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BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO
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 3
     In the Matter of the
    Application of Ohio Power:
 4
     Company and Columbus
     Southern Power Company
     for Authority to Merge and: Case No. 10-2376-EL-UNC
 5
    Related Approvals.
 6
     In the Matter of the
 7
    Application of Columbus
     Southern Power Company
 8
    and Ohio Power Company
     for Authority to Establish:
 9
     a Standard Service Offer : Case No. 11-346-EL-SSO
    Pursuant to §4928.143, : Case No. 11-348-EL-SSO
10
    Ohio Rev. Code, in the
     Form of an Electric
    Security Plan.
11
12
     In the Matter of the
    Application of Columbus
13
     Southern Power Company
                               : Case No. 11-349-EL-AAM
                               : Case No. 11-350-EL-AAM
     and Ohio Power Company
14
     for Approval of Certain
    Accounting Authority.
15
     In the Matter of the
16
    Application of Columbus
     Southern Power Company to: Case No. 10-343-EL-ATA
17
    Amend its Emergency
    Curtailment Service
    Riders.
18
19
     In the Matter of the
    Application of Ohio Power:
20
    Company to Amend its
                               : Case No. 10-344-EL-ATA
    Emergency Curtailment
21
     Service Riders.
22
     In the Matter of the
     Commission Review of the
23
     Capacity Charges of Ohio : Case No. 10-2929-EL-UNC
     Power Company and Columbus:
     Southern Power Company.
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1612
1
     In the Matter of the
    Application of Columbus
2
    Southern Power Company for:
    Approval of a Mechanism to: Case No. 11-4920-EL-RDR
3
    Recover Deferred Fuel
    Costs Ordered Under Ohio
4
    Revised Code 4928.144.
5
    In the Matter of the
    Application of Ohio Power:
6
    Company for Approval of a :
    Mechanism to Recover : Case No. 11-4921-EL-RDR
7
    Deferred Fuel Costs
    Ordered Under Ohio Revised:
    Code 4928.144.
8
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                          PROCEEDINGS
11
    before Ms. Greta See and Mr. Jonathan Tauber,
12
    Attorney Examiners, at the Public Utilities
13
    Commission of Ohio, 180 East Broad Street, Room 11-A,
14
    Columbus, Ohio, called at 10:30 a.m. on Monday,
    October 17, 2011.
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				1620			
1		INDEX					
2							
3	Witnes	sses		Page			
4	C. Todd Jones						
5	Cross	ct Examination by Mr. Haque s-Examination by Ms. Grady		1625 1631			
6	Cross-Examination by Mr. Oliker 1645						
7	Jeffrey Hecker Direct Examination by Mr. Margard 1655						
8		s-Examination by Mr. Oliker	<u>.</u>	1656			
		Hisham M. Choueiki, PhD, PE					
9	Dire	ct Examination by Mr. Margare	d	1658			
10							
11	IEU-Ol	IEU-Ohio Exhibits Identified Admitted					
12	11	AICUO's Responses to the IEU-Ohio's Fourth Set of					
13		Interrogatories	1647				
14							
15	FES E	khibit	Identified	Admitted			
16	15(a)	STIP-OCC-INT-361	1662				
17	15 (b)	INT-13-005	1662				
18	15(c)	RFA-13-015	1662				
19	15 (d)	RFA-13-016	1662				
20	15(e)	RFA-13-017	1662				
21	16(a)	STIP-FES-INT-029	1662				
22	16(b)	STIP-FES-INT-17-17-046	1662				
23	16(c)	STIP-FES-INT-17-17-047	1662				
24	16(d)	STIP-FES-INT-19-034	1662				
25	16(e)	STIP-FES-INT-19-037	1662				

				1621
1		INDEX (Continued	d)	
2				
3	FES Ex	khibit	Identified	Admitted
4	16(f)	STIP-FES-INT-19-039	1662	
5	16(g)	STIP-FES-INT-19-041	1662	
6	16(h)	STIP-FES-RFA-21-005	1662	
7	16(i)	STIP-IEU-RFA-6.8	1662	
8	17 (a)	STIP-FES-INT-17-17-043	1662	
9	17 (b)	STIP-IEU-INT-3-008	1662	
10	17(c)	STIP-IEU-INT-6-001	1662	
11				
12	AICUO	Exhibit	Identified	Admitted
13 14	1	Direct Testimony of C. Todd Jones	1627	1651
15 16	Staff	Exhibit	Identified	Admitted
17	1	Direct Testimony of Jeffrey Hecker	1654	1657
18	2	Direct Testimony of Hisham M. Choueiki, PhD, PE	1658	1660
19				
20				
21				
22				
23				
24				
25				

Monday Morning Session,

October 17, 2011.

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EXAMINER SEE: Let's go back on the record. Before we proceed I just want clarification from IEU-Ohio that we can proceed with this next witness today.

MR. DARR: Yes, your Honor. We've noted an objection with regard to the current state of the proceedings, however, with regard to the witness on behalf of AICUO, IEU is prepared to go forward this morning and waive with regard to that witness any objection with regard to the current proceeding status.

EXAMINER SEE: Just so the record is clear, we had scheduled to go forward today with C. Todd Jones, Jeffrey Hecker with the staff and Hisham Choueiki also with the staff. And you're not waiving your objection --

MR. DARR: No, ma'am.

EXAMINER SEE: Your objection for proceeding with those witnesses.

MR. DARR: That is correct, ma'am.

EXAMINER SEE: All right. Thank you.

Mr. Haque.

MR. HAQUE: Yes, your Honor. On behalf of the AICUO we'd like to call C. Todd Jones, please.

EXAMINER SEE: Before we proceed,
Mr. Jones, let me get brief appearances of the
counsel starting with the company.

2.2

MR. NOURSE: Thank you, your Honor. On behalf of the company, Steven T. Nourse, Matthew J. Satterwhite, and Daniel R. Conway.

EXAMINER SEE: On behalf of OCC.

MR. ETTER: Good morning, your Honors.

On behalf of Ohio's residential utility customers,
the Office of Ohio Consumers' Counsel, Terry R. Etter
and Maureen R. Grady, Assistant Consumers' Counsel.

EXAMINER SEE: FES.

MR. HAYDEN: Good morning, your Honor.
On behalf of FES, Mark Hayden, James Lang, Laura
McBride, Trevor Alexander, and David Kutik.

MR. HOWARD: Your Honor, on behalf of Compete Coalition, Constellation NewEnergy,
Constellation Energies Commodity Group, Exelon
Generation Company, PJM Power Providers Group, and
Retail Energy Suppliers Association, please have the record reflect the appearance of M. Howard Petricoff,
Michael Settineri, Lija Kaleps-Clark and Stephen M.
Howard. Thank you.

EXAMINER SEE: On behalf of IEU. 1 2 MR. OLIKER: On behalf of IEU-Ohio, Sam 3 Randazzo, Frank Darr, Joe Oliker, and Gretchen 4 Hummel. 5 EXAMINER SEE: Ms. Hand. 6 MS. HAND: On behalf of Ormet Primary 7 Aluminum Corporation, Emma Hand and Doug Bonner. 8 MR. HAQUE: Your Honor, on behalf of the 9 Association of Independent Colleges and Universities 10 of Ohio, Asim Haque, Greg Dunn, and Chris Miller. 11 EXAMINER SEE: Ms. McAlister. 12 MS. McALISTER: On behalf of the OMA 13 Energy Group, Lisa McAlister and Matt Warnock. 14 EXAMINER SEE: Mr. Margard. 15 MR. MARGARD: Thank you, your Honor. 16 behalf of the Commission staff, Werner Margard, John 17 Jones, and Steven Beeler and also show the appearance 18 today of Thomas McNamee. 19 EXAMINER SEE: Is there any other counsel 20 present? 21 Mr. Jones, if you could raise your right 2.2 hand. 23 (Witness sworn.) 24 EXAMINER SEE: Thank you. 25 Mr. Haque.

1 C. TODD JONES 2 being first duly sworn, as prescribed by law, was 3 examined and testified as follows: 4 DIRECT EXAMINATION 5 By Mr. Haque: 6 Good morning, Mr. Jones. This is a 7 hearing regarding a stipulation signed by the AICUO 8 in the ongoing AEP rate case, did you submit 9 testimony in support of that stipulation? 10 Α. Yes, I did. 11 And do you have that direct testimony Ο. 12 with you today? 13 Actually, I left it at my chair. Α. 14 Q. Okay. 15 MR. HAQUE: Your Honor, if you don't 16 mind. 17 EXAMINER SEE: You can approach. 18 MR. HAQUE: Thank you. 19 Mr. Darr pointed out to me that I did not Q. 20 ask your name for the record. 21 MR. HAQUE: So I appreciate that, 2.2 Mr. Darr. 23 Could you please state your name for the Ο. 24 record? 25 Α. Yes. My name is C. Todd Jones.

- Q. Okay. The direct testimony that I've just presented to you, that was prepared under your direction?
 - A. Yes, it was.

2.2

- Q. And do you have any updates to the direct testimony?
- A. I do. On page 3, line 11, I would direct that the phrase "made bypassable" be changed to the word "eliminated."
- Q. Okay. And why are you making that revision, Mr. Jones?
- A. It's not that the phrase "made bypassable" was inaccurate but that my understanding, and I've been advised that the term "eliminated" would be more consistent with the term of art used in these type of proceedings.
 - Q. Thank you, Mr. Jones.

Now, if you were asked the same questions today as you were asked in that direct testimony, would your answers be the same?

A. Yes, they would.

MR. HAQUE: Your Honor, I would like to move for the admission of, if I haven't marked the exhibit, I'm sorry, AICUO Exhibit 1 into the record subject to any cross-examination.

1 EXAMINER SEE: AICUO Exhibit 1 is so 2 marked. 3 (EXHIBIT MARKED FOR IDENTIFICATION.) 4 EXAMINER SEE: Ms. Grady. 5 MS. GRADY: Yes, your Honor, would now be 6 an appropriate time to hear motions to strike? 7 EXAMINER SEE: Yes. 8 MS. GRADY: Your Honor, OCC would move to 9 strike portions of Mr. Jones's testimony beginning on 10 page 3, line 12, the sentence beginning "This should 11 result in savings to many consumers" and continuing 12 on through line 14, page 3, ending with "the best 13 possible rates." 14 EXAMINER SEE: So it's essentially those 15 two sentences, correct? 16 MS. GRADY: Yes, your Honor. And if I 17 could briefly explain the basis of our motion. 18 EXAMINER SEE: Yes. 19 MS. GRADY: In response to discovery when 20 asked about these specific statements AICUO has

indicated that it has conducted no independent
investigation but has relied upon the expertise and
the opinions of others. Mr. Jones did not attend -furthermore, Mr. Jones did not attend the
negotiations but was merely kept advised by his

attorney. The statements should be struck on several grounds, your Honor.

2.2

In discovery in response to a request for admission AICUO stated Mr. Jones is a lay witness and not an expert, as such his testimony is governed by Ohio Rules of Evidence 701. That rule states that if the witness is not testifying as an expert, the witness's testimony in the form of opinions or inferences is limited to those opinions and inferences which are rationally based on the perception of the witness and helpful to a clear understanding of the witness's testimony, or the determination of a fact in issue.

This testimony, your Honors, is not rationally based on the witness's perception nor is it helpful to a clear understanding of the fact in issue. On the latter standard, one of the primary facts in issue in this case is whether the stipulation will effectuate shopping. The nonstipulating parties argue that the agreement will constrain shopping, not effectuate it. Mr. Jones's assertion based on what his attorney was told by AEP with respect to the effects of the stipulation on shopping is not helpful to a clear understanding of this fact in issue.

It is clearly hearsay, and Mr. Jones's lay opinion on this should be rejected as is not proper testimony under Rule 701 and is hearsay consisting of secondhand or thirdhand information or opinions relayed by Mr. Jones' counsels.

2.2

Also, under no exception to the hearsay rule it should be struck. Alternatively, your Honors, we would ask that the testimony be allowed in but not for the truth of the matter asserted.

MR. OLIKER: Your Honor, IEU-Ohio would join the motion.

EXAMINER SEE: Mr. Haque, did you wish to respond?

MR. HAQUE: Yes, your Honor. Again, we've dealt with this motion with respect to a previous witness. Again, the core of this motion is that essentially Mr. Jones was not in the room during settlement discussions and deciphering what was happening here in the stipulation.

Again, if Ms. Grady's motion is upheld, essentially every party other than AEP would be subject to this ruling that essentially the legal counsel for all of the parties cannot educate their respective witnesses with respect to what's happened in settlement discussions, first of all.

Second of all, Rule 701 is correctly stated by Ms. Grady, but it is her opinion that Mr. Jones's testimony is not rationally based on the perception of the witness or helpful to the clear understanding of the witness's testimony.

Mr. Jones's testimony can be given whatever weight that the Commission wants to give it or the attorney examiners want to give it at the end of the day, so that portion of Ms. Grady's motion to strike, again, is her opinion.

2.2

With respect to hearsay, your Honor, hearsay requires an out-of-court statement.

Mr. Jones at no point says "Asim Haque, my attorney, said the following." Mr. Jones was educated about the proceedings by his legal counsel, and it's not hearsay.

MR. NOURSE: Your Honor, the companies would like to join in opposition to the motion. I think it's pretty plain that the first sentence sought to be struck relates to the riders to be eliminated and it certainly is a rational inference from an observation of the terms of the stipulation.

The second sentence in and of itself contains the observation about the fully competitive model of the stipulation's end point and itself

contains an observation that that structure will 1 2 benefit customers, and I think these are plain and 3 simple statements and observations based on the 4 stipulation itself. They're certainly not hearsay. 5 And the Commission can assess the weight of the 6 statements. 7 EXAMINER SEE: The motion to strike 8 Mr. Jones's testimony is denied. 9 According to my notes, the only party 10 that planned to cross-examine Mr. Jones is OCC. 11 MS. GRADY: Your Honor, OCC did indicate 12 that it will have cross-examination, yes. 13 EXAMINER SEE: Okay. Proceed, Ms. Grady. 14 MS. GRADY: Thank you. 15 MR. OLIKER: Your Honor, IEU-Ohio also 16 has cross-examination. 17 EXAMINER SEE: Okay. 18 19 CROSS-EXAMINATION 20 By Ms. Grady: 21 Good morning, Mr. Jones. Q. 2.2 Α. Good morning. 23 Let's talk for a moment about the Ο. 24 association. The association consists of member 25 institutions that include colleges within AEP Ohio's

service territory; is that correct?

2.2

- A. That is correct.
- Q. And those members take service under a variety of schedules from the companies?
 - A. That is correct.
- Q. They take service from Ohio Power plus Columbus Southern Power?
 - A. That is my understanding.
- Q. Is it safe to say that the member universities do not take service under the residential rate schedules?
- A. That, I do not know. Our members have a variety of operational structures. To the extent that any of them own residential buildings in the neighborhood of their campuses, as many of our colleges do, I am not aware as to whether those are residential rate or not.
- Q. Now, AICUO is not aware of how many of its member colleges are currently shopping; is that a fair statement?
- A. That is -- it is correct that I cannot tell you the number of our colleges that are engaged in shopping.
- Q. So you wouldn't know how many of your members, as of September 7th, 2011, were shopping,

would you?

2.2

- A. I cannot offer that information.
- Q. And, Mr. Jones, AICUO has not analyzed whether there currently are impediments to shopping for its members, has it?
- A. The association has taken advice from counsel and reviewed information associated with these proceedings in drawing its conclusions about shopping as a practice and believes that shopping will occur.
- Q. Let me ask you again, Mr. Jones, AICUO has not analyzed whether there are currently impediments to shopping for its members.
- A. I am aware that some of our members have not engaged in shopping. To what extent that they would engage in shopping because there are impediments I do not know so I can't answer your question.
- Q. Thank you. Do you know if your members will receive a shopping credit of \$10 a megawatt-hour commencing on January 1st, 2012, under the stipulation?
- A. I don't recall. That might be accurate, but I don't specifically recall.
 - Q. Now, let's refer to your testimony at

page 3, lines 12 through 15, which still remain, and you indicate there that the companies are gravitating to a model that will effectuate shopping. Do you see that reference?

A. Yes.

2.2

- Q. And you conclude that this will invariably allow AICUO member colleges to shop more effectively for the best possible rates. Is that a fair --
 - A. That is my testimony.
- Q. Now, that statement reflects the fact that in settlement discussions AICUO was informed by AEP Ohio that changes in AEP's business model would result in more shopping for AEP's current customers; is that correct?
 - A. That is accurate.
- Q. And AICUO has no independent knowledge apart from what it was told by AEP with respect to whether the changes in AEP's business model will result in more shopping for AEP's customers; is that correct?
- A. I have not had any advice other than from counsel and that which I gleaned from reading fine news sources such as Hanna and Gongwer.
 - MS. GRADY: May I approach the witness,

your Honor?

2.2

EXAMINER SEE: Yes.

MS. GRADY: Let me withdraw that.

EXAMINER SEE: Okay.

- Q. Mr. Jones, you mentioned that you had had some information from news sources. Can you explain what you mean there and what you indicate there?
- A. Well, I can't say what specific information I gleaned over time, but since engaging in these rate proceedings on behalf of the association I read the statehouse news sources that I read as any individual who's involved in government affairs does and so I can't tell you specifically what I gained from there, but I listened to my counsel and I read what is reported in the press.
- Q. So was what is reported in the press, would that have addressed whether the changes in AEP's business model would result in more shopping for AEP's customers?
- A. It may have. I don't specifically recall.
- Q. And you don't recall specifically what information that was or what news source that was?
 - A. No.
 - Q. Or the date of that news source?

- A. Again, I was merely adding to your comment that when you asked whether specifically I was listening to counsel or exclusively listening to counsel and I said "no." I utilized other sources to draw information.
- Q. Now, you do not have independent information on how the stipulation will result in more shopping for the members of the AICUO, do you?
 - A. I do not have.

2.2

- Q. And so you have not independently confirmed that the stipulation will invariably allow AICUO member colleges to shop more effectively for the best possible rates; is that correct?
- A. I would dispute that statement. I view independent information as being information I've gleaned from multiple sources so I would ask to -- ask what your definition of "independent information" is.
- Q. What information do you have that you rely on for the basis of the statement that the stipulation will invariably allow AICUO member colleges to shop more effectively for the best possible rates?
- A. If you work from the premise that there is going to be more shopping, I subscribe to the

basic principles of economics that greater access to pricing information, to transparency of market processes, and potentially increased numbers of suppliers will inevitably lead to more competitive and transparent rates for any product or service.

2.2

- Q. Now, when you began that answer, you said "if you work from the premise that there will be more shopping." Is that correct?
- A. In my statement I said that the companies are gravitating toward a model that will effectuate shopping. My statement was meant to mirror that statement.
- Q. And the fact that you believe or the premise that there will be more shopping you're relying upon the company.
- A. No, I did not say that. I'm relying on advice of counsel who were participating in proceedings who gleaned their opinion, as I understand, from the experts who testified as part of the proceedings, from other information gained in the proceedings, from materials from the company, and from other news sources that I follow in the course of doing what I do.
- Q. So that information was also gleaned in the settlement discussions; is that correct?

- A. Well, I can't tell you from where it was gleaned. This is only a small part of my job, so I don't -- I'm a lay witness, I have general recollections about such matters.
- Q. Do you understand the RPM set-aside concept as set forth in the stipulation?

2.2

- A. I believe I have an understanding of it. It depends upon the depth of specificity into which you wish to probe.
- Q. Do you understand how the allocation of RPM capacity will affect the member colleges?
- A. I'm not sure I can give you specific information to explain it.
- Q. Do you know what customer group the members of AICUO would fall under?
- A. I would have to look back at my records. I know they fall currently in a variety of customer groups.
- Q. Now, you testify that some of the riders that were previously nonbypassable in the original SSO application have now been eliminated.
 - A. That is correct.
- Q. And that's page 3 of your testimony, lines 9 through 11.
 - A. The section that I recently asked to be

changed, that's correct.

2.2

- Q. Yes. Do you know if evaluations have been assigned to all the riders that are part of the stipulation?
- A. No. My statement was more one of an aggregate analysis of market pricing under any economic system, that if you have additional riders in a system like -- in a regulated system like this, you are likely to have, I won't call them price distortions, but lack of predictability and transparency pricing.
- Q. And are you familiar with the current riders that have no value assigned to them under the stipulation such as the generation resource rider and the pool termination rider?
- A. I'm aware that there are riders, but I can't tell you specifically about them.
- Q. Now, you testify on page 2 -- let me strike that.

You testify on page 3, lines 7 through 10, that definitive evaluations have now been assigned to riders such that consumers from each customer class should now have a better understanding of the rates to be paid. Do you see that reference?

A. I do.

Q. Would you agree with me that your understanding of the rates to be paid over the life of the SSO for the member colleges was gained by relying on and accepting the opinions of those involved in the negotiations?

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- A. No. I'm sorry, I can't make that statement. The position of AICUO vis-a-vis its colleges was gained through information from the proceedings, analysis of those who participated in the proceedings, and advice of counsel, and, again, my understanding of the case from larger media reports.
- MS. GRADY: May I approach the witness, your Honor?

EXAMINER SEE: Yes.

A. And, I should say, general conversations I've had with my member institutions.

MR. HAQUE: I'm going to object to this, your Honor. I'd like to know the basis or the evidentiary foundation for what Ms. Grady is attempting to do which is essentially have Mr. Jones read an interrogatory and response that were prepared by counsel, under what evidentiary basis she can do that.

EXAMINER SEE: You're inquiring of me --

MR. HAQUE: No, I'm objecting because I'd like to know the evidentiary foundation for what's about to occur.

EXAMINER SEE: Ms. Grady.

MS. GRADY: Yes, your Honor. I was going to go through the response to Interrogatory No. 7 supplemental response for impeachment purposes.

EXAMINER SEE: The objection is --

MR. HAQUE: Can I just note one thing?

EXAMINER SEE: Yes.

MR. HAQUE: Rule 613 requires that the impeachment be a witness's previous statement. That interrogatory clearly states it was prepared by counsel. If the OCC would have deposed Mr. Jones, we might have created a statement where he could have been impeached, but that did not occur here.

EXAMINER SEE: Mr. Jones, are you aware of the interrogatories that were prepared by your counsel?

THE WITNESS: I'm aware we had interrogatories prepared.

EXAMINER SEE: Did you prepare any of them?

THE WITNESS: Excuse me, ma'am?

25 EXAMINER SEE: Did you respond to any of

them?

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THE WITNESS: No, I did not draft any of them. No.

EXAMINER SEE: Ms. Grady.

MS. GRADY: Yes, your Honor.

EXAMINER SEE: Proceed.

Q. (By Ms. Grady) Mr. Jones, I'm going to show you supplemental response, the Association of Independent Colleges and Universities of Ohio Supplemental Responses to the First Set of Interrogatories and Request for Admission, and I'm going to read Interrogatory No. 7, the question and the response, and I'm going to ask you if I'm correctly reading that into the record.

Interrogatory 7, "Please provide the AICUO's understanding of the rates to be paid for the life of the company's SSO for member colleges of AICUO as referenced in Witness Jones's testimony at page 3, lines 8 through 9." Did I read that correctly?

- A. You have recited what is on the page before me.
- Q. Response: "Objection, see general objections. AICUO further objects in that this interrogatory seeks information that is confidential

and is protected by the attorney-client privilege, subject to and without waiving the foregoing AICUO's understanding of the rates to be paid for the life of the company's SSO for residential customers is that the rates will be better than those rates initially proposed by AEP in its ESP.

"AICUO derived its understanding through its participation in the general settlement discussions regarding the stipulation and AICUO relied upon the expertise and the calculations of the PUCO staff, the AEP staff, and a number of participating parties in drawing its conclusions as to residential rates.

"AICUO did not commission an independent expert analysis in association with the stipulation. Furthermore, the stipulation and the appendices attached to the stipulation speak for themselves."

Did I read that correctly?

- A. You accurately and enthusiastically read that.
 - Q. Thank you.

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Now, Mr. Jones, you have not evaluated, have you, whether the stipulation meets the three-prong standard?

A. I have not.

- Q. Do you know what the three-prong standard is?
 - A. I was able to give you that response because I'm not aware of what the three-prong standard is.
 - Q. And you consider yourself a lay witness in this proceeding; is that correct?
 - A. That is correct.

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- Q. Now, you are not providing expert testimony on whether the settlement is a product of serious bargaining among capable and knowledgeable parties, are you?
 - A. Not that I'm aware of.
- Q. And you are not providing expert testimony to address whether the settlement as a package benefits ratepayers and the public interest.
- A. As a lay witness I'm not providing expert testimony, and as a representative of AICUO I am only here to speak on the impact on my member colleges.
 - Q. Thank you.

And you are not providing expert testimony to address whether the settlement as a package violates any important regulatory principle or practice, are you?

A. Well, I am not testifying as an expert

witness, so as a threshold matter I can't get to the latter part of your question.

MS. GRADY: Thank you very much,

4 Mr. Jones.

5 That's all the questions I have, your

6 Honor.

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EXAMINER SEE: Mr. Darr? Mr. Oliker?

MR. OLIKER: One minute, your Honor,

9 please.

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11 CROSS-EXAMINATION

12 By Mr. Oliker:

- Q. Good morning, Mr. Jones.
- A. Good morning.
 - Q. I'll try to be as brief as possible. I think you briefly talked to Ms. Grady about the RPM set-aside for capacity in the stipulation.
 - A. Yes.
 - Q. When you authorized your counsel to sign the stipulation on September 7th, were you aware that the amount of megawatt-hours that had been allocated to the commercial class had been exceeded?
- A. I may or may not have. I don't specifically recall a discussion on that matter.
- MR. OLIKER: May I approach, your Honor?

EXAMINER SEE: Yes.

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MR. HAQUE: I'm going to renew my objection, presenting a discovery response prepared by legal counsel that are not the statements of Mr. Jones for impeachment purposes. For impeachment purposes they are improper under Rule 613.

MR. NOURSE: The companies join the objection. There's no foundation for doing so.

EXAMINER SEE: Mr. Haque, I'm going to need you to speak up.

MR. HAQUE: Thank you.

MR. OLIKER: Your Honor, I have a response in a second once I pass these out.

Your Honor, first, I would state that these are requests for admissions which are conclusively established against the party for the proceeding. Additionally, I would also highlight that Mr. Jones most likely authorized counsel to respond to these interrogatories. And he also said he is familiar with them.

And particularly I was talking about request for admission 4-7.

MR. NOURSE: Your Honor, I'm not sure I heard Mr. Oliker correctly, but I'm not aware of anything in the record where this witness indicated

his familiarity with these questions and these responses.

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MR. OLIKER: I can ask him if you would like me to, your Honor.

EXAMINER SEE: Go ahead, Mr. Oliker.

MR. OLIKER: Proceed?

EXAMINER SEE: Proceed. Go ahead.

(EXHIBIT MARKED FOR IDENTIFICATION.)

Q. (By Mr. Oliker) Mr. Jones, earlier you mentioned that you viewed the interrogatory responses. Did you also view the interrogatories that were served on the AICUO by the Industrial Energy Users of Ohio?

MR. HAQUE: Objection. That's a mischaracterization of the testimony, your Honor. He did not say he had viewed the interrogatories, he said -- he did not say that he had reviewed the interrogatories.

EXAMINER SEE: Rephrase, Mr. Oliker.

- Q. Mr. Jones, you are familiar that interrogatories were served on the AICUO; is that true?
- A. I'm familiar that we've had interrogatories served on us on multiple occasions.
 - Q. And did you authorize counsel to respond

on behalf of AICUO?

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- A. I have authorized counsel to respond to all interrogatories to which counsel has responded to.
- Q. So his statements would reflect the views of the AICUO; is that correct?
- A. The responses of counsel to interrogatories to AICUO are made on behalf of AICUO.
 - Q. Thank you.

And do you see what is in front of you that I marked as IEU-Ohio Exhibit 11?

- A. What page are you on?
- Q. I'm on page No. 4 which is a Request for Admissions, Fourth Set.
 - A. 4-7.
 - O. That's correct.
- A. That which you previously mentioned?

 Yes, I see that on the page before me.

MR. HAQUE: Your Honor, before we get into what I believe the next question will be, I don't think that there's been an official response from the Bench as to whether or not Mr. Oliker can question Mr. Jones as to the discovery that he's currently looking at that Mr. Jones has in front of him.

1 EXAMINER SEE: After going back and 2 looking at the transcript, the Bench realizes that 3 Mr. Jones responded that he was only aware of them 4 and that he had not reviewed them. 5 MR. OLIKER: Your Honor, he authorized 6 counsel to respond on behalf of AICUO --7 MR. HAQUE: Yes, your Honor, but --8 MR. OLIKER: -- in its submission. 9 MR. HAQUE: Yes, your Honor, but if this 10 is under Evidence Rule 613 meant to impeach Mr. Jones 11 it has to be a statement made by Mr. Jones. 12 MR. KUTIK: Your Honor, may I speak in 13 opposition to the objection? 14 EXAMINER SEE: I'm sorry, Mr. Kutik? 15 MR. KUTIK: I'd like to speak in 16 opposition to the objection. Your Honor, may I? 17 EXAMINER SEE: Go ahead. MR. KUTIK: Commission's Rule 18 19 4901-1-21(D) say that -- I'm sorry, 4901-1-22(D) says 20 "Unless otherwise ordered by the Commission, the 21 legal director, the deputy legal director, or the attorney examiner, any matter admitted under this 2.2 23 rule is conclusively established against the party 24 making the admission."

So this may be used for any purpose

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whether the witness was aware or not. He's a party, the party made the admission, it's proper.

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MR. HAQUE: Your Honor, was that last piece read by Mr. Kutik, was that text from the rule or is that just --

MR. KUTIK: That's text from the rule.

EXAMINER SEE: The objection is

overruled. Go ahead, Mr. Oliker.

Q. (By Mr. Oliker) Mr. Jones, I'm going to read to you 4-7, page 4. "Admit that on September 7th, 2011, You did not have information that the megawatt hours awarded for the commercial class as described under Appendix C of the Stipulation exceeded the pro rata allocation of the RPM set aside of 3,033,479 megawatt hours." And your response was "Admit."

MR. NOURSE: Your Honor, I object. I don't think Mr. Oliker read the question correctly as it appears in the document.

EXAMINER SEE: And I would agree with you. The objection is sustained.

MR. OLIKER: Can I have one minute, your Honor?

24 EXAMINER SEE: Yes.

Mr. Oliker, are you ready to proceed?

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1651 1 MR. OLIKER: I have no more questions, 2 your Honor. 3 EXAMINER SEE: Any other party have cross-examination for this witness? 4 5 (No response.) 6 EXAMINER SEE: Mr. Haque. 7 MR. HAQUE: No redirect, your Honor. We, 8 again, ask to have admitted into the record AICUO 9 Exhibit No. 1. 10 EXAMINER SEE: Are there any objections 11 to AICUO Exhibit 1? 12 MS. GRADY: Your Honor, note our 13 continuing objection based on our motion to strike. 14 EXAMINER SEE: Your objection is so 15 noted. 16 MR. OLIKER: IEU-Ohio joins, your Honor. 17 EXAMINER SEE: Noted. If there are no other objections, AICUO Exhibit 1 is admitted into 18 19 the record. 20 MR. HAQUE: Thank you, your Honor. 21 (EXHIBIT ADMITTED INTO EVIDENCE.) 2.2 EXAMINER SEE: Thank you, Mr. Jones. 23 THE WITNESS: Thank you, ma'am. 24 EXAMINER SEE: With that, we're going to 25 adjourn the hearing until 2 o'clock this afternoon.

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      Thank you.
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                   (Thereupon, at 11:35 a.m., a lunch recess
 3
      was taken.)
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Monday Afternoon Session,

October 17, 2011.

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EXAMINER SEE: Let's go back on the record. Throughout this proceeding we have followed the process that witnesses in support of the stipulation are crossed by those that have opposed the stipulation and there has not been an opportunity for what we referred to earlier as friendly cross.

Earlier this morning IEU voiced an objection to continuing the hearing as to the remaining witnesses which are only staff witnesses. Scheduled for today were Jeffrey Hecker and Hisham Choueiki. Over IEU's objection on the basis that only parties opposing the stipulation are going to be cross-examining staff witnesses we're going to continue with the testimony of Mr. Hecker and Mr. Choueiki.

So with that, Mr. Margard.

MR. MARGARD: Thank you, your Honors. Staff would call Mr. Jeffrey Hecker to the stand, please.

MR. DARR: Just note that we still need to resolve the issue with regard to Mr. Murray's testimony as well.

1 EXAMINER SEE: We're not continuing with 2 Mr. Murray's testimony until further notice. 3 ruling that I just made as far as continuing the 4 hearing is only as to the staff witnesses which will 5 include Hecker, Choueiki, and tomorrow Fortney and 6 Johnson. 7 MR. DARR: And we've already provided for 8 the record our objection at this point. Thank you. 9 EXAMINER SEE: Yes. 10 Mr. Hecker, if you could raise your right 11 hand. 12 (Witness sworn.) 13 EXAMINER SEE: Thank you. 14 Mr. Margard. 15 MR. MARGARD: Your Honor, if you please, 16 I would like to ask that Mr. Hecker's prefiled 17 testimony filed in this matter on August 4th of 2011 18 be marked for purposes of identification as Staff 19 Exhibit No. 1. 20 EXAMINER SEE: The exhibit is so marked. 21 MR. MARGARD: Thank you, your Honor. 2.2 (EXHIBIT MARKED FOR IDENTIFICATION.) 23 24

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1 JEFFREY HECKER 2 being first duly sworn, as prescribed by law, was examined and testified as follows: 3 4 DIRECT EXAMINATION 5 By Mr. Margard: 6 Please state your name, Mr. Hecker. Ο. 7 Α. Jeffrey Hecker. 8 Q. And by whom are you employed? 9 The Public Utilities Commission. Α. 10 Mr. Hecker, do you have before you what's Q. 11 been marked as Staff Exhibit No. 1? 12 Α. Yes. 13 What is that document, please? Q. 14 It's my prefiled testimony. Α. 15 This is testimony that you prepared or Q. 16 was prepared at your direction? 17 Α. Yes. 18 Do you have any changes, corrections, Q. 19 modifications of any sort to this testimony? 20 Α. No, sir. 21 Mr. Hecker, if I were to ask you the same Ο. 2.2 questions as are posed in this exhibit, would your 23 answers today be the same? 24 Α. Yes. 25 MR. MARGARD: Your Honor, I respectfully

move for admission of Staff Exhibit No. 1 subject to cross-examination and tender the witness for that purpose.

EXAMINER SEE: Okay. Earlier the only party thus far that indicated they had some cross-examination for Mr. Hecker was IEU.

Mr. Oliker?

MR. OLIKER: That's correct, your Honor.

EXAMINER SEE: Go ahead.

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CROSS-EXAMINATION

12 By Mr. Oliker:

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- Q. Good afternoon, Mr. Hecker.
- A. Good afternoon.
- Q. In your testimony you support the company's storm damage recovery mechanism; is that true?
 - A. Yes.
 - Q. Did you perform any analysis regarding the current liability of AEP Ohio's distribution system?
 - A. No, I did not.
- Q. And did you assess the effect of the storm damage recovery mechanism approved by the Commission on future reliability?

- A. No, sir.
- Q. Did you perform any assessment of whether customers' expectations and AEP Ohio's expectations are aligned?
- A. No, sir.

6 MR. OLIKER: That's all I have, your

7 Honor.

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EXAMINER SEE: Did any other party have cross-examination for Mr. Hecker?

10 (No response.)

11 EXAMINER SEE: Thank you, Mr. Hecker.

12 MR. MARGARD: Your Honor, I renew my

13 motion for admission of Staff Exhibit No. 1.

14 EXAMINER SEE: Are there any objections

15 to the admission of Staff Exhibit 1?

16 (No response.)

17 EXAMINER SEE: Hearing none, Staff

18 Exhibit 1 is admitted into the record.

19 (EXHIBIT ADMITTED INTO EVIDENCE.)

20 MR. MARGARD: Your Honor, staff would now

21 like to call Dr. Hisham Choueiki to the stand,

22 | please.

23 EXAMINER SEE: Dr. Choueiki, if you would

24 raise your right hand.

25 (Witness sworn.)

1658 1 EXAMINER SEE: Thank you. 2 MR. MARGARD: Your Honor, I respectfully 3 request that the prefiled testimony of Hisham 4 Choueiki filed in this matter on August 4th of 2011 5 be marked for purposes of identification as Staff 6 Exhibit No. 2. 7 EXAMINER SEE: The exhibit is so marked. 8 (EXHIBIT MARKED FOR IDENTIFICATION.) 9 10 HISHAM M. CHOUEIKI, PhD, PE 11 being first duly sworn, as prescribed by law, was 12 examined and testified as follows: 13 DIRECT EXAMINATION 14 By Mr. Margard: 15 Would you please state your name. Q. 16 Α. Hisham M. Choueiki. 17 Q. And by whom are you employed? The Public Utilities Commission of Ohio. 18 Α. 19 Dr. Choueiki, you have before you what Q. 20 has been marked for purposes of identification as 21 Staff Exhibit No. 2? 2.2 Α. Yes. 23 Can you identify that document for us, Ο.

It's my prefiled testimony.

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please?

Α.

- Q. Was this prepared by you or at your direction?

 A. Yes.

 Q. Since the filing of this testimony do you
 - Q. Since the filing of this testimony do you have any changes, corrections, additions, modifications of any sort?
 - A. No.
 - Q. And, Dr. Choueiki, if I were to ask you the same questions as are posed in this exhibit, would your responses today be the same?
 - A. Yes.

MR. MARGARD: Your Honor, I respectfully move for the admission of Staff Exhibit No. 2 subject to cross-examination and tender the witness for that purpose.

EXAMINER SEE: Okay. Does Ormet have any questions for this witness?

MS. HAND: No, your Honor.

EXAMINER SEE: IEU?

MR. OLIKER: No, your Honor.

EXAMINER SEE: FES?

MR. HAYDEN: No questions.

EXAMINER SEE: APJN?

MR. MASKOVYAK: No questions, your Honor.

EXAMINER SEE: OCC?

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1660 1 MR. ETTER: No questions. 2 EXAMINER SEE: Is there any other party 3 opposing the stipulation that has cross for this 4 witness? 5 (No response.) 6 EXAMINER SEE: Okay. 7 In that event, your Honor, MR. MARGARD: 8 I respectfully renew my motion for the admission of 9 Dr. Choueiki's testimony. 10 EXAMINER SEE: Are there any objections 11 to the admission of Staff Exhibit 2? 12 (No response.) 13 EXAMINER SEE: Hearing none, Staff 14 Exhibit 2 is admitted into the record. 15 (EXHIBIT ADMITTED INTO EVIDENCE.) 16 EXAMINER SEE: Thank you, Dr. Choueiki. THE WITNESS: Thank you very much. 17 18 MR. KUTIK: Your Honor. 19 EXAMINER SEE: Yes. MR. KUTIK: At this time FES would seek 20 21 to admit certain documents as exhibits into the 2.2 record. These documents are discovery responses. 23 May I approach? 24 EXAMINER SEE: The Bench? 25 MR. KUTIK: Yes.

1 EXAMINER SEE: Yes, let's see what you 2 have. 3 MR. KUTIK: Your Honor, if I could 4 identify these and mark them for the record. 5 EXAMINER SEE: Yes. 6 MR. KUTIK: Your Honor, we propose three 7 sets of exhibits. First, as Exhibit FES 15(a), (b), 8 (c), (d), and (e), we would have marked as follows: 9 Stipulation -- the Response to Stipulation OCC 10 Interrogatory 16-361 we've marked as FES Exhibit 11 15(a); Response to FES Request for Admission 13-005 12 we've marked as FES Exhibit 15(b); Response to FES 13 Request for Admission 13-015 would be marked as FES

Exhibit 15(c); the Response to FES Request for

Admission 13-016 would be marked as FES Exhibit

13-017 would be marked as Exhibit 15(e).

With respect to the series that we've marked as Exhibit -- or we'd like to have marked as Exhibit 16(a) through (i) there will be as follows:

15(d); and the Response to FES Request for Admission

21 The Response to FES Interrogatory 17-029 would be

22 marked Exhibit 16(a); the Response to FES

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23 Interrogatory 17-046 would be marked 17(b).

MR. CONWAY: 16(b)?

MR. KUTIK: 16(b), excuse me. The

Response to FES 17-047 would be marked 16(c); the Response to FES Interrogatory 19-034 would be marked 16(d); the Response to FES Interrogatory 19-037 would be marked 16(e); the Response to FES Interrogatory 19-039 would be marked as 16(f); the Response to FES Interrogatory 19-041 would be marked as 16(g); the Response to Stipulation FES Request for Admission 21-005 would be marked as 16(h); and the Response to Stipulation IEU Request for Admission 6-008 would be marked as 16(i).

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We'd also like to have marked as Exhibit 17(a) through (d) the following: The Response to Stipulation FES Interrogatory 17-043 will be marked as 17(a); the Response to IEU Request for Admission 3-008 would be marked as 17(b); and the response to Stipulation IEU Interrogatory 6-001 will be marked as 17(c).

(EXHIBITS MARKED FOR IDENTIFICATION.)

MR. KUTIK: Your Honor, as we noted earlier today, the interrogatories are statements under oath and these documents, and case law in Ohio is clear, interrogatories may be used and may be treated as statements under oath as if a witness were on the stand. With respect to requests for admission, as was earlier pointed out today, requests

for admission are conclusive admissions by a party and all of these have been made and responses by AEP Ohio with respect to matters at issue in this case.

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With respect to the exhibits that have been marked as Exhibits 15(a) through (e), they all relate to rider GRR and the Turning Point project involved in that case. We believe that these requests for admissions are relevant to our argument that AEP and the signatory parties have not met their burden to show that even in the future a project such as the Turning Point project would be appropriate subject for a rider under Section 4928.143.

With respect to Exhibit 16(a) through

(i), those interrogatories and requests for
admissions have to deal with Appendix C to the
stipulation as well as the detailed implementation
plan. We believe that those interrogatory and
request for admission responses are relevant to our
argument that the rules themselves are incomplete and
confusing and, therefore, do not serve the public
interest, among other reasons.

With respect to the request for the exhibits that we've marked as Exhibits (a) through (c), these relate to the issue of AEP's pool

termination and corporate separation, and specifically with respect to what and what not AEP is committing to with respect to the stipulation.

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So, your Honor, we believe that these documents are independently admissible, that is independent of a witness, and we also believe they're relevant, there can be really no question about their authenticity and, therefore, we move their admission.

MR. NOURSE: Your Honor, may I respond?

EXAMINER SEE: Yes.

MR. NOURSE: First of all, we have not seen these or counsel did not attempt to work out any kind of stipulation, so we would like the opportunity to review them. We have not seen that these are the particular, out of the thousands of questions we got in discovery, that these are the ones that were selected for putting in the record.

But I think it's the practice at the Commission the parties use discovery responses and they attach them to testimony where they're making certain points or relying on certain responses, they're also used in cross-examination and in context and the witness has an opportunity to respond and explain the context of answers they were responsible for, in addition to typically stating whether they

still believe it applies in the context for which it's being used, either in testimony subject to cross or through cross where the witness is available to explain that context.

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So I don't have any objection to the ones that are in here that are prepared by counsel. I don't have any objection to the ones that are admissions. But the interrogatories that relate to particular witnesses that have already come and testified and been subject to cross-examination could easily have been asked about these in a way that they're being sought to be used. I think it's inappropriate to wait until the witness leaves the stand and then just try to dump them in the record on that basis.

MR. KUTIK: Your Honor, may I respond?

EXAMINER SEE: Yes.

MR. KUTIK: Your Honor, I guess the

Commission's practice is what you're used to. I can

cite cases I've been in where interrogatories and

requests for admission have come in independently, so

I would assert that the Commission practice is as

I've done it. It's also the pracitice in front of

every court I've had the privilege of trying a case

in.

With respect to the issue of I suppose unfairness, these are certainly admissions of the party. They are admissions of particular witnesses, as Mr. Nourse would have it. To the extent that these witnesses have made statements that are against the interests of AEP or need further explanation, well, that's grist for rebuttal testimony. This is being offered as part of our case. We don't have to wait to put these admissions in as part of their case, and if as part of their rebuttal case they want to explain their interrogatory answers, well, they are free to do that.

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MR. NOURSE: Your Honor, again, to the extent that we've not had an opportunity to review these, one, and if counsel had raised them with us, we might have already addressed this, there may be other discovery responses that would also be appropriate to enter at the same time and perhaps, if that were the case, there wouldn't be any objection. But again, we're not quibbling or opposing the admission so that's not an issue, and the requests, there's a few in here prepared by counsel, but my argument and my objection went to the witnesses that have been appearing already in this hearing and now that they're gone, this issue is being raised.

1 EXAMINER SEE: The Bench will further 2 consider the motions to admit FES Exhibits 15, 16, 3 and 17 and address it tomorrow morning, that will 4 give AEP time to go through, make whatever issues 5 specifically to each exhibit for which they have 6 requested admission. 7 MR. NOURSE: Thank you, your Honor. EXAMINER SEE: With that, we will start 8 9 with Witnesses Fortney and Johnson tomorrow morning, 10 in that order. We'll convene tomorrow at --11 MR. MARGARD: Your Honor, can we go off 12 the record just a moment?

EXAMINER SEE: Yes.

(Discussion off the record.)

EXAMINER SEE: Let's go back on the record. In an effort to accommodate the parties we'll start at 8:45.

MR. HAYDEN: Thank you, your Honor.

EXAMINER SEE: Was there something else,

Mr. Hayden?

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MR. HAYDEN: Yeah, there's something else. We can go off.

EXAMINER SEE: Let's go off the record.

(Discussion off the record.)

EXAMINER SEE: We're adjourned for the

day until 8:45 tomorrow. (Theeupon, the hearing was adjourned at 2:42 p.m.) CERTIFICATE I do hereby certify that the foregoing is a true and correct transcript of the proceedings taken by me in this matter on Monday, October 17, 2011, and carefully compared with my original stenographic notes. Maria DiPaolo Jones, Registered Diplomate Reporter and CRR and Notary Public in and for the State of Ohio. My commission expires June 19, 2016. (MDJ - 3909)

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

10/28/2011 10:01:00 AM

in

Case No(s). 10-2376-EL-UNC, 11-0346-EL-SSO, 11-0348-EL-SSO, 11-0349-EL-AAM, 11-0350-EL-AAM

Summary: Transcript Transcript of Columbus Southern Power Company and Ohio Power Company hearing held on 10/17/11 - Vol IX electronically filed by Mrs. Jennifer Duffer on behalf of Armstrong & Okey, Inc. and Jones, Maria DiPaolo Mrs.