9 form of an agreement between the Companies and FES
10 that would require the Companies to share the
11 revenues or expenses," and I want to focus on the
12 word "require." Are there contracts or agreements
13 that would allow the sharing of revenues and expenses
14 between the companies and FES?

15 A. No.

16 Q. And are there contracts or agreements
17 that would allow the sharing of revenues and expenses
18 between the companies and FirstEnergy Corp.?

19 A. No.

20 Q. And are there any contracts or agreements
21 that would allow the sharing of revenues and expenses
22 between the companies and any other of the electric
23 utility operating companies that are under the
24 FirstEnergy Corp.?

1 THE WITNESS: May I have that question
2 reread, please.

3 (Record read.)

4 MR. KUTIK: Objection.

5 A. No.

6 Q. Now, you also state on page 11, lines 22
7 through 23, that the "proposal was not designed to
8 transfer regulated revenues to the competitive
9 operations."

10 MR. KUTIK: I'm sorry. Where are you?

11 MS. WILLIS: That would be lines 22 and
12 23.

13 MR. KUTIK: May I have the question
14 again, please.

15 Q. Yes. I can restate it. You testify on
16 page 11, lines 22 through 23, that the "proposal was
17 not designed to transfer regulated revenues to the
18 competitive operations." Do you see that?

19 A. Yes.

20 Q. Is it your understanding that the
21 proposal will allow the companies to transfer
22 regulated revenues to the competitive operations?

23 A. No.

24 Q. Now, you testify on page 12 that there is

1 a benefit to having the revenue collected at the
2 companies, and I am looking at the question posed at
3 the top of the page on lines 1 and 2. And you
4 indicate there in your response that there's some
5 potential uses for the -- for the cash projected
6 under the first few years of rider RRS. Can you tell
7 me what factors the utilities will look at for -- to
8 determine how to use the cash collected in the first
9 years -- first few years of rider RRS?

10 A. No.

11 Q. Who will make the decision as to how the
12 cash collected in the first few years of rider RRS
13 will be spent?

14 A. The management of the companies.

15 Q. And when you say "management of the
16 companies," can you identify who that would be?

17 A. Not specifically, no.

18 Q. You -- or you indicate there on page 12,
19 lines 9 through 10, that "the companies have a strong
20 interest in the vitality of their service
21 territories." Do you see that?

22 A. Yes.

23 Q. And is it your testimony that the
24 proposal contributes to the vitality of the service

1 territories?

2 A. Yes.

3 Q. And is it your testimony that that
4 contribution comes in the form of retained or growing
5 load in particular by industrial customers?

6 A. I mean, I think my testimony is that
7 retail rate stability is important to our customers,
8 and it influences decision making with respect to
9 maintaining or growing operations in our service
10 territory and separate -- as a separate matter siting
11 of new operations in our service territory.

12 Q. And when you speak to the vitality of
13 your service territory, can you tell me are you
14 defining that in terms of industrial load and
15 industrial growth in load?

16 A. This is not intended to be that narrow,
17 no.

18 Q. So can you explain to me then what you
19 mean by vitality in your service territory and how
20 the modified rider -- and how your proposal
21 contributes to the vitality of the service area?

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

24 A. Correct. It's the provision of that

1 retail rate stability service which, again, allows --
2 it's important to customers. It allows them to
3 maintain or grow their operations or potentially site
4 new operations. So to the extent that there are --
5 there is that type of economic growth, it has effects
6 from residential customers in terms of jobs and
7 employment. It has effects for our commercial class
8 of customers with respect to, you know, secondary
9 benefits of growth in the service territory, all of
10 which contribute to the vitality of our service
11 territory.

12 Q. And when you make the claim that the
13 rider -- that the proposal contributes to the
14 vitality of the service area, are you relying on --
15 in any way on the economic development study
16 presented by Ms. Murley as part of the proceedings in
17 this case?

18 A. To the extent that the economic
19 development that we've been discussing creates a
20 robust load requirement in our service territory, as
21 I said earlier, that helps to ensure the continued
22 operation of generating plants in the region, and if
23 those generating plants in the region continue to
24 operate, then we would continue to see the economic

1 benefits that were outlined by Ms. Murley in her
2 testimony.

3 Q. Now, on page 13, you testified that --
4 and it's the very top of the page, lines 1 through 3,
5 that rider RRS is necessary to ensure that the
6 economic value of the PUCO-approved stipulation is
7 maintained for the companies and its customers. Do
8 you see that?

9 A. Yes.

10 Q. Can you tell me how the proposal ensures
11 that the economic value is maintained for the
12 companies?

13 A. That refers to the continuation of things
14 like rider DCR or the investments made and recovered
15 through rider AMI, things of that nature, that were
16 included in ESP IV.

17 Q. Is there anything else that -- that you
18 would identify that ensures the economic value is
19 maintained for the company?

20 A. May I ask you to restate the question,
21 please?

22 Q. What is it that you are having a problem
23 with?

24 MR. KUTIK: May I have the question read.

1 Start there.

2 (Record read.)

3 A. This testimony is that rider RRS is
4 necessary to ensure the economic value.

5 Q. And I -- my question is the modifications
6 you've made -- or you have a proposal and how does
7 the proposal ensure that the economic value is
8 maintained for the companies?

9 A. The ESP in total continues to operate as
10 contemplated and as approved by the Commission over
11 the term of the ESP.

12 Q. Now, on page 15, lines 1 and 2, you
13 testify that the proposal -- or the rider RRS is no
14 longer tied to plants but is representative of
15 generic fuel diverse baseload units. Do you see
16 that?

17 A. Actually starting on page 14 continues to
18 15?

19 Q. Yes.

20 A. Yes, I do.

21 Q. Can you tell me how the proposal is
22 representative of generic fuel diverse baseload
23 units?

24 A. Yes. As we discussed, when the EDU team

1 was reviewing the projected costs provided by
2 FirstEnergy Solutions, they compared those costs to
3 other fuel diverse, so nuclear plants and fossil
4 plants in the region, and concluded that those costs
5 were representative or consistent with costs incurred
6 at other fuel diverse baseload generating units and
7 that is why we concluded that they are representative
8 not only for FES plant costs but in terms of a more
9 generic look at fuel diverse baseload generation.

10 Q. Now, on page 15 you discuss in the middle
11 of the page that in the event that Rider RRS remains
12 in effect, less than 3,200 megawatts of formerly
13 rate-based nuclear or fossil fuel generation owned by
14 the company remains in operation, that the Commission
15 may proceed to reduce the charge or credit of rider
16 RRS by a proportionate amount. Do you see that
17 reference?

18 A. I would just clarify that the reference
19 is talking to rate-based nuclear and fossil
20 generation owned by the companies in January of 2000.
21 You omitted that clause.

22 Q. Yes.

23 A. If you include that clause, then, yes, I
24 see the portion you are referencing.

1 Q. And the PUCO has the ability to modify
2 rider RRS during the entire eight-year term, is that
3 right, under your proposal?

4 A. The Commission has -- under the proposal
5 the Commission can initiate a proceeding pursuant to
6 Revised Code 4905.26 in the event that there is less
7 than 3,200 megawatts of formerly rate-based nuclear
8 and fossil generation in operation over the term of
9 the ESP IV.

10 Q. Now, earlier today you've talked with
11 counsel about what in operation means. If you reduce
12 the output of, for instance, a unit by 80 percent,
13 would you still consider that in operation?

14 A. Yes.

15 Q. Okay. And the only instances when it
16 would not be in operation is when it would be
17 mothballed or retired?

18 A. Yes.

19 Q. And what if the unit was put on spinning
20 reserve? Would that be in operation?

21 A. Yes.

22 Q. And if the unit was on cold storage,
23 would that be considered in operation?

24 MR. KUTIK: Objection.

1 A. I don't know what cold storage means in
2 this context.

3 Q. Now, on page 15, lines 17 through 18,
4 excuse me, you indicate that significant economic
5 development and job benefits and transmission
6 reliability benefits contemplated under the original
7 proposal for the region would continue to exist,
8 albeit for potentially different plants. Do you see
9 that?

10 A. I do.

11 Q. And are the potentially different plants
12 those identified in Sierra Club Exhibit No. 4?

13 A. Yes.

14 Q. Okay. And when you referred to a
15 commitment on line 18, can you tell me what you mean
16 there?

17 A. The commitment on line 18 refers to the
18 portion of the proposal that says to the extent that
19 the operating -- the plants in operation dip below
20 3,200 megawatts, then the Commission can adjust the
21 charge after.

22 Q. So the commitment is to the continued
23 operation of 3,200 megawatts of fuel diverse baseload
24 generation?

1 A. No.

2 Q. Can you explain to me why that's not
3 correct?

4 A. The commitment is that -- the commitment
5 this refers to is the commitment in the proposal that
6 the Commission may reduce the charge or credit of
7 rider RRS by a proportionate amount should less than
8 3,200 megawatts of formerly rate-based nuclear or
9 fossil fuel generation be in operation.

10 Q. Now, at the bottom of page 15 you
11 testify, and I am looking at lines 21 through 23,
12 that "As a result of retirements of 2,400 megawatts
13 of coal-fired power plants in Ohio, costs of
14 approximately \$1 billion were estimated for
15 transmission upgrades amounting to essentially an
16 extension cord to the Bruce Mansfield station." Do
17 you see that?

18 A. I do.

19 Q. Are you referring to the testimony of
20 Mr. Phillips on that issue?

21 A. Yes.

22 Q. Now, on page 16, lines 6 through 7, you
23 say the point being that substituting previously
24 rate-based units for Sammis and Davis-Besse would

1 have the benefit of the same nature as previously
2 noted in the record. Can you tell me what -- first
3 of all, can you tell me what previously rate-based
4 units you are referring to there?

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

7 A. That would be the units listed in Sierra
8 Club 4.

9 Q. Okay. And can you tell me how they are
10 substituted for Sammis and Davis-Besse under your
11 proposal?

12 A. I think what I'm saying here is not
13 necessarily that the plants are being substituted or
14 aren't being substituted. What I'm saying is that to
15 the extent that in that list of plants there remains
16 fuel diverse baseload generation equal to or greater
17 than 3,200 megawatts, then the benefits associated
18 with the continued operation of 3,200 megawatts of
19 fuel diverse baseload generation continued to exist,
20 whether that's the avoidance of reliability
21 investments from a transmission perspective or the
22 economic development, job retention benefits
23 associated with the continued operation of the
24 plants, the tax dollars, all of those things.

1 Q. Why did you use the term "substituted"?

2 A. I use the term substituted because under
3 our proposal we're not -- the proposal is no longer
4 tied specifically to Sammis and Davis-Besse as the
5 original rider RRS was. This portion of the proposal
6 says generically that 3,200 megawatts of fuel diverse
7 baseload generation -- as long as 3,200 megawatts of
8 fuel diverse baseload generation continues to
9 operate, the -- our rider RRS remains intact as
10 proposed, intact as proposed.

11 To the extent that it doesn't, then the
12 Commission has the opportunity as a consequence of
13 that to adjust the rider, so I use the term
14 substitute to reflect I don't know which plants or,
15 in fact, if all of the plants will continue to
16 operate or if they don't, which will be left of the
17 3,200 or below the 3,200, so just treating the fuel
18 diverse generation so long as there is 900 megawatts
19 of nuclear as fungible.

20 Q. Would you agree with me that the proposal
21 is tied to -- instead of Sammis and Davis-Besse it's
22 tied to 9,200 megawatts of fuel diverse units?

23 MR. KUTIK: Objection.

24 A. No.

1 Q. Is it tied to any units?

2 A. No.

3 Q. Would you agree with me that the proposal
4 is tied to the continued operation of at least 3,200
5 megawatts?

6 A. No.

7 Q. Under what conditions could the company
8 terminate the proposal?

9 A. If the proposal is approved by the
10 Commission and the company accepts the ESP in total,
11 there would be no provision where the company could
12 terminate this during the term of the ESP.

13 Q. If the ESP is terminated -- let me strike
14 that.

15 Is there anything in the proposal that
16 precludes the utilities from seeking recovery of
17 customers of additional revenue to compensate for
18 credits given to customers under the proposal?

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

21 A. That is not the intention of the
22 companies under the proposal.

23 Q. I understand it's not the intention but
24 is there anything in the proposal that precludes,

1 emphasizing precludes, the company from seeking to
2 collect from customers the additional revenues given
3 through the proposal as credits?

4 MR. KUTIK: Same objection.

5 A. No. Well, I guess I should clarify that
6 in my mind, I guess as part of ESP IV, the companies
7 have committed to a base distribution rate freeze,
8 and so in so much as we've said we are going to
9 freeze our base distribution rates over the term of
10 the ESP, that commitment remains intact along with
11 this proposal if it's approved. So does that help in
12 that context?

13 Q. Thank you, Ms. Mikkelsen. Now, earlier
14 on you discussed the review of the proposal by the
15 energy -- energy delivery management and your
16 treasury department. And you indicated that the
17 energy delivery management and the treasury
18 department were comfortable moving forward with the
19 proposal. Can you tell me who the president of the
20 utilities group would be that is part of the energy
21 delivery management?

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

24 A. That reference was to Steve Strah.

1 Q. Strah.

2 A. Strah.

3 Q. And the treasurer is Steve Staub; is that
4 correct?

5 A. Yes.

6 Q. Thank you. Now, you indicated that you
7 discussed the proposal with employees as well as
8 non-employees, and specifically you said you had
9 discussions with the communication group. Do you
10 recall that testimony?

11 MR. KUTIK: Objection.

12 A. That would have been -- well, yes.

13 Q. Can you identify who the communication
14 group would have been?

15 A. Well, I don't remember.

16 Q. What does the communication group refer
17 to?

18 A. The organization area within the company
19 responsible for communications.

20 Q. The communications to outside entities or
21 communications internally?

22 A. Both.

23 Q. Now, when you discussed the proposal
24 internally with employees, were there any documents

1 created with respect to your discussions of the
2 proposal?

3 MR. KUTIK: Objection, asked and
4 answered.

5 A. Any documents that would have been
6 created would have been created prior to the
7 proposal -- prior to filing the proposal would have
8 been created at the direction of counsel.

9 Q. You indicated that before the filing of
10 your testimony that you had communications with
11 different employees within the company and different
12 divisions, and you indicated that you had
13 communications with the risk group. Do you recall
14 that?

15 MR. KUTIK: Objection to the extent it
16 mischaracterizes her testimony.

17 A. I did speak to a representative of the
18 risk group prior to the filing of the proposal, yes.

19 Q. And can you tell me what the risk group
20 is?

21 A. It is the organizational entity
22 responsible for cataloging risks and risk mitigation
23 in the company.

24 Q. When you say cataloging risks and risk

1 mitigation, what do you mean by cataloging?

2 A. Capturing, capturing, identifying.

3 Q. Assessing?

4 A. Yes.

5 Q. And they assess risks to whom?

6 A. The entire corporate entity.

7 Q. And do you remember who in the risk group
8 you would have communicated with with respect to the
9 proposal?

10 MR. KUTIK: Objection, asked and
11 answered. She told you this already.

12 A. John Judge.

13 Q. Thank you. And when you indicated that
14 you had communications with the strategy group, can
15 you identify what the strategy group consists of?

16 MR. KUTIK: Objection.

17 A. Not with any specificity, no.

18 Q. Do you know what the purpose of the
19 strategy group is?

20 MR. KUTIK: Objection.

21 A. To articulate the mission and vision of
22 the organization and ensure that there's strategic
23 alignment with the mission and vision.

24 Q. Would the strategy group be a group that

1 is outside the utilities group?

2 MR. KUTIK: Objection.

3 A. Organizationally it works out of
4 FirstEnergy Service Corp.

5 Q. Did you, Ms. Mikkelsen, evaluate whether
6 the ESP IV with the proposal would impact the
7 utilities' ability to pay dividends to FirstEnergy
8 Corp.?

9 MR. KUTIK: Objection.

10 A. No.

11 Q. Did -- are you aware of any evaluation
12 that was done by an entity within the FirstEnergy
13 Corp. structure that evaluated whether the ESP IV
14 with the proposal would impact the ability of
15 FirstEnergy utilities to pay dividends to FirstEnergy
16 Corp.?

17 MR. KUTIK: Objection.

18 A. No.

19 Q. Did you -- are you aware of whether an
20 evaluation was done on behalf of the FirstEnergy
21 utilities or an entity within the FirstEnergy Corp.
22 structure that evaluated whether the ESP IV with the
23 proposal would impact the FirstEnergy utilities'
24 ability to pay dividends to FirstEnergy Corp.?

1 MR. KUTIK: Objection.

2 A. I'm not aware of such a study; and,
3 again, the intent of the companies' proposal is that
4 the cash received the early years of the proposal to
5 the extent there is cash received would be used by
6 the operating companies.

7 Q. Are you aware, Ms. Mikkelsen, of whether
8 FirstEnergy utilities evaluated whether the ESP IV
9 with the proposal would impact the credit rating of
10 FirstEnergy Corp.?

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

13 THE WITNESS: May I ask that you reread
14 the question, please.

15 (Record read.)

16 A. No.

17 Q. You are not aware of any evaluation being
18 done.

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

21 A. Correct.

22 Q. Are you aware of whether there's been an
23 evaluation done by a third party or by another entity
24 within the FirstEnergy corporate that looked at

1 the -- whether ESP IV with the proposal would impact
2 the credit rating of FirstEnergy Corp.?

3 MR. KUTIK: Objection, asked and
4 answered.

5 THE WITNESS: May I have the question
6 reread, please.

7 (Record read.)

8 A. I'm not aware of any, whether or not any
9 third party entity looked at it. When I think about
10 the credit ratings of the company, those are based on
11 actual results, so I don't know that anybody could
12 look and make a determination about the credit rating
13 until the actual results would be available.

14 MR. KUTIK: Okay. Let's take a break.

15 (Recess taken.)

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

17 MS. WILLIS: Thank you.

18 Q. (By Ms. Willis) Ms. Mikkelsen, do you
19 recall earlier testifying as to an Excel spreadsheet
20 that was created by the rates department?

21 A. Yes.

22 Q. Can you tell me at whose direction the
23 spreadsheet was created?

24 A. Mine.

1 Q. And why did you create -- have a
2 spreadsheet created?

3 A. To provide a directional sense on the
4 impact of the ESP IV in totality.

5 Q. And what did you do with the directional
6 sense that was provided in the spreadsheet, if
7 anything?

8 MR. KUTIK: Objection. And I'll also
9 instruct you with respect to not to divulge anything
10 that would be privileged as for attorney-client
11 product -- attorney-client communication or work
12 product.

13 A. I reviewed it.

14 Q. And did you do anything with that Excel
15 spreadsheet?

16 A. No.

17 Q. And was there -- you indicated that it
18 was prepared at your direction. Let me strike that.

19 When was that spreadsheet created, if you
20 know?

21 A. After the proposal was filed.

22 Q. Do you know if that spreadsheet has been
23 provided to any parties in the case?

24 MR. KUTIK: Well, I will object and

1 instruct you to exclude any -- any conversations that
2 were undertaken as part of further settlement or
3 joint privileged discussions.

4 A. Subject to that caveat, no.

5 Q. Well, I am only asking if it was
6 provided. I am not asking for the content.

7 MR. KUTIK: Well, by asking if it's
8 provided, you are necessarily asking for the content.

9 MS. WILLIS: I think there's a
10 difference.

11 MR. KUTIK: Well, we will agree to
12 disagree but go ahead.

13 Q. (By Ms. Willis) Can you answer my
14 question whether it was provided to other parties?

15 MR. KUTIK: I think she just did subject
16 to my objection.

17 A. No.

18 Q. Okay. Do you know if that spreadsheet
19 has been shared with anyone outside the company?

20 MR. KUTIK: Same.

21 Q. Outside the FirstEnergy utilities?

22 MR. KUTIK: Same objection and
23 instruction.

24 A. Just counsel.

1 Q. Has that spreadsheet been provided to
2 anyone within FirstEnergy Corp.?

3 MR. KUTIK: Same objection as before.

4 A. No.

5 Q. And has that spreadsheet been provided to
6 any outside third parties including investment
7 analysts or credit rating agencies?

8 MR. KUTIK: Again, excluding settlement
9 or joint privileged discussions.

10 A. No.

11 Q. And -- strike that.

12 Now, earlier this morning you spoke with
13 Mr. Fisk about factors that affect the companies'
14 ability to pay dividends to FirstEnergy Corp. Do you
15 recall that discussion?

16 A. I recall a discussion about factors that
17 would be considered as part of decisions to make a
18 dividend.

19 Q. And you mentioned capital structure,
20 correct?

21 A. Yes.

22 Q. Can you tell me how the ESP propos -- the
23 ESP IV with the proposal affects the capital
24 structure factor taken into account regarding the

1 ability to make dividend payments to FirstEnergy
2 Corp.?

3 MR. KUTIK: Objection, asked and
4 answered.

5 A. It could impact it in a number of ways.

6 Q. And can you tell me the ways?

7 A. Well, for example, if cash is used to
8 reduce debt, that would impact the capital structure
9 of the company.

10 Q. Is there anything else that you could
11 provide or identify as to how the ESP with the
12 proposal affects the capital structure factor?

13 A. To the extent that there is net income
14 greater than it would be absent ESP IV, that income
15 would affect the cap structure of the company.

16 Q. And you mentioned another factor being
17 the current liquidity. Can you tell me how the ESP
18 IV with the proposal affects that factor?

19 MR. KUTIK: Note my objection to lack of
20 relevance in these questions.

21 A. Yeah, I don't know. I haven't done that
22 study.

23 Q. Okay. And can you tell me -- you
24 mentioned -- let me strike that.

1 You mentioned another factor being the
2 projected liquidity. Can you tell me how the ESP
3 with the proposal affects that factor?

4 MR. KUTIK: Same.

5 A. The point of the mentioning projected
6 liquidity is that to the extent you have liquidity
7 concerns, that would have a bearing on your decision
8 making with respect to whether or not you would have
9 a dividend to the parent.

10 Q. Are you aware of any analysis conducted
11 by FirstEnergy utilities that looks at the ESP with
12 the proposal and determines the ability -- let me
13 strike that.

14 You discussed earlier this morning the
15 cash management associated with rider RRS. Do you
16 recall that discussion?

17 A. I recall a discussion about cash
18 management this morning.

19 Q. Would you agree with me that under the
20 proposal there would be no segregation of cash
21 associated with rider RRS revenues?

22 A. Yes.

23 Q. Are you familiar with the dividends that
24 have been paid in the past by FirstEnergy utilities

1 to FirstEnergy Corp.?

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

4 (Record read.)

5 MR. KUTIK: Objection and specifically to
6 the relevance of this.

7 A. Yes. May I ask you to rephrase the
8 question?

9 Q. Do you know if there have been any
10 dividends paid by the FirstEnergy utilities to
11 FirstEnergy Corporation in the last, let's say, three
12 years?

13 MR. KUTIK: Same objection.

14 A. Yes.

15 Q. You do know.

16 A. Yes.

17 Q. And do you know the amount of dividends
18 that were paid by the FirstEnergy utilities to
19 FirstEnergy Corp.?

20 MR. KUTIK: Same objection.

21 A. I don't remember.

22 Q. Do you know if in, for instance, 2015
23 there were dividends paid by FirstEnergy utilities to
24 FirstEnergy Corp.?

1 MR. KUTIK: Same objection.

2 A. May I ask you to restate the question?

3 Q. What is it that you don't understand
4 about my question?

5 A. "FirstEnergy utilities."

6 Q. The companies, I'm speaking of Toledo
7 Edison Company, Cleveland Electric Illuminating
8 Company, and Ohio Edison Company as the FirstEnergy
9 utilities.

10 A. May I ask you to restate the question in
11 that context for me, please?

12 Q. Sure. Do you know if in 2015 the
13 FirstEnergy utilities paid dividends to FirstEnergy
14 Corp.?

15 A. I don't remember.

16 Q. Ms. Mikkelsen, what alternatives are
17 there to providing -- what alternatives are there to
18 the proposal that you have put forth your -- in your
19 testimony?

20 MR. KUTIK: Objection.

21 A. I am not aware of any alternatives.

22 Q. Did you look at alternatives to your
23 proposal?

24 MR. KUTIK: Objection, and I'll instruct

1 you to exclude from your answer any discussions that
2 you had with counsel for the purpose of receiving or
3 giving legal advice or any discussions that you had
4 at the direction of counsel in preparation for
5 litigation.

6 A. Any discussions with respect to the
7 proposal were done under the direction of counsel.

8 Q. Okay. Did you consider using a
9 competitive bid for the hedge instead of the
10 proposal?

11 MR. KUTIK: Objection with respect to its
12 vagueness but also I would instruct you the same way,
13 to exclude from your answer any conversation you had
14 with counsel for the purpose of giving or receiving
15 legal advice during discussions you had with -- at
16 the direction of counsel in anticipation of
17 litigation.

18 A. Any discussions with respect to the
19 proposal would have been conducted under the
20 direction of counsel.

21 MS. WILLIS: If I may have about 2
22 minutes, I will run through my notes really quick.

23 MR. KUTIK: Certainly. Let's go off the
24 record.

1 (Discussion off the record.)

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

3 MS. WILLIS: Thank you.

4 Q. (By Ms. Willis) Ms. Mikkelsen, we

5 discussed the spreadsheet where you looked at the --

6 we discussed -- let me strike that.

7 You indicated, Ms. Mikkelsen, that the --

8 you directed a spreadsheet be created to provide you

9 a directional sense of the impact of the ESP IV in

10 its totality. Do you recall that testimony?

11 A. Yes.

12 Q. Did you provide such a spreadsheet -- or

13 did you direct that a spreadsheet be created for

14 purposes of the -- the ESP IV with rider RRS?

15 MR. KUTIK: Objection.

16 A. No.

17 Q. When the spreadsheet was created, did you

18 compare that spreadsheet, the spreadsheet giving you

19 the directional sense of the impact of ESP IV in its

20 totality, did you compare that to anything related to

21 the ESP IV with rider RRS?

22 MR. KUTIK: Again, just to be clear we're

23 talking about as approved.

24 MS. WILLIS: Yes. I think when we use

1 the term rider RRS, we were -- it was synonymous.

2 MR. KUTIK: I wanted to make sure we are
3 still using that convention. Thank you.

4 A. No.

5 Q. Can you tell me to whom the spreadsheet
6 was distributed in the company?

7 MR. KUTIK: Well, I'll instruct you to
8 exclude from your answer any conversations that you
9 had with counsel that are privileged or any
10 discussions that are work product meaning they are at
11 the direction of counsel in anticipation of
12 litigation.

13 A. As I said earlier, the spreadsheet wasn't
14 distributed to anybody in the company other than
15 counsel.

16 Q. Is it your testimony that the spreadsheet
17 was created at the direction of counsel?

18 A. No.

19 Q. It was not. But it was shared with
20 counsel after it was created, correct?

21 A. Yes.

22 Q. Was the spreadsheet shared with anyone at
23 the PUCO including the Attorney Generals or PUCO
24 staff members?

1 MR. KUTIK: I'll instruct you not to
2 answer any question -- that part -- the question to
3 the extent it would call for you to reveal settlement
4 or joint privileged discussions. If you can answer
5 the question without revealing those things, go ahead
6 and answer the question.

7 A. No.

8 Q. No meaning you can't answer the question
9 or, no, it was not shared?

10 A. No, it was not shared.

11 MS. WILLIS: I think that's all the
12 questions I have. Thank you, Ms. Mikkelsen.

13 MR. KUTIK: Thank you.

14 Ms. Petrucci, are you still on?

15 MS. PETRUCCI: I am.

16 MR. KUTIK: Do you have questions for the
17 witness?

18 MS. PETRUCCI: I do, yes. Thank you.

19 - - -

20 CROSS-EXAMINATION

21 By Ms. Petrucci:

22 Q. Good afternoon, Ms. Mikkelsen. Am I
23 being loud enough, or do I need to be louder?

24 MR. KUTIK: No, you are loud enough.

1 MS. PETRUCCI: Okay. Good.

2 MR. KUTIK: In fact, you're too loud.

3 MS. PETRUCCI: Wow. All right. Is that
4 better?

5 MR. KUTIK: Yes, thank you.

6 Q. The proposal you discuss in your
7 testimony, Ms. Mikkelsen, part of the electric
8 distribution companies' ESP IV?

9 A. Yes.

10 Q. Is it part of the ESP IV that's in effect
11 today?

12 MR. KUTIK: Objection.

13 A. Yes.

14 Q. What part of the proposal is part of the
15 ESP IV that's in effect today?

16 MR. KUTIK: Objection.

17 A. Rider RRS.

18 Q. The proposal that you are presenting in
19 your testimony is -- is to modify the rider RRS,
20 correct?

21 A. No.

22 Q. If the proposal that you put forth in
23 your testimony is approved by the Commission, will
24 the ESP IV change from what -- from what is in effect

1 today?

2 A. May I ask you to restate the question? I
3 don't understand the question.

4 Q. Did you not hear it, or did you not
5 understand it? There was a beep while you were
6 talking and I am not sure what she said.

7 MR. KUTIK: I think she said she didn't
8 understand it.

9 Q. Is the proposal that you've presented in
10 your testimony going to change the ESP IV that's in
11 effect today?

12 A. I think the proposal we have before the
13 Commission as part of ESP IV will enable the
14 companies with Commission approval to populate the
15 Commission-approved rider RRS.

16 Q. Is the proposal that you put forth in
17 your testimony going to change the stipulation that
18 the Commission approved in this proceeding?

19 MR. KUTIK: Objection.

20 A. That's discussed at page 8 and 9 of my
21 rehearing testimony where we say the customers will
22 continue to receive all the benefits of the
23 stipulated ESP IV as modified by the Commission order
24 but we do identify that there may be certain

1 provisions in this stipulation that may no longer be
2 needed or that may be implemented differently but
3 that the stipulations are not changing, no.

4 Q. There are portions of the Commission's
5 decision, however, that are going to change if your
6 proposal is approved by the Commission, correct?

7 A. I identify on page 13 and 14 continuing
8 onto 15 in my testimony provisions of the Commission
9 order that are no longer applicable.

10 Q. And do those items that you've listed
11 change the ESP IV that's in effect today?

12 A. No.

13 Q. The removal of them are not going to
14 affect the ESP IV.

15 MR. KUTIK: Objection, asked and
16 answered.

17 Q. I want to make sure I understand, please.

18 A. No. Under the proposal the customers
19 will continue to receive all the benefits of the
20 stipulated ESP IV approved by the Commission.

21 Q. But my question was specifically with
22 regard to the full terms of the ESP IV approved by
23 the Commission. If your proposal is approved, is --

24 MR. KUTIK: Objection.

1 Q. -- the ESP IV in effect today going to
2 change?

3 MR. KUTIK: Objection, asked and
4 answered.

5 A. No.

6 Q. Do you believe that the items you've
7 listed on pages 13 through 15 of your testimony, do
8 you believe that those items are not provisions of
9 the ESP IV?

10 A. As I say in my testimony, they are
11 provisions of the Commission's order that are no
12 longer applicable, but the lack of applicability of
13 these provisions do not change the benefits
14 associated with the ESP IV.

15 Q. Okay. And my question wasn't about the
16 benefits of the ESP IV. I'm asking about the terms
17 of the ESP IV. If those items would longer be
18 applicable if your proposal is approved, the ESP IV
19 that's in effect today will change; is that correct?

20 MR. KUTIK: Well, you are arguing with
21 the witness. She has answered the question now four
22 times.

23 I will instruct you not to answer any
24 further. Move on.

1 Q. Let's turn to page 13.

2 MR. KUTIK: Of the testimony?

3 Q. Yes, of the testimony and let's look at
4 line -- I'm sorry. Let's switch to page 14, lines 4
5 through 9. That -- that section has the third item
6 that you've indicated would no longer be applicable
7 if the proposal is approved?

8 A. Yes.

9 Q. If it's no longer applicable, are you
10 saying that it is not a change to the ESP IV?

11 A. I'm saying it's no longer applicable but
12 that the benefits of the ESP IV remain intact.

13 Q. Is that third item applicable currently
14 even though you haven't populated the rider?

15 MR. KUTIK: Objection.

16 A. I mean, the companies and FES are
17 precluded from transacting under the PPA absent
18 additional FERC review, so this provision is in
19 effect, I guess, in the ESP, but it isn't applicable
20 in the current ESP because there's no transaction.

21 Q. And would you say that's the same kind of
22 situation with the fourth item on page 14 which is
23 lines 10 through 13?

24 A. Yes.

1 Q. Has the companies calculated what the
2 first rider rates will likely be under the new
3 proposal that you have put forth?

4 MR. KUTIK: Objection.

5 A. The -- no.

6 Q. But the companies have indicated that the
7 rider -- first, rider rates will be a charge to all
8 customers, correct?

9 A. Yes.

10 Q. Why is the modified -- or the proposal,
11 excuse me, needed by the electric distribution
12 companies?

13 MR. KUTIK: Objection.

14 A. We didn't assert that the proposal was
15 needed by the electric distribution utilities.

16 Q. You discussed on page 5 and 6 of your
17 testimony and I believe also with Ms. Willis the
18 reference to the proposal being a more reliable
19 hedge. That's specifically line 19 on page 5. Do
20 you recall that?

21 A. Yes.

22 Q. Are there reasons other than those that
23 you've noted previously that make this proposal a
24 more reliable hedge for the customers?

1 A. No. I think in the course of our
2 discussion today we've covered the comprehensive
3 list.

4 Q. The money that's collected when the rider
5 goes into effect under this proposal will not recover
6 any actual costs that are incurred by the electric
7 distribution companies, correct?

8 MR. KUTIK: Objection.

9 A. The monies collected from the customers
10 would be in payment for the service of the hedge
11 provided to the customers pursuant to the proposal.

12 Q. There are not any specific costs
13 associated with that hedge -- I'm sorry. Let me
14 strike and start that again.

15 There are no specific actual costs
16 incurred by the electric distribution companies to
17 provide that hedge that are going to be recovered by
18 the rate charged, correct?

19 MR. KUTIK: Objection.

20 A. Well, as we discussed earlier, there will
21 be costs incurred by the company to the extent that
22 there are credits and then administrative-type costs
23 that we also discussed.

24 Q. Am I correct though that the

1 administrative costs that you reflected earlier are
2 not going to be included in the rate that is
3 calculated when there are charges?

4 A. That would be subject to Commission
5 determination whether those administrative costs
6 would be recoverable.

7 Q. Have you proposed as part of this
8 proposal to include the administrative costs
9 associated with the proposal in the rate when there
10 is a charge imposed upon the customer?

11 A. We have not included that in the proposal
12 whether there is a charge or a credit.

13 Q. Do the electric distribution companies
14 know what they are going to do with the monies that
15 are collected from the customers under rider RRS?

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

18 A. Again, as we discussed earlier, the cash
19 collected, you know, could be used to fund capital
20 expenditures associated with the companies' grid
21 modernization, distribution automation, Volt/VAR
22 control, possibly investment and battery resources,
23 investment in Ohio renewable resources.

24 Q. Under the --

1 MR. KUTIK: I'm sorry, counsel. She
2 hasn't finished her answer I don't believe.

3 A. The intent is that the cash will be used
4 in the operating companies.

5 Q. Under the proposal will the electric
6 distribution companies choose how to use the monies
7 that are collected under the rider RRS?

8 MR. KUTIK: Objection, asked and
9 answered.

10 A. Yes.

11 Q. Will any other entity within the
12 FirstEnergy family have any input on how that
13 decision is made?

14 A. FirstEnergy Service Corp. employees
15 providing service to the companies may participate in
16 that process.

17 Q. Will the money collected under rider RRS
18 be maintained in a separate account or booked
19 separately from other monies collected from the -- by
20 the companies?

21 MR. KUTIK: Objection, compound.

22 A. May I ask you to rephrase the question,
23 please?

24 Q. Will the electric distribution companies

1 book the monies collected under rider RRS -- RRS
2 separately from other monies collected from
3 customers?

4 MR. KUTIK: Objection.

5 A. The rider RRS revenue and cash would not
6 be segregated from the utilities' revenue and cash.

7 Q. By that do you mean it's going to all
8 come in in one bucket and remain in one bucket?

9 MR. KUTIK: Objection.

10 A. May I ask you to rephrase, please?

11 Q. On your last answer does that mean that
12 the money collected under rider RRS will be treated
13 like any other funds received by the utility for --
14 period -- question mark.

15 A. As I said, the funds will not be
16 segregated, and the cash of the companies will be
17 managed in its totality.

18 Q. Will a separate accounting number be
19 created for the funds received under rider RRS?

20 A. I don't think so.

21 Q. Under the proposal will the electric
22 distribution companies be able to use the monies
23 received under the rider to pay for the commitments
24 they have agreed to in the stipulation that was

1 approved by the PUCO?

2 MR. KUTIK: Objection, asked and
3 answered.

4 A. They could.

5 Q. Can you tell me in what ways the electric
6 distribution monies -- companies could transfer
7 monies to FirstEnergy Corp.?

8 MR. KUTIK: Objection.

9 A. May I ask you to rephrase the question,
10 please?

11 Q. What part did you not understand?

12 A. "Transfer."

13 Q. Move -- okay. And in what ways can the
14 electric distribution companies move the monies they
15 receive under rider -- monies that they receive to
16 FirstEnergy Corp.?

17 A. Via a dividend.

18 Q. Are there any other ways?

19 A. No.

20 Q. In what ways can FirstEnergy Corp. move
21 monies to FirstEnergy Solutions?

22 A. The company has stated that it is not
23 intending to invest any additional dollars in
24 FirstEnergy Solutions, and FirstEnergy Solutions has

1 to be self-sufficient and is expected to be
2 self-sufficient through 2018.

3 Q. In what ways can FirstEnergy Corp. move
4 monies to FirstEnergy Solutions?

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

7 A. Right. FirstEnergy Corporation is --
8 has -- is not intending to invest any more dollars in
9 FirstEnergy Solutions.

10 Q. I understand that you've said it doesn't
11 intend to do so. I am asking in what ways is it able
12 to do so.

13 MR. KUTIK: Well, since she said now
14 twice, actually more than twice, that FirstEnergy
15 Corp. is not going to do so, the ability to do so is
16 irrelevant; and, now, you are arguing with the
17 witness again.

18 Q. FirstEnergy Corp. could change its mind,
19 couldn't it, tomorrow on that intention to not invest
20 further in FirstEnergy Solutions, correct?

21 MR. KUTIK: Objection.

22 A. I don't know.

23 MR. KUTIK: Argumentative. Go ahead.

24 A. I don't know. I think they've made a

1 public statement with respect to the intent not to
2 invest in FirstEnergy Solutions.

3 Q. There's nothing that precludes them other
4 than that stated intention from moving monies to or
5 investing further in FirstEnergy Solutions; is that
6 correct?

7 MR. KUTIK: Objection, argumentative.

8 A. I am not aware of any prohibition.

9 Q. If we could turn to page 7 in your
10 testimony, lines 17 to 22 at the bottom of the page,
11 you indicated that under the proposal the rider rate
12 will be set annually, and it's going to be set
13 annually using in part forward-looking energy prices,
14 correct?

15 A. Yes.

16 Q. When that rider rate is adjusted
17 quarterly, the companies will use an -- a different
18 forecasted forward energy price; is that correct?

19 A. No.

20 Q. When the rider rate is adjusted on a
21 quarterly basis, the adjustment will be based on
22 historic energy revenues and the same forecast --
23 forward-looking energy price that was used when it
24 was set annually; is that correct?

1 MR. KUTIK: Objection.

2 A. May I ask you to rephrase the question,
3 please?

4 Q. What part did you not understand?

5 A. All of the interactions of the various
6 parts that you included in the question.

7 Q. When the rider rate is adjusted on a
8 quarterly basis, part of the adjustment is going to
9 include the use of actual energy revenues, correct?

10 A. The rider will be trued up quarterly to
11 reconcile projected energy revenues with actual
12 energy revenues based on the actual monthly average
13 on-peak and off-peak day-ahead LMP at the AEP Dayton
14 Hub and to reconcile actual sales and billing demands
15 with projected amounts. That's the quarterly
16 true-up.

17 Q. When that quarterly true-up takes place,
18 is there going to be any amount that is forecasted
19 forward energy prices?

20 A. No.

21 Q. So this -- does that mean that under this
22 proposal the rider rate will only be based on
23 forecasted forward energy prices when it's set
24 annually?

1 A. Yes.

2 Q. And what information is going to be used
3 by the companies to develop that forecasted forward
4 energy price when the rate is set annually?

5 A. Monthly on-peak and monthly off-peak
6 generation output values multiplied by monthly
7 average on-peak and off-peak energy forwards for the
8 AEP Dayton Hub posted on the Intercontinental
9 Exchange based on the average of the March trade --
10 the values on the March trade dates plus capacity
11 values based on known capacity prices and assumed
12 capacity cleared plus ancillary charges.

13 Q. Now, for the capacity price component in
14 the calculation, we have an actual capacity price for
15 the period June 2019 to May 2020 that wasn't
16 available previously in this proceeding, correct?

17 MR. KUTIK: Objection.

18 A. May I ask you to rephrase the question,
19 please?

20 Q. Previously in this proceeding the
21 distribution companies did not present an actual
22 capacity price for the period June 2019 to May 2020,
23 correct?

24 A. Correct. It was not known at the time.

1 Q. And it is now known, correct?

2 A. Yes.

3 Q. How does the actual known capacity price
4 for June 2019 to May 2020 compare with the projection
5 that was presented by the distribution company in
6 this proceeding?

7 MR. KUTIK: Excuse me. Excuse me. Can I
8 have the question read, please.

9 (Record read.)

10 MR. KUTIK: Objection. I will instruct
11 you not to answer. That's confidential.

12 MS. PETRUCCI: David, you are saying it's
13 confidential because?

14 MR. KUTIK: Because it's confidential.

15 Q. (By Ms. Petrucci) Is it possible under
16 the proposal that you have put forth that the
17 quarterly reconciliations could change the rider rate
18 from a credit in one quarter to a charge in the
19 immediately following quarter?

20 THE WITNESS: May I have that question
21 reread, please.

22 (Record read.)

23 A. I suppose anything is possible, but I
24 wouldn't think so.

1 Q. The companies have not presented a rider
2 rate for each of the quarters over the period of
3 time, correct?

4 A. Yes.

5 Q. In your testimony on page 4, line 20, you
6 indicated that the proposal is tied more closely to
7 the existing record. Do you mean that the proposal
8 is tied more closely to the net credit that the
9 companies indicated and projected earlier for the
10 rider?

11 MR. KUTIK: Objection.

12 A. No.

13 Q. Why is that?

14 A. May I ask you to rephrase, please?

15 Q. Why did you answer "No"?

16 A. The reference is tied more closely to the
17 existing record refers to the utilization going
18 forward of the generation output, the assumed
19 capacity cleared, and the proxy costs that were
20 included in the existing record in the calculation of
21 rider RRS going forward.

22 MS. PETRUCCI: Can I have the answer
23 reread, please.

24 (Record read.)

1 Q. So the distribution companies pay at
2 least \$561 million in credits to their customers over
3 the term of the rider?

4 MR. KUTIK: Objection.

5 A. It is projected that rider RRS will be a
6 \$560 million -- \$561 million net credit over the term
7 of the ESP.

8 Q. And by that you mean it's still just a
9 projection at this point, correct?

10 A. Yes.

11 Q. Under the proposal will FirstEnergy
12 Solutions receive a direct financial benefit?

13 MR. KUTIK: Objection.

14 A. No.

15 Q. Under the proposal will FirstEnergy
16 Solutions receive an indirect financial benefit?

17 A. No.

18 MR. KUTIK: Objection.

19 Q. When you discussed earlier about the
20 evaluation of the entirety of the ESP IV including
21 the new proposal, did the evaluation assume the
22 outcome of the proposal would be a \$561 million
23 credit to customers?

24 MR. KUTIK: Objection.

1 A. Yes.

2 Q. And is that evaluation the Excel
3 spreadsheet that has been discussed previously?

4 MR. KUTIK: May I have the question read,
5 please.

6 (Record read.)

7 A. May I ask you to rephrase the question,
8 please?

9 Q. Is the evaluation of the entirety of the
10 ESP IV including the proposal the same thing as the
11 Excel spreadsheet that you discussed with Mr. Fisk
12 and Ms. Willis?

13 A. I discussed an evaluation of the ESP IV
14 prepared by the rates department. I did not mean to
15 suggest that was the entirety of the evaluation of
16 the ESP IV.

17 Q. Was a separate evaluation conducted of
18 the entirety of the ESP IV including the proposal?

19 MR. KUTIK: Objection.

20 A. The proposal was approved by energy
21 delivery management and reviewed by the treasury
22 department and others prior to the energy delivery
23 department approving the proposal. I consider that
24 part and parcel of the evaluation of the proposal as

1 part of the ESP IV.

2 MS. WILLIS: May I have that answer
3 reread, please.

4 (Record read.)

5 Q. So there was an evaluation conducted of
6 the -- before your testimony was filed and that
7 evaluation was of the entirety of the ESP IV with the
8 proposal, correct?

9 A. Yes.

10 Q. And then after your testimony was filed,
11 the Excel spreadsheet was prepared under your
12 direction to get a directional sense of the ESP IV's
13 impact, correct?

14 A. Yes.

15 Q. Was the -- the evaluation that I just
16 described first prior to the filing of the testimony
17 prepared in writing?

18 A. If it was, it would have been under the
19 direction of counsel.

20 Q. Under the proposal how long is rider RRS
21 proposed to remain in effect?

22 A. May 31, 2024.

23 Q. Can the distribution companies terminate
24 the rider RRS --

1 MR. KUTIK: Objection.

2 Q. -- during --

3 MR. KUTIK: These exact questions were
4 asked by Ms. Willis. Can we move on? It's late in
5 the day.

6 Q. Can the electric distribution companies
7 terminate the ESP IV?

8 A. The electric distribution utilities have
9 the statutory right to withdraw a modified ESP.

10 Q. Do you agree with me the ESP IV was
11 modified by the PUCO?

12 A. Yes.

13 Q. And do you agree that today the
14 distribution companies have the ability to withdraw
15 or terminate the ESP IV?

16 MR. KUTIK: Objection.

17 A. Yes.

18 Q. Under the proposal have the companies
19 included any provision for termination of rider RRS?

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

22 A. The proposal, as we discussed at length
23 already today, does allow for the Commission to
24 modify after hearing the rider RRS charge or credit

1 if as a consequence of there being less than 3,200
2 megawatts of formerly rate-based nuclear or fossil
3 generation formerly owned by the companies in
4 operation.

5 Q. Besides that portion of the proposal does
6 the distribution companies -- strike that.

7 Besides the ability of the PUCO to reduce
8 the rate, does the proposal allow the distribution
9 companies the ability to terminate the rider?

10 MR. KUTIK: Again, this is asked and
11 answered. Move on. Next question.

12 Q. Please answer my question, Ms. Mikkelsen.

13 MR. KUTIK: No. Are you done asking a
14 question? We'll move onto the next counsel then.
15 Let's stop wasting time.

16 MS. PETRUCCI: I am not wasting time.

17 MR. KUTIK: You are wasting time because
18 that question was specifically asked by Ms. Willis.

19 Q. (By Ms. Petrucci) Looking at the
20 provision of the PUCO's ability to reduce the charge
21 or credit, is the only ability for the Commission to
22 do that through the proceeding initiated pursuant to
23 Revised Code 4905.26?

24 A. Yes.

1 Q. And, therefore, the PUCO would not be
2 able to reduce as a result of its periodic reviews of
3 the rider, correct?

4 A. May I ask you to rephrase the question,
5 please?

6 Q. Under the proposal the Commission will
7 still have the ability to conduct periodic reviews of
8 rider RRS, correct?

9 A. Yes.

10 Q. Under the proposal the Commission could
11 not reduce the charge or credit associated with the
12 3,200 megawatt change in that level in the periodic
13 reviews; is that accurate?

14 MR. KUTIK: Objection.

15 THE WITNESS: May I ask that the question
16 be reread, please.

17 (Record read.)

18 A. May I ask you to rephrase the question,
19 please?

20 Q. Under the proposal will the PUCO be able
21 to reduce the rider charge due to the less than 3,200
22 megawatts of generation provision in the proposal?

23 MR. KUTIK: Could you read it, please.

24 (Record read.)

1 Q. And I am trying to ask very specifically
2 can the PUCO make that reduction during a periodic
3 review?

4 A. No.

5 Q. Just one moment, please.

6 Under the proposal rider RRS will no
7 longer -- would not be revenue neutral to the
8 distribution companies, correct?

9 A. Correct.

10 Q. And that's a change from the original
11 proposal presented in this proceeding, correct?

12 A. It is a change from the original proposal
13 in this proceeding, but what was ultimately approved
14 by the Commission for rider RRS was not designed to
15 be revenue neutral to the utilities.

16 Q. Under the proposal rider RRS will be
17 applicable to all customers, shopping and
18 nonshopping, correct?

19 A. Yes.

20 Q. The proposal does not affect any
21 arrangement for the supply of electricity to the
22 distribution companies' customers, correct?

23 MR. KUTIK: Objection.

24 A. Yes.

1 Q. And the proposal does not affect the
2 actual supply of electricity to the distribution
3 companies' customers, correct?

4 MR. KUTIK: Objection.

5 A. Yes.

6 Q. In your testimony on page 9, you
7 indicated that signatory parties are supportive of
8 the proposal. Have any of the signatory parties put
9 that support in writing?

10 A. The signatory parties expressed their
11 support to the company of the proposal prior to the
12 company filing the letter in the docket on May 4, I
13 believe. Some of that may have been -- that
14 expression may have been in writing.

15 Q. Have all the stipulating parties
16 expressed support for the proposal?

17 MR. KUTIK: Objection.

18 A. The staff has not -- is still conducting
19 its review and has not yet expressed support for the
20 proposal.

21 Q. Is there any other signatory party that
22 has not expressed support?

23 A. Kroger has agreed not to oppose.

24 Q. Any other signatory party?

1 A. No. The balance of the signatory parties
2 have expressed support.

3 Q. When a customer pays under rider RRS,
4 will that revenue be distribution service related?

5 MR. KUTIK: Objection.

6 A. The distribution utility will record the
7 revenues received associated with rider RRS.

8 MS. PETRUCCI: Can I have the answer
9 reread, please.

10 (Record read.)

11 Q. And then the inverse, when a credit is
12 provided, will this be recorded as a distribution
13 credit?

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

16 A. The rider RRS credits will reduce the
17 revenues collected by the distribution utilities.

18 Q. Will the credit reduce the distribution
19 revenues?

20 A. Yes.

21 MS. PETRUCCI: Okay. I just need a
22 moment to see if I have anything else.

23 Q. Ms. Mikkelsen, the Excel spreadsheet,
24 that was nothing that was provided thus far in the

1 discovery responses provided by the companies,
2 correct?

3 MR. KUTIK: Objection.

4 A. Yes.

5 MS. PETRUCCI: Then I guess the only item
6 that remains is the item that you had marked -- you
7 had notified me is confidential, so I will reserve
8 that question for that segment.

9 MR. KUTIK: All right. Let's go off the
10 record.

11 (Recess taken.)

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

13 Ms. Bojko, are you there?

14 MS. BOJKO: Thank you.

15 - - -

16 CROSS-EXAMINATION

17 By Ms. Bojko:

18 Q. Good afternoon, Ms. Mikkelsen.

19 A. Good afternoon.

20 Q. Can you hear me fine?

21 A. Yes.

22 Q. You discussed today charges and credits,
23 and you discussed -- let me start over.

24 The original rider RRS proposal consisted

1 of charges and credits and that's discussed on page 3
2 of your testimony; is that right?

3 A. Yes.

4 Q. Okay. And what you called the proposal,
5 the modified rider RRS, as I understand your
6 testimony today as well as discovery responses,
7 instead of credits the companies is proposing to
8 lower the amount of cash received by the companies as
9 a result of this proposal; is that correct?

10 MR. KUTIK: Objection.

11 A. No.

12 Q. So it's not the companies' position
13 instead of issuing a credit that they just reduce the
14 amount that a customer would pay under distribution
15 though?

16 A. The rider RRS charge would be a credit
17 which when added to all the other charges on the bill
18 would result in a lower bill total than would have
19 otherwise existed.

20 Q. Okay. Thank you. So you still intend to
21 actually put a credit on a customer's distribution
22 bill.

23 A. Yes.

24 Q. Thank you for that clarification. If the

1 lowering of the cash receipts received by the company
2 equals \$963 million that was discussed earlier today,
3 would the companies be able to sustain their
4 operations at the same level as they are today?

5 MR. KUTIK: Objection.

6 A. I don't think you can look at the 963 or
7 a partial term of the agreement. You should look, I
8 think, at the cash over the entirety of the ESP
9 period as well as the other elements of the ESP and
10 look at that in its totality.

11 Q. Is it your belief that -- let's take an
12 example. In 2019 with regard to the depo Sierra Club
13 Exhibit 1, line 12, is it your understanding that the
14 projected credit to customers would be \$126 million?

15 A. Yes.

16 Q. So in 2019 if the companies lowered the
17 cash that they received by \$126 million, in your
18 opinion could the companies sustain operations at the
19 same level as they do today?

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

22 A. The analysis I think would have to look
23 at the totality of the impact of ESP IV and
24 utilities' operations -- pardon me, and the results

1 of the utilities' operations.

2 Q. Does that mean in one year's time you
3 believe that the companies could withstand a
4 reduction in revenues of \$126 million?

5 MR. KUTIK: Objection, assumes facts.

6 A. May I ask you to restate the question,
7 please?

8 Q. Sure. Assuming that the projection
9 contained in Sierra Club Exhibit 1 for the deposition
10 comes to fruition and in 2019 the customers receive
11 credits in the magnitude of \$126 million, is it your
12 opinion that the companies could sustain their
13 operations at the same level as they are today if
14 they received \$126 million less in revenues in 2019?

15 MR. KUTIK: Objection.

16 A. Again, I don't think you can look at one
17 element of the ESP in isolation. You would need to
18 look at all of the provisions of the ESP as well as
19 the companies' operations to make that determination.

20 Q. If in one year the companies could no
21 longer sustain operations because of a large credit
22 provided to customers, in your opinion what would the
23 companies do to -- in order to maintain operations in
24 a safe and reliable manner?

1 MR. KUTIK: Objection, calls for
2 speculation, assumes facts not in evidence. Go
3 ahead.

4 A. May I ask you to rephrase the question,
5 please?

6 Q. What part of my question do you not
7 understand?

8 A. I'm not sure -- I thought the question
9 first assumed you couldn't sustain operations, and
10 then it asked what you would do to sustain
11 operations, so I found it to be internally
12 inconsistent.

13 Q. Okay. Assume that the credits was a
14 significant amount in one year of the ESP IV plan and
15 the companies were in a financial situation where
16 they could no longer sustain their operation, what do
17 you believe the companies -- what action would the
18 companies take in order to generate more revenue for
19 the companies in order to be able to get back to the
20 level where they could sustain the operations in a
21 safe and reliable manner?

22 A. I don't know.

23 Q. You mentioned the stipulation provision
24 that would not allow the companies to file a

1 distribution rate -- rate case during the ESP IV
2 term. Do you recall that?

3 A. Yes. I said "Yes." I'm not sure if you
4 heard. There was a disruption on the phone.

5 Q. Oh, thank you. I did not. Do you
6 believe that the Commission also approved the
7 exceptions to the distribution rate freeze as
8 outlined in the third supplemental stipulation?

9 MR. KUTIK: May I have the question read,
10 please.

11 (Record read.)

12 A. Yes.

13 Q. Is there anything that was in the
14 proposal that would prohibit the companies from
15 filing for an emergency rate increase under the
16 Commission's rules and regulations?

17 A. No.

18 Q. Is there nothing in the proposal that
19 would prohibit the companies from filing a
20 self-complaint under the Commission's rules and
21 regulations?

22 MR. KUTIK: Objection.

23 A. No.

24 Q. Is there any prohibition -- I know you've

1 discussed intentions and things of that nature today.

2 But is there any prohibition of the companies

3 transferring revenues to FirstEnergy Solutions in the

4 proposal?

5 MR. KUTIK: Objection, asked and

6 answered.

7 A. The companies will not transfer cash to

8 FES as part of this proposal.

9 Q. Is there any prohibition of the companies

10 transferring revenues to FirstEnergy Corp. under this

11 proposal?

12 MR. KUTIK: Objection, asked and

13 answered.

14 A. May I ask you to rephrase the question,

15 please?

16 Q. Is there any prohibition of the

17 companies --

18 MS. BOJKO: I don't think the question

19 was asked in the prohibition context, Mr. Kutik.

20 That's what I am trying to get clarification.

21 Q. But is there any prohibition of the

22 companies moving, I think is the word used

23 previously, revenues to FirstEnergy Corp. in the form

24 of dividend?

1 MR. KUTIK: That was asked and so I'll
2 object on that basis.

3 A. May I ask you to rephrase the question,
4 please?

5 Q. Is there any prohibition of the companies
6 moving revenues to FirstEnergy Corp. under the
7 proposal?

8 MR. KUTIK: Objection.

9 A. I'm not aware of any mechanism for
10 first -- for the utilities to transfer revenue to
11 FirstEnergy Corp.

12 Q. And there's no prohibition in the
13 proposal itself with regarding not providing
14 dividends to FirstEnergy Corp. as a result of the
15 proposal.

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

18 A. There is nothing in the proposal that
19 prohibits the utility companies from making a
20 dividend to the parent.

21 Q. And there's nothing in the proposal that
22 would prohibit the companies from transferring
23 revenues to any other affiliate, correct?

24 MR. KUTIK: Objection. May I have the

1 question read, please.

2 (Record read.)

3 MR. KUTIK: That one has also been asked
4 and answered, particularly with respect to FES.

5 Q. Right, other than FES.

6 A. I'm not aware of a mechanism that exists
7 to transfer revenue among affiliates.

8 Q. And there's no prohibition of moving
9 money in the proposal to affiliates other than FES?

10 THE WITNESS: May I ask you to reread the
11 question, please.

12 (Record read.)

13 MR. KUTIK: Objection, asked and
14 answered. She just answered that question.

15 THE WITNESS: I'm sorry. May I ask you
16 to read the question again. I apologize.

17 (Record read.)

18 A. May I ask you to rephrase the question as
19 it relates to "moving money"?

20 Q. I thought you were trying to narrow your
21 response based on my word of transfer, so I used the
22 moving but there's nothing in the proposal that
23 prohibits the companies from providing revenues to
24 any affiliates; is that correct?

1 MR. KUTIK: Objection, asked and
2 answered.

3 A. There's no mechanism that exists for the
4 utilities to transfer revenue.

5 Q. Okay. Thank you. Was the power purchase
6 agreement with FES described on pages 3 and 4 of your
7 testimony terminated?

8 A. No.

9 Q. And on page 4 of your testimony you
10 discuss the FERC order. Do the companies intend to
11 file the PPA with FERC for review?

12 MR. KUTIK: Well, hold on a second.

13 Q. Strike that. Let me try that again. Do
14 the -- do you know whether FirstEnergy Corp. or any
15 of its affiliates intend to file the PPA with FERC
16 for review?

17 MR. KUTIK: Well, you should exclude any
18 question -- any information obtained through
19 conversations with counsel undertaken for the purpose
20 of providing or giving legal advice, seeking or
21 providing legal advice.

22 A. The companies' proposal before the
23 Commission does not rely in any way upon a purchase
24 power agreement, so to the extent that the companies'

1 proposal is approved, I would not expect any of the
2 FirstEnergy affiliates to file the PPA before FERC.

3 Q. To the extent the companies' proposal is
4 not approved, would you expect FirstEnergy Corp. or
5 its affiliates to file the PPA with FERC?

6 MR. KUTIK: Same instruction and it's
7 also irrelevant.

8 A. I don't know.

9 Q. I have a couple of additional questions
10 with regard to the signatory parties on page 9 of
11 your testimony with Ms. Petrucci today. Did the
12 signatory parties expressly support the modified
13 rider RRS, what you are calling the proposal?

14 MR. KUTIK: Objection.

15 A. May I ask you to rephrase the question,
16 please?

17 Q. Sure. The signatory parties that you
18 mentioned today, all but two, did they provide
19 express support for the proposal, the modified rider
20 RRS piece of the stipulated ESP IV?

21 MR. KUTIK: Objection.

22 A. Yes, they have expressed their support of
23 the proposal.

24 Q. Were the signatory parties that you

1 referenced all but required to support the proposal
2 in order to maintain the benefits they received under
3 the stipulated ESP IV which included the four
4 stipulations?

5 A. No, I don't recall any discussions of
6 that nature.

7 Q. When you were discussing who reviewed the
8 proposal before it was filed, you used the term "our
9 treasury department" earlier today. Is the treasury
10 department located in the FirstEnergy Service
11 Company, or were you talking about a treasury company
12 inside the companies?

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

15 A. The treasury department resides in
16 FirstEnergy Service Corp.

17 Q. And Steve Staub is the treasurer that you
18 referenced earlier today. He's the VP and treasurer
19 of FirstEnergy Corp., correct?

20 A. I don't know. I assume yes.

21 Q. Do you know if he serves as the treasurer
22 of the Ohio operating companies?

23 A. Yes.

24 Q. Yes, you know or, yes, he is?

1 A. Both, yes.

2 Q. He also serves as the assistant treasurer
3 and VP to FirstEnergy Generation, LLC; is that
4 correct?

5 A. I don't know.

6 Q. And a question with regard to the
7 utilities group that you referenced earlier. That is
8 also housed in the FirstEnergy Service Company; is
9 that correct?

10 MR. KUTIK: Objection.

11 THE WITNESS: Can I have that question
12 reread, please.

13 (Record read.)

14 A. Utility companies are separate legal
15 entities from the FirstEnergy Service Corp. There
16 are employees at FirstEnergy Service Corp. who
17 provide services to the companies.

18 Q. Okay. I was referencing I thought you
19 said that Steve Strah was the president of the
20 utilities group, and is that group not a Service
21 Company group? Is that what you were referring to,
22 that the utilities are not in the Service Company?

23 A. Right. The utility companies are not in
24 the Service Company.

1 Q. Okay. And Steve Strah is responsible for
2 all regulated utilities; is that correct?

3 A. Yes.

4 Q. Sorry. You hear pages flipping. I'm
5 down to my -- I am trying not to ask you the same
6 thing.

7 A. Thank you.

8 Q. Earlier today, sorry, with Ms. Willis you
9 were talking about page 1 of your testimony, you are
10 talking about benefits to customers, and as one of
11 the benefits to customers, you identified the
12 elimination of risk associated with uncertainty of
13 whether the ESP IV will continue or not continue. Do
14 you recall that?

15 A. Yes.

16 Q. What uncertainty are you talking about in
17 this instance?

18 MR. KUTIK: Objection, asked and
19 answered. Go ahead tell her again.

20 A. The uncertainty surrounding whether or
21 not the ESP IV will continue or not.

22 Q. I'm sorry. I understood that to be the
23 elimination of risk. I am asking continue or not
24 continue in what respect. Not continue at all

1 because the rider RRS is not approved or what are you
2 referencing?

3 A. Yes, I'm referencing the companies'
4 ability to withdraw a modified ESP and the
5 uncertainty surrounding whether the companies will or
6 won't do that.

7 Q. So are you suggesting that if rider
8 RRS -- the proposal, if approved by the Commission,
9 that uncertainty is removed because you are accepting
10 the modified ESP?

11 MR. KUTIK: Can I have the question read,
12 please.

13 (Record read.)

14 A. It would not be a decision I'm
15 responsible for, but I would expect the uncertainty
16 around that outcome is lessened with the approval of
17 the rider RRS proposal.

18 Q. And you're not speaking to the other in
19 making that statement. You are not speaking to the
20 other unknowns that the companies have applied for a
21 rehearing on with regard to whether they would
22 withdraw or not withdraw the ESP depending on the
23 outcome of that hearing?

24 A. May I ask you to rephrase the question,

1 please? I am not sure I understood.

2 Q. Sorry. In responding about whether it
3 would be lessened, the companies would likely lessen
4 the risk of withdrawal if the proposal was approved,
5 I guess I am asking if that statement is considering
6 the other items that FirstEnergy has applied for
7 rehearing on and what if they are successful or not
8 successful at the Commission with those items with
9 regard to the total ESP IV stipulation?

10 MR. KUTIK: Objection.

11 A. My comment addressed the items included
12 in the application for rehearing that related to
13 rider RRS.

14 Q. Would the projected credits under the
15 proposal create regulatory liabilities of the
16 company?

17 MR. KUTIK: Objection.

18 A. May I ask you to rephrase the question?

19 Q. What part do you not understand?

20 A. Timing.

21 Q. Well, if there is a projected credit in a
22 particular year, wouldn't that not create a
23 regulatory liability that the companies would have to
24 account for?

1 A. No.

2 MR. KUTIK: Objection.

3 Q. And why not?

4 A. It would not be required under the
5 Generally Accepted Accounting Principles.

6 Q. If -- if a credit is determined through
7 the reconciliation process or the annual process in
8 that year where that credit was determined to be
9 necessary, at that point would a regulatory liability
10 be created for the company?

11 A. No.

12 Q. Isn't a regulatory liability required
13 when there's a probable future reduction in the
14 revenue received from customers for a utility?

15 THE WITNESS: May I have the question
16 reread, please.

17 (Record read.)

18 A. No.

19 Q. When do you believe a regulatory
20 liability would need to be created?

21 MR. KUTIK: Objection.

22 A. If and when future circumstances are
23 consistent with Generally Accepted Accounting
24 Principles associated with recording a regulatory

1 liability.

2 Q. And under the proposal when do you think
3 that would occur, if at all?

4 MR. KUTIK: Objection.

5 A. I don't think it would occur on an annual
6 basis. It may occur on a monthly basis pursuant to
7 the quarterly true-up after actual values are known.

8 Q. Thank you. And although the companies
9 are still projecting a net credit to customers under
10 the proposal, the companies are not guaranteeing that
11 customers will receive the credit in the amount
12 projected; is that correct?

13 A. Yes.

14 Q. You made a comment earlier that the
15 FirstEnergy Corp. has stated its intent not to invest
16 any further into FirstEnergy Solutions, and you also
17 referenced 2018. Is it your understanding that the
18 FirstEnergy Corp. statement of its intent not to
19 invest in FES is limited to the 2018 time frame?

20 MR. KUTIK: Objection, mischaracterizes
21 her testimony.

22 A. The reference to 2000 -- pardon me, the
23 reference to 2018 was provided in the context that
24 the FES is projected to be self-sustaining or cash

1 positive through 2018.

2 Q. Thank you. So you don't believe that the
3 intent to not -- do you know whether FirstEnergy
4 Corp.'s statement of its intent not to invest in
5 FirstEnergy Solutions is limited to any time period?

6 A. I'm not aware of any time period
7 limitation.

8 Q. Do you know whether any statements have
9 been made about whether FES will be able to be
10 self-sufficient after 2018?

11 A. No, I don't.

12 MS. BOJKO: If I could have 2 minutes, I
13 think I'm almost done.

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

15 (Discussion off the record.)

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

17 POI.

18 MS. BOJKO: Sorry about that. Thank you.

19 Q. (By Ms. Bojko) Ms. Mikkelsen, you were
20 talking -- you were testifying earlier today about
21 the page 15 of your testimony and the continued
22 operation of a fuel diverse baseload generating unit.
23 Do you recall that?

24 A. I recall a discussion more particularly

1 with respect to page 15 generally from line 8 to 14.

2 Q. Okay. In that discussion you talked
3 about rider RRS the benefits remaining intact. Do
4 you recall that?

5 MR. KUTIK: I' sorry. What you did say?

6 Q. I am trying not to repeat everything. I
7 apologize. You made the comment that the benefits of
8 rider RRS will remain intact with the proposal with
9 regard to the continued operation of fuel diverse
10 baseload generation. Do you recall that?

11 A. No.

12 Q. Let's try if you look at page 16,
13 lines -- the end of line 7 through 10, you state that
14 the Commission has recognized the continued operation
15 of fuel diverse baseload generating units provides
16 significant positive economic and tax impact for
17 employees, suppliers, and governmental entities in
18 the region. Do you see that?

19 A. Yes.

20 Q. And you state that as long as 3,200
21 megawatts are located within the ATSI zone, customers
22 will continue to receive those reliability benefits
23 of the original proposal; is that correct?

24 A. That's what -- yes, that's what it says

1 on lines 10, 11, and 12.

2 Q. And your testimony is that you believe
3 that those benefits will continue under the new
4 proposal regardless of where the plants are located;
5 is that correct?

6 A. No.

7 Q. Let me clarify. Regardless of where the
8 plants are located in the region. They don't have to
9 be located in Ohio; is that correct?

10 MR. KUTIK: Objection.

11 A. The benefits enumerated on page 16 from
12 line 8 to line 12 will only exist to the extent that
13 there are 3,200 megawatts of formerly rate-based
14 nuclear fuel or fossil generation that remain in
15 operation including at least 900 megawatts of nuclear
16 during the term of the ESP.

17 Q. But those megawatts you just referenced
18 do not have to be located within the boundaries of
19 the State of Ohio, correct?

20 A. Correct.

21 MS. BOJKO: That's all I have. Thank you
22 very much, Ms. Mikkelsen, for your time today.

23 THE WITNESS: Thank you.

24 MR. KUTIK: Okay. We will read the

1 transcript. And at this time we'll complete the
2 public portion of Ms. Mikkelsen's deposition, and we
3 will begin shortly the confidential portion. Thank
4 you.

5 (CONFIDENTIAL PORTION EXCERPTED.)

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1 State of Ohio :
 : SS:
 2 County of _____ :

3 I, Eileen M. Mikkelsen, do hereby certify that
 4 I have read the foregoing transcript of my deposition
 given on Wednesday, June 29, 2016; that together with
 the correction page attached hereto noting changes in
 5 form or substance, if any, it is true and correct.

6

7

 Eileen M. Mikkelsen

8

9 I do hereby certify that the foregoing
 transcript of the deposition of Eileen M. Mikkelsen
 10 was submitted to the witness for reading and signing;
 that after she had stated to the undersigned Notary
 11 Public that she had read and examined her deposition,
 she signed the same in my presence on the _____
 12 day of _____, 2016.

13

14

 Notary Public

15

16 My commission expires _____, _____.

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1 CERTIFICATE

2 State of Ohio :
3 County of Franklin : SS:

4 I, Karen Sue Gibson, Notary Public in and for
5 the State of Ohio, duly commissioned and qualified,
6 certify that the within named Eileen M. Mikkelsen was
7 by me duly sworn to testify to the whole truth in the
8 cause aforesaid; that the testimony was taken down by
9 me in stenotypy in the presence of said witness,
afterwards transcribed upon a computer; that the
foregoing is a true and correct transcript of the
testimony given by said witness taken at the time and
place in the foregoing caption specified and
completed without adjournment.

10 I certify that I am not a relative, employee,
11 or attorney of any of the parties hereto, or of any
12 attorney or counsel employed by the parties, or
financially interested in the action.

13 IN WITNESS WHEREOF, I have hereunto set my
14 hand and affixed my seal of office at Columbus, Ohio,
on this 1st day of July, 2016.

15 _____
16 Karen Sue Gibson, Registered
17 Merit Reporter and Notary Public
in and for the State of Ohio.

18 My commission expires August 14, 2020.

19 (KSG-6213)

20 - - -
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22
23
24

1 State of Ohio :
2 County of Summit : SS:
3 :

4 I, Eileen M. Mikkelsen, do hereby certify that
5 I have read the foregoing transcript of my deposition
6 given on Wednesday, June 29, 2016; that together with
7 the correction page attached hereto noting changes in
8 form or substance, if any, it is true and correct.

9 
10 Eileen M. Mikkelsen

11 I do hereby certify that the foregoing
12 transcript of the deposition of Eileen M. Mikkelsen
13 was submitted to the witness for reading and signing;
14 that after she had stated to the undersigned Notary
15 Public that she had read and examined her deposition,
16 she signed the same in my presence on the 6TH
17 day of July, 2016.

18 
19 Notary Public

20 My commission expires Feb. 8, 2021.

21 - - -



Nancy Davis
Resident Summit County
Notary Public, State of Ohio
My Commission Expires: 02/08/2021

ERRATA SHEET

Please do not write on the transcript. Any changes in form or substance you desire to make should be entered upon this sheet.

TO THE REPORTER:

I have read the entire transcript of my deposition taken on the 29th day of June, 2016, or the same has been read to me. I request that the following changes be entered upon the record for the reasons indicated. I have signed my name to the signature page and authorize you to attach the same to the original transcript.

Page	Line	Change	Reason
57	22	"FCO" should be "CFO"	transcription error
98	14	"John" should be "Jon"	transcription error

Date 7/6/16 Signature: [Signature]

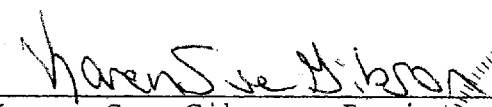
1 CERTIFICATE

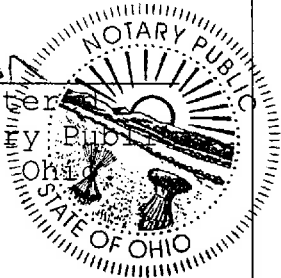
2 State of Ohio :
3 County of Franklin : SS:

4 I, Karen Sue Gibson, Notary Public in and for
5 the State of Ohio, duly commissioned and qualified,
6 certify that the within named Eileen M. Mikkelsen was
7 by me duly sworn to testify to the whole truth in the
8 cause aforesaid; that the testimony was taken down by
9 me in stenotypy in the presence of said witness,
afterwards transcribed upon a computer; that the
foregoing is a true and correct transcript of the
testimony given by said witness taken at the time and
place in the foregoing caption specified and
completed without adjournment.

10 I certify that I am not a relative, employee,
11 or attorney of any of the parties hereto, or of any
12 attorney or counsel employed by the parties, or
financially interested in the action.

13 IN WITNESS WHEREOF, I have hereunto set my
14 hand and affixed my seal of office at Columbus, Ohio,
on this 1st day of July, 2016.

15 
16 Karen Sue Gibson, Registered
17 Merit Reporter and Notary Public
in and for the State of Ohio



18 My commission expires August 14, 2020.

19 (KSG-6213)

20 - - -

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Case No(s). 14-1297-EL-SSO

Summary: Transcript Deposition Transcript of Eileen Mikkelsen (Public Version) filed on behalf of the Office of the Ohio Consumers' Counsel electronically filed by Ms. Deb J. Bingham on behalf of Sauer, Larry S.