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BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

- - -

In the Matter of the :  
Review of the Application :  
of Ohio Edison Company, :  
The Cleveland Electric :  
Illuminating Company, The : Case No. 12-2190-EL-POR  
Toledo Edison Company for : Case No. 12-2191-EL-POR  
Approval of Their Energy : Case No. 12-2192-EL-POR  
Efficiency and Peak :  
Demand Reduction Program :  
Portfolio Plans for 2013 :  
through 2015. :

- - -

PROCEEDINGS

before Mr. Gregory Price and Ms. Mandy Willey Chiles,  
Attorney Examiners, at the Public Utilities  
Commission of Ohio, 180 East Broad Street, Room 11-A,  
Columbus, Ohio, called at 2:39 p.m. on Monday,  
October 22, 2012.

- - -

VOLUME I

- - -

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9 Utilities Commission.

10 - - -

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1 Monday Afternoon Session,  
2 October 21, 2012.

3 - - -

4 EXAMINER CHILES: Let's go ahead and go  
5 on the record.

6 The Public Utilities Commission of Ohio  
7 has called for hearing at this time and place Case  
8 Nos. 12-2190, 12-2191, and 12-2192, being In the  
9 Matter of the Application of Ohio Edison, Cleveland  
10 Electric Illuminating Company, the Toledo Edison  
11 Company for Approval of Their Energy Efficiency and  
12 Peak Demand Reduction Portfolio plans for 2013  
13 through 2015.

14 My name is Mandy Willey Chiles, and with  
15 me is Gregory Price, and we are the attorney  
16 examiners assigned by the Commission to hear this  
17 case. I would like to begin by taking appearances of  
18 the parties. We'll begin with the companies and  
19 proceed around the table.

20 MS. KOLICH: Thank you, your Honor.  
21 Kathy J. Kolich, Carrie M. Dunn, FirstEnergy Service  
22 Company, 76 South Main Street, Akron, Ohio 44308.  
23 Along with us is James F. Lang, Calfee, Halter &  
24 Griswold, 1405 East Sixth Street, Cleveland, Ohio  
25 44114. Thank you.

1 MR. POULOS: Thank you, your Honor. My  
2 name is Greg Poulos with EnerNOC, 471 East Broad  
3 Street, Columbus, Ohio 43215.

4 MR. OLIKER: Good afternoon, your Honors.  
5 On behalf of the Industrial Energy Users of Ohio,  
6 Joseph Oliker and Sam Randazzo of the law firm of  
7 McNeese, Wallace & Nurick, 21 East State Street,  
8 Columbus, Ohio 43215.

9 MR. KELTER: Good afternoon, your Honor.  
10 Robert Kelter, Justin Vickers, and Nick McDaniel on  
11 behalf of the Environmental Law & Policy Center, 35  
12 East Wacker, Chicago, Illinois -- I'm sorry, 35 East  
13 Wacker, Suite 1300, Chicago, Illinois, 60606.

14 MR. PARRAM: Good afternoon, your Honor.  
15 On behalf of the staff of the Public Utilities  
16 Commission of Ohio, Ohio Attorney General Mike  
17 DeWine, Public Utilities Section, Section Chief  
18 William Wright, by Assistant Attorney General Devin  
19 D. Parram, 180 East Broad Street, Columbus, Ohio  
20 43215.

21 MR. LAVANGA: Good afternoon, your Honor.  
22 On behalf of Nucor Steel Marion, Incorporated,  
23 Michael K. Lavanga of the law firm Brickfield,  
24 Burchette, Ritts & Stone, PC, address 1025 Thomas  
25 Jefferson Street, Northwest, Washington, D.C. 20007.



1 MS. KYLER: Thank your, your Honor. On  
2 behalf of the Ohio Energy Group, Michael Kurtz and  
3 Jody Kyler, from the law firm of Boehm, Kurtz &  
4 Lowery, 36 East Seventh Street, Cincinnati, Ohio  
5 45202.

6 MS. KERN: Good afternoon, your Honors.  
7 On behalf of the residential customers of the  
8 companies, the Office of the Ohio Consumers' Counsel,  
9 Bruce J. Weston, 10 West Broad Street, Suite 1800,  
10 Columbus, Ohio 43215 by Kyle Kern, assistant  
11 consumers' counsel.

12 MR. ALLWEIN: Good afternoon, your Honor.  
13 Christopher Allwein on behalf of Natural Resources  
14 Defense Council and the Sierra Club. I work for  
15 Williams, Allwein & Moser, 1373 Grandview Avenue,  
16 Suite 212, Columbus, Ohio 43212.

17 And with me is Manuel Somoza, 85 Second  
18 Street, San Francisco, California 94105, on behalf of  
19 the Sierra Club.

20 And my apology, your Honors, I also  
21 forgot to mention earlier there are outstanding pro  
22 hoc vice motions for Rebecca Riley and Manuel Somoza.

23 Thank you.

24 MR. DOUGHERTY: Good afternoon, your  
25 Honors. On behalf of the Ohio Environmental Council,

1 Trent Dougherty and Katherine Lucas, 1207 Grandview  
2 Avenue, Suite 201, Columbus, Ohio 43212.

3 MR. WILLIAMS: Good afternoon, your  
4 Honors. Todd Williams, on behalf of Advanced Energy  
5 Economy Ohio, from the law firm, Williams, Allwein &  
6 Moser, Two Maritime Place, Third Floor, Toledo, Ohio  
7 43604.

8 MR. O'BRIEN: Thank you, your Honor. On  
9 behalf of the Ohio Hospital Association, Richard L.  
10 Sites, 155 East Broad Street, Columbus, Ohio and  
11 Thomas J. O'Brien of Bricker & Eckler, 100 South  
12 Third Street, Columbus 43215. Thank you.

13 MR. SIWO: On behalf of OMA Energy Group,  
14 J. Thomas Siwo, Bricker & Eckler, 100 South Third  
15 Street, Columbus, Ohio 43215.

16 EXAMINER PRICE: I think there are open  
17 seats at the counsel table for anyone who prefers to  
18 sit at the table.

19 EXAMINER CHILES: Did we get everyone?  
20 Okay.

21 We do have, as Mr. Allwein mentioned, pro  
22 hac vice motions for Manuel Somoz a on behalf of  
23 Sierra Club and Rebecca Riley on behalf of NRDC. Are  
24 there any objections to these motions for admission  
25 pro hac vice?

1                   Hearing none, they will be granted.

2                   Is the company ready to proceed?

3                   MS. KOLICH: Yes, your Honor, but I  
4 believe there is an outstanding procedural issue  
5 dealing with a motion to strike certain testimony of  
6 Dr. Goins. At this time the company will withdraw  
7 that motion.

8                   EXAMINER CHILES: Thank you.

9                   MS. KOLICH: And with that, the company  
10 is ready to proceed, and we call Mr. John C. Dargie  
11 to the stand.

12   - - -

13   JOHN C. DARGIE

14 being first duly sworn, as prescribed by law, was  
15 examined and testified as follows:

16   DIRECT EXAMINATION

17 By Ms. Kolich:

18                   Q. Good afternoon, Mr. Dargie. Would you  
19 please state your full name and business address for  
20 the record, please.

21                   A. John Charles Dargie. My address is 76  
22 South Main Street, Akron, Ohio 44308.

23                   MS. KOLICH: And, your Honors, I have a  
24 document labeled Direct Testimony of John C. Dargie  
25 on behalf of Ohio Edison Company, Cleveland

1 Illuminating Company, and the Toledo Edison Company,  
2 which was filed in this case. I would like it marked  
3 Company Exhibit 1 for identification.

4 EXAMINER CHILES: It will be so marked.

5 MS. KOLICH: Thank you.

6 (EXHIBIT MARKED FOR IDENTIFICATION.)

7 Q. Mr. Dargie, do you have in front of you a  
8 copy of what's just been marked as Company Exhibit  
9 No. 1, which is your direct testimony in this case?

10 A. Yes, I do.

11 Q. And this was testimony prepared either by  
12 you or under your direct supervision?

13 A. Yes, it was.

14 Q. Now, do you have any changes or  
15 corrections to this testimony?

16 A. I do not.

17 Q. So if I were to ask you the same  
18 questions that are set forth in this testimony today,  
19 your answers as set forth in the testimony would be  
20 the same?

21 A. That is correct.

22 MS. KOLICH: With that, your Honors, the  
23 witness is available for cross-examination.

24 EXAMINER CHILES: Thank you.

25 Let's begin with Mr. Poulos.

1 MR. POULOS: No questions, your Honor.

2 Thank you.

3 EXAMINER CHILES: We'll just go around  
4 the table.

5 MR. OLIKER: No questions, your Honor.

6 MR. VICKERS: Yes, your Honor, I have  
7 some questions.

8 - - -

9 CROSS-EXAMINATION

10 By Mr. Vickers:

11 Q. Mr. Dargie, could you please turn to page  
12 6, line 22 of your testimony.

13 MR. PRICE: Excuse me, if you could  
14 introduce yourself for the court reporter.

15 MR. VICKERS: Justin Vickers for the  
16 Environmental Law & Policy Center.

17 EXAMINER PRICE: Thank you.

18 Q. Would you please turn to page 6, line 22.

19 A. Yes.

20 Q. And do you see where it says that the  
21 companies strive to "comply with statutory and  
22 regulatory requirements"?

23 A. I do.

24 Q. Do these include recommendations  
25 articulated in Commission orders, or is that just in

1 the regulatory and statutory requirements?

2 A. I believe both.

3 Q. And if they are just articulating  
4 Commission orders rather than in the actual rules,  
5 would that also be in compliance?

6 A. I would like to defer that question to  
7 Mr. Ed Miller since he was the one who designed our  
8 plans.

9 Q. Do the plans we're discussing today seek  
10 to provide all cost-effective energy efficiency?

11 A. I'm not quite sure what all  
12 cost-effective energy efficiency really is.

13 Q. So that would be above and beyond what's  
14 just required by the statutory code?

15 A. Again, I'm not clear on the question.

16 Q. So if it were to meet the TR -- if it was  
17 cost effective in that it provides more benefits than  
18 the cost but it goes above and beyond what's actually  
19 required by the code, would that -- does this plan at  
20 least strive to meet beyond the code, or is it just  
21 trying to meet what's spelled out exactly for the  
22 targets?

23 A. Well, in our plan the plan does exceed  
24 the targets, is what we have designed in our plan.

25 Q. It exceeds the targets?

1           A.    It does.

2           Q.    Okay.  On pages 6 and 7 at the bottom  
3 there, you see it lists three of the goals that you  
4 strive to achieve:  "Strived to design plans that  
5 comply with statutory and regulatory requirements;  
6 include at least one program for each of the major  
7 customers segments; and balance costs with results."  
8 Is protecting consumer choice part of that list?

9           A.    Protecting consumer choice in regards to  
10 what?

11          Q.    In regards to what they're able to  
12 purchase at market.

13          A.    I'm not clear on your question.

14          Q.    Is that one of the goals?  Did you try  
15 and give consumers as much choice as possible in  
16 terms of what they get rebates for or what they can  
17 achieve at market?

18          A.    There's choice involved in the programs,  
19 yes.

20          Q.    Would you turn to pages 9 to 11 of your  
21 testimony.  You describe the collaborative process  
22 used in these plans; is that right?

23          A.    That's correct.

24          Q.    And you participated in the collaborative  
25 process?

1 A. Not all the meetings, many of them.

2 Q. Were you kept aware of meeting dates, at  
3 least?

4 A. Yes.

5 Q. As late as December, 2011, do you recall  
6 there were three collaborative meetings scheduled to  
7 happen before August, 2012?

8 A. I don't recall that, no.

9 Q. Okay. I would like to show you an e-mail  
10 just to refresh your memory, if that's okay.

11 A. Okay.

12 MR. VICKERS: May I approach, your Honor?

13 EXAMINER CHILES: You may.

14 Q. Would you turn to page 4 of the e-mail  
15 chain there. Is that an e-mail that you received?

16 A. I'm sure I received this, yes.

17 Q. Does that help you recall what the dates  
18 were for -- that were scheduled in December for 2012  
19 meetings?

20 A. I see that.

21 Q. Was there one scheduled for February 24?

22 A. It shows there is a subcommittee meeting  
23 scheduled for February 24.

24 Q. How about March 28? Was there a meeting  
25 scheduled then?



1 A. Yes.

2 Q. And June 19?

3 A. Correct.

4 Q. The February 24 meeting occurred as  
5 scheduled; is that correct?

6 A. I don't recall.

7 Q. Do you recall whether the meetings for --  
8 whether the materials for the meeting on the 24th  
9 were circulated on the 23rd?

10 A. I don't recall.

11 Q. Okay.

12 MR. VICKERS: May I approach, your Honor?

13 EXAMINER CHILES: You may.

14 Mr. Vickers, did you want to mark these?

15 MR. VICKERS: No. These are just to  
16 refresh his recollection, ma'am.

17 EXAMINER CHILES: Thank you.

18 Q. (By Mr. Vickers) Did you receive these  
19 e-mails?

20 A. Yes, I did.

21 Q. And does this help you remember whether  
22 the materials were circulated on the 23rd? Look at  
23 the bottom of page 1.

24 A. Yes.

25 Q. Do you recall if the March 28 meeting

1 occurred?

2 A. I don't recall.

3 Q. Okay. Would you turn to page -- page 10  
4 of your testimony.

5 A. Okay.

6 Q. You list what collaborative meetings were  
7 held in 2012, is that correct, on page 10?

8 MS. KOLICH: Do you have a line  
9 reference?

10 MR. VICKERS: It would be the middle. It  
11 has several dates throughout the paragraph.

12 A. I see the dates where we conducted the  
13 meetings.

14 Q. Is March 28 one of those dates?

15 A. It is not in my testimony.

16 Q. Okay. Do you recall if that meeting was  
17 rescheduled for April 24?

18 A. I don't recall.

19 MR. VICKERS: May I approach, your Honor?

20 EXAMINER CHILES: You may.

21 MS. KOLICH: Could I have that last  
22 question reread, please?

23 (Record read.)

24 MS. KOLICH: Thank you.

25 Q. Mr. Dargie, could you take a look at the

1 e-mail I just gave you and look at the subject line  
2 there. Does that help you recall whether these were  
3 scheduled for the 24th, rescheduled?

4 A. The e-mail says it was scheduled for the  
5 24th.

6 Q. And --

7 EXAMINER PRICE: I'm sorry, sir, that's  
8 not the question he asked. He did not ask what the  
9 e-mail says. He asked if you recall.

10 THE WITNESS: I do not recall.

11 Q. Okay. And this e-mail does not help you  
12 remember?

13 A. I can't remember specifically clear back  
14 to the April 24.

15 Q. Sure.

16 MR. VICKERS: May I approach?

17 EXAMINER CHILES: You may.

18 Q. Mr. Dargie, is this an e-mail you  
19 received?

20 A. Yes.

21 Q. And looking at this e-mail both the  
22 subject line and the body of the e-mail, does that  
23 help you recall whether there was a meeting scheduled  
24 for the 24th?

25 A. Can you rephrase the question?

1 Q. Does this e-mail help you recall whether  
2 there was a meeting scheduled for the 24th?

3 A. Again, I can't remember the specific day,  
4 but according to the e-mail, it was rescheduled.

5 Q. Okay. And does this e-mail help you  
6 remember whether that meeting actually happened?

7 A. I don't recall whether it happened or  
8 not.

9 Q. Okay. And if you could go back to page  
10 10 of your testimony, is the April 24 meeting listed  
11 as one of the meetings that occurred?

12 A. It is not.

13 Q. Okay. The June 19 meeting that we talked  
14 about earlier that was scheduled as of December,  
15 2011, does that meeting appear in your list of  
16 meetings?

17 MS. KOLICH: I'm sorry, I didn't hear all  
18 of that. Could I have that question reread, please.

19 (Record read.)

20 Q. On page 10.

21 A. It does not appear in my testimony.

22 Q. Okay. In fact, the next meeting didn't  
23 happen until July 10; is that right?

24 A. That's correct.

25 Q. And do you recall whether the companies

1 distributed a draft plan to that collaborative for  
2 that July 10 meeting?

3 A. According to the testimony, the almost  
4 final results of both the proposed plans and the  
5 market potential study.

6 Q. Was that in the form of a draft plan, or  
7 was that just -- was that in the form of slides that  
8 listed what was going to be in the plan?

9 A. I don't specifically recall.

10 Q. Can we move to page 16, lines 17 through  
11 20. Do you see where it says -- sorry, line 16  
12 through 20 where it says, "We believe that such a  
13 directive can have a chilling effect on customer  
14 participation in the EE & PDR programs which impacts  
15 the Companies' ability to meet their EE & PDR  
16 targets."

17 A. Yes, I see that.

18 Q. Have the companies done any analysis that  
19 quantifies the impacts of this chilling effect?

20 A. No analysis exists. We do have  
21 assumptions.

22 Q. Please turn to page 18, lines 2 and 4.  
23 I'm sorry, lines 1 through 4. "In Pennsylvania,  
24 almost half of the commercial/industrial customers  
25 have opted to retain the rights to their energy

1 credits under terms similar to those we recently  
2 implemented in Ohio." Is that what it says?

3 A. What lines? What page and lines are you  
4 looking at?

5 Q. I'm sorry, page 18, lines 1 through 4,  
6 the sentence beginning "In Pennsylvania."

7 A. Yes, I see that.

8 Q. Have the companies estimated how many of  
9 those customers would have chosen not to participate  
10 in the program had they been required to surrender  
11 ownership rights to the company?

12 A. That analysis does not exist.

13 Q. And if you could look at lines 4 through  
14 10 on page -- I'm sorry, lines 4 through 10 on page  
15 18, and in there you discuss the efforts that the  
16 company undertook to require -- to acquire ownership  
17 rights for the 2015-2016 PJM base residual auction;  
18 is that right?

19 A. That's correct.

20 Q. In there it says that the customers  
21 committed less than 15 percent of the total energy  
22 efficiency resources generated by the program; is  
23 that right?

24 A. That's correct.

25 Q. Do you know what percentage of those

1 customers -- I'm sorry. Do you know what percentage  
2 of those customers bid those resources into the  
3 auctions themselves, in other words, those who didn't  
4 assign ownership rights actually bid them into the  
5 market?

6 A. I do not.

7 Q. At what point -- for the 2015-2016  
8 auction, at what point did the company seek to get  
9 those ownership rights? Do you remember?

10 A. I don't recall the exact date.

11 Q. Do you remember roughly when it was?

12 A. No, I do not.

13 Q. Could it have been in February of 2011?  
14 I'm sorry, of 2012?

15 MS. KOLICH: Objection. The witness said  
16 he didn't recall; asked and answered.

17 EXAMINER CHILES: Sustained.

18 Q. And that auction took place on May 6; is  
19 that correct?

20 A. That's correct.

21 Q. The auctions for the PJM base residual  
22 auctions, three-year forward auctions; is that right?

23 A. That's correct.

24 Q. Which means that in the upcoming May  
25 auction that's going to happen in May, 2013, that

1 will procure resources for the 2016-2017 years; is  
2 that right?

3 A. That's correct.

4 Q. And under the auction rules, energy  
5 efficiency resources count as capacity resources for  
6 up to four years after their installation date; is  
7 that right?

8 A. That's correct.

9 Q. So measures installed in 2014 would count  
10 as capacity resources in 2017.

11 A. That's correct.

12 Q. So the companies in their plan are  
13 proposing to bid only installed measures into the PJM  
14 auctions; is that right?

15 A. That's correct.

16 Q. So even if these plans were approved by  
17 before the upcoming 2016-2017 auction, that's the one  
18 to happen in May, 2013, the companies will not bid  
19 anticipated savings that will occur in the second  
20 half of 2013.

21 A. Can you rephrase the question?

22 Q. Sure. The auction occurs in May, 2013;  
23 is that correct?

24 A. Correct.

25 Q. And the resources that are installed in



1 August of 2013, the company is not proposing to bid  
2 those into the May, 2013 auction --

3 A. That's correct.

4 Q. -- prospective. And they wouldn't bid  
5 any of those -- any prospective resources into the  
6 upcoming PJM auctions; is that right?

7 A. That's correct.

8 Q. Have the companies done any analysis of  
9 how much revenue would be generated from bidding in  
10 all eligible anticipated savings into the auction?

11 A. I don't believe the analysis exists.

12 Q. Did the companies do any analysis of  
13 projected rate impacts if the -- if they bid all  
14 eligible savings into the auction?

15 A. I don't know the answer to that question.

16 MR. VICKERS: Your Honors, may I  
17 approach?

18 EXAMINER CHILES: You may.

19 MR. VICKERS: I would like this marked as  
20 ELPC Exhibit 1.

21 EXAMINER CHILES: It will be so marked.

22 (EXHIBIT MARKED FOR IDENTIFICATION.)

23 EXAMINER CHILES: Mr. Vickers, do you  
24 have a copy for the court reporter?

25 MR. VICKERS: Oh, yeah. Your Honor,

1 could we mark this as Exhibit 2? Our testimony will  
2 be 1. Thank you.

3 EXAMINER CHILES: The exhibit will be  
4 marked as ELPC Exhibit 2.

5 (EXHIBIT MARKED FOR IDENTIFICATION.)

6 Q. Mr. Dargie, this is a response to a  
7 request by the company from Nucor, Set 1, Nucor Set  
8 1, interrogatory 14. Does this answer the question  
9 as to whether the company has done any estimation of  
10 the rate impacts?

11 MS. KOLICH: Objection. This document  
12 speaks for itself.

13 EXAMINER CHILES: Do you have a response  
14 to that?

15 MR. VICKERS: We'll just move that it be  
16 admitted once we are finished here.

17 MS. KOLICH: Objection, no foundation.  
18 Though I'll reserve that to when he moves to admit,  
19 if you would prefer.

20 EXAMINER PRICE: You probably want to lay  
21 a foundation, Mr. Vickers.

22 Q. Do you know if this is a discovery  
23 response from the company?

24 A. Yes, it is.

25 Q. Okay. And does it ask whether the --

1 the -- asks the company to quantify the historical  
2 and rate impacts of bidding EE and PDR into the PJM  
3 capacity markets?

4 MS. KOLICH: Objection. The document  
5 speaks for itself.

6 EXAMINER CHILES: The objection is  
7 overruled.

8 A. Can you rephrase the question?

9 Q. Does this answer -- does this document  
10 speak to answer the question to quantify the  
11 historical and projected rate impacts of bidding EE  
12 and PDR into the PJM capacity markets?

13 A. It does.

14 Q. And does it state the company has not  
15 made the calculations associated with projected rate  
16 impacts?

17 A. It does.

18 Q. Thank you.

19 EXAMINER PRICE: Mr. Dargie, have you  
20 seen this exhibit before?

21 THE WITNESS: This exhibit?

22 EXAMINER PRICE: Yes.

23 THE WITNESS: I have not.

24 EXAMINER PRICE: You've never seen this  
25 exhibit before.

1 THE WITNESS: I have not.

2 Q. (By Mr. Vickers) Now, in addition to the  
3 annual base residual auction, there are incremental  
4 auctions prior to the delivery year; is that correct?

5 A. That's correct.

6 Q. And do you know if the clearing prices  
7 for those auctions are historically lower than the  
8 clearing prices for the corresponding base residual  
9 auction?

10 A. Can you rephrase the question?

11 Q. Sure. So there are incremental auctions  
12 that occur between the base residual auction and the  
13 actual delivery year. Historically -- not  
14 necessarily but historically have the prices for  
15 capacity in those incremental auctions been lower  
16 than in the base residual auction?

17 MS. KOLICH: Objection. Does the counsel  
18 have a timeframe?

19 MR. VICKERS: Since the capacity markets  
20 in PJM were implemented.

21 MS. KOLICH: Which was when?

22 MR. VICKERS: In the early 2000s.

23 MS. KOLICH: I'll withdraw the objection.

24 EXAMINER CHILES: Okay. Thank you.

25 A. To be totally honest with you, I haven't

1 followed the auction prices back to the 2000s so I  
2 don't know.

3 Q. But if the companies felt they could not  
4 meet their delivery obligations for the delivery  
5 year, is it possible that they could purchase  
6 additional capacity resources in the residual  
7 auctions?

8 A. I would like to defer that question to  
9 witness Ed Miller since he is more directly involved  
10 with the plan.

11 Q. If the prices in the residual auction  
12 were, in fact, lower and the companies could purchase  
13 capacity in those auctions, the companies would still  
14 have a net positive revenue for the auction; is that  
15 right?

16 A. I don't know.

17 MR. VICKERS: No more questions.

18 EXAMINER CHILES: Thank you.

19 EXAMINER PRICE: Mr. Vickers, before you  
20 relinquish the chair, I just want to follow up on a  
21 question.

22 On page 18, again, we're talking about  
23 the customers committed on line -- line 7, "Customers  
24 committed less than" 15 percent -- "approximately  
25 15 percent of the total Energy Efficiency Resources."

1 What did you do -- what did you do to contact  
2 customers prior to the base residual auction?

3 THE WITNESS: Prior to the base residual  
4 auction?

5 EXAMINER PRICE: Yeah. You said they  
6 only committed 15 percent of the time. I am asking  
7 you what did you do to reach out to these customers?

8 THE WITNESS: Prior to the base, I don't  
9 recall the exact date when we started reaching out to  
10 those customers. I can tell you that we have reached  
11 out to just about all of the customers that --

12 EXAMINER PRICE: How did you do it?

13 THE WITNESS: Oh. We did it via letter.  
14 We used our customer support reps, so multiple  
15 channels to contact all the customers.

16 EXAMINER PRICE: Did you contact each  
17 customers multiple times?

18 THE WITNESS: I can't answer that  
19 question. However, we are still continuing to follow  
20 up with the customers that haven't made a decision  
21 yet. There are a lot of customers that haven't made  
22 decisions yet, and we continue to contact those  
23 customers until we can get a decision one way or  
24 another so we are still in that process.

25 EXAMINER PRICE: The approximately

1 85 percent that did not commit, how many specifically  
2 declined to commit and how many did you simply not  
3 reach an answer on?

4 THE WITNESS: Here are the latest numbers  
5 as of October 18 of this year --

6 EXAMINER PRICE: I'm sorry. I mean at  
7 the time of the base residual auction.

8 THE WITNESS: Oh, I don't have those  
9 numbers at this time. I have the current numbers.

10 EXAMINER PRICE: But you can't testify  
11 today as to what they committed prior to the base  
12 residual auction?

13 THE WITNESS: No, I cannot.

14 EXAMINER PRICE: Thank you.

15 MS. KOLICH: Your Honor, we can provide  
16 that information if the Bench requires it.

17 THE WITNESS: Yeah, we can get it.

18 EXAMINER PRICE: I would like to know it.

19 MS. KOLICH: We will take care of that.

20 Could I have exactly what the last  
21 question was?

22 EXAMINER PRICE: What percentage of  
23 customers prior to the base residual auction  
24 specifically declined to commit their resources and  
25 what percent of the customers simply were unable to

1 make a decision or were unable to be reached.

2 MS. KOLICH: Do you want residential and  
3 C&I or just C&I?

4 EXAMINER PRICE: Just C&I.

5 MR. ALLWEIN: Your Honor, will that  
6 information be available to all the parties in the  
7 case?

8 EXAMINER PRICE: Well, I hope so.

9 MR. ALLWEIN: Okay.

10 EXAMINER CHILES: All right. We will  
11 reserve staff's cross-examination for last, so right  
12 now, we will move on to Mr. Lavanga.

13 MR. LAVANGA: No questions, your Honor.

14 MR. KURTZ: Thank you, your Honor. I do  
15 have some questions.

16 - - -

17 CROSS-EXAMINATION

18 By Mr. Kurtz:

19 Q. Good afternoon, Mr. Dargie.

20 A. Good afternoon.

21 Q. Are you --

22 EXAMINER CHILES: I'm sorry, could you  
23 identify yourself for the record.

24 MR. KURTZ: I'm sorry, Mike Kurtz for the  
25 Ohio Energy Group.



1 Q. Mr. Dargie, are you the chief policy  
2 witness for the company in this case?

3 A. I am not the chief policy administrator.  
4 I didn't hear the last word that you said.

5 Q. In this case.

6 A. I'm not.

7 Q. Well, let me ask you this, is it correct  
8 that the three FirstEnergy operating utilities are  
9 seeking permission to spend approximately \$248.8  
10 million in program costs over the next three years?

11 A. That is correct.

12 Q. Okay. In this program cost figure is  
13 lost distribution revenue included?

14 A. It is not.

15 Q. How much -- in addition to the 248.8  
16 million, how much would lost distribution revenue be?

17 A. I don't have that calculation. I'm sure  
18 Mr. Ed Miller can answer that.

19 Q. Mr. Miller would know that?

20 A. I believe that he would.

21 Q. Okay. In addition to the \$248 million  
22 program costs, you are asking for shareholder  
23 incentives; is that correct?

24 MS. KOLICH: Objection. We have a  
25 specific witness dealing with the shared savings

1 mechanism and incentive mechanism. That would be  
2 Mr. Demiray, who would answer those questions in  
3 detail.

4 MR. KURTZ: I'm just asking the basic  
5 question, your Honor. They are seeking recovery,  
6 which this witness covers in his testimony. I don't  
7 have any details about the program for this witness.

8 EXAMINER CHILES: I'll overrule the  
9 objection. If he knows, he can answer.

10 Q. Do you know if the company is seeking  
11 shared savings or shareholder incentives also?

12 A. Yes.

13 Q. Do you have an estimate of how much money  
14 that will be in addition to the 248 million?

15 A. I do not have that information, no.

16 Q. Would Mr. -- who would -- so Mr. Miller  
17 on the lost distribution revenues and mister who on  
18 the shared savings?

19 A. Mr. Demiray.

20 Q. Mr. Demiray, okay. Now, this is not a  
21 technical ratemaking question, but this 248 million  
22 of program cost, that's not a rate based type item  
23 that would be recovered over a period of time. Those  
24 are actual expenses to be recovered in the next three  
25 years, correct?

1           A.    That is correct.

2           Q.    Okay.  How much is the current EE/PDR  
3 charge, or I guess it's DSE charge, on your large  
4 rate schedule, rate schedule GT, transmission voltage  
5 customers?

6           MS. KOLICH:  Objection.  The witness  
7 made a passing statement that costs were going to be  
8 recovered through a rider that's already been  
9 approved in another case.  He was simply saying  
10 that's how we are going to recover our costs.  He is  
11 not a rate expert.  He is not being presented as a  
12 rate expert, and it's beyond the scope of his  
13 testimony.

14          MR. KURTZ:  No.  There is tariff sheets  
15 that each of the utilities have that have a price per  
16 megawatt-hour for rate GT to pay for these programs.  
17 I just want to know if he knows how much it is  
18 costing customers today.

19          EXAMINER CHILES:  The objection is  
20 overruled.  The witness may answer if he knows the  
21 answer.

22          A.    I do not know that answer.

23          Q.    Under your proposal do you know how much  
24 the charge will increase?

25          MS. KOLICH:  Objection on the same basis.

1 EXAMINER CHILES: Do you have a response?

2 MR. KURTZ: Same response. It is just a  
3 general question to a main witness on how much this  
4 stuff costs and how much they are charging customers  
5 for it.

6 EXAMINER CHILES: This objection is also  
7 overruled. If the witness knows the answer.

8 A. I do not know the specific answer.

9 Q. Okay. Do you know about how big your --  
10 the largest customer is on the FirstEnergy system,  
11 without naming names, on order of magnitude, how big  
12 your biggest customer is?

13 MS. KOLICH: Objection as to the form.  
14 Big in what respect?

15 MR. KURTZ: Megawatt-hour usage.

16 MS. KOLICH: Withdrawn.

17 EXAMINER CHILES: Thank you.

18 A. I don't know the specific megawatt-hour  
19 usage. I know who our biggest customers are, but as  
20 far as what their specific megawatt-hour usage is,  
21 I'm not aware of that.

22 Q. I guess you used to be in charge of  
23 customer accounts or something like that. Is that  
24 part of your background?

25 A. For national accounts only.

1 Q. So you would not know how much your  
2 largest customers are paying for the energy  
3 efficiency today. If you don't know how much they  
4 are using and you don't know what the charge is, I  
5 guess it's fair to say you don't know how much they  
6 are paying?

7 A. Specifically I do not know that.

8 Q. Do you know -- you are familiar with the  
9 mercantile self direct program?

10 A. Yes, I am.

11 Q. Is there a cap as to how much a customer  
12 can receive in a rebate for a year under that  
13 program?

14 A. Yes, there is.

15 Q. Do you know how much it is?

16 A. It's \$500,000.

17 Q. So your largest customers can get a  
18 \$500,000 maximum rebate under the self direct, but  
19 it's possible they could pay a lot more under the  
20 program itself because that's not capped, is it?

21 A. That is correct.

22 Q. Do the FirstEnergy operating utilities  
23 have a shared savings plan now?

24 A. We do not.

25 Q. Did you -- did you meet your statutory

1 benchmark for the prior three-year period without the  
2 extra incentive?

3 MS. KOLICH: Counsel, could you put it in  
4 a yearly timeframe, please.

5 Q. Yeah, I guess it would be the '0, '10,  
6 and '11, prior thee-year energy efficiency plan, you  
7 met your statutory benchmarks during that period,  
8 correct? Or did you? I don't know.

9 A. Yes, we did.

10 Q. Okay. And you did it without an  
11 incentive, a shared -- the shared savings?

12 A. Yes, we did.

13 Q. Do you know -- these may be a witness  
14 more particular, but do you know in general what the  
15 companies' plans are with respect to bidding the  
16 interruptible load, the ELR load, into the PJM base  
17 residual auction? Are you familiar with that  
18 program?

19 A. Somewhat familiar. Probably those  
20 questions would be better directed at Mr. Ed Miller.

21 Q. Mr. Miller. Do you know if it's the  
22 companies' general position they will not bid -- the  
23 next -- you were talking to counsel earlier the next  
24 BRA auction is May of 2013 for the '16-'17 PJM  
25 planning year; is that correct?

1           A.    That is correct.

2           Q.    Right now, the company does not plan to  
3 bid the ELR load into that base residual auction; is  
4 that correct?

5           A.    Could you restate the question?

6           Q.    In May of '13, you will not bid in the  
7 ELR interruptible load into the '15-'16 planning year  
8 base residual auction; is that correct?

9           A.    That is correct.

10          Q.    Okay. And the reason is, as I understand  
11 it, tell me if this is correct, since it is not under  
12 contract so it should be FirstEnergy would be at risk  
13 by bidding it in and, therefore, you will not do  
14 that.

15          A.    That is correct.

16          Q.    Okay. If the Commission wanted you to  
17 bid that load into the base residual auction and told  
18 the company to bid it in, we'll hold you harmless if  
19 for some reason the program is terminated but we want  
20 that load bid in, or then you do mitigate, you would  
21 cover incremental auctions and so forth, if the  
22 Commission wanted that bid in and told the utilities  
23 you will not be hurt financially, would the companies  
24 consider that?

25               MS. KOLICH: Objection. This witness is

1 not put on the stand to talk about policies of senior  
2 management as to their ELR positions so that issue  
3 has been specifically dealt with in the ESP. The  
4 guidelines were set forth in the stipulation, and the  
5 companies are abiding by that. There is no  
6 indication that Mr. Dargie was even involved in those  
7 discussions with the development of the ELR program.

8 MR. KURTZ: Your Honor, if he doesn't  
9 know, he doesn't know. It's relevant to this case so  
10 I thought I would ask.

11 EXAMINER CHILES: I'm going to overrule  
12 the objection. If the witness knows, he may answer.

13 A. I do not know.

14 MR. KURTZ: Thank you, your Honor. Those  
15 are all my questions.

16 EXAMINER CHILES: Thank you.

17 - - -

18 CROSS-EXAMINATION

19 By Ms. Kern:

20 Q. Good afternoon, Mr. Dargie.

21 A. Good afternoon.

22 Q. I'm Kyle Kern, an attorney with the  
23 Office of the Ohio Consumers' Counsel. On page 3 of  
24 your testimony you state that one of the purposes of  
25 your testimony in this case is to discuss the



1 companies' energy efficiency and peak demand  
2 reduction activities as they pertained to bidding  
3 resources into capacity auctions of PJM, correct?

4 A. Which line are you referring to?

5 Q. On page 3, and I believe it starts on  
6 page 10 -- or line 10.

7 A. Correct.

8 Q. And if you would look at page 15 of your  
9 testimony, you state that FirstEnergy's plan for  
10 future base residual auction participation is to bid  
11 installed energy efficiency credits -- bid energy  
12 efficiencies whose ownership rights are secured at  
13 the time of the PJM auction, bid projects of scale,  
14 and bid projects meeting PJM standards that are  
15 approved by PJM; is that correct?

16 MS. KOLICH: Could I get a line  
17 reference, please?

18 MS. KERN: Sure.

19 MS. KOLICH: Page 15, you said?

20 MS. KERN: Page 15, starting at line 5 to  
21 8. I was summarizing his testimony.

22 MS. KOLICH: Thank you.

23 A. Could you ask the question again, please?

24 Q. On page 15 of your testimony, again, I'm  
25 looking at lines 5 through 8, you state that the

1 purposes -- the companies intend to bid eligible  
2 installed energy efficiency credits for which it has  
3 ownership rights at the time of the PJM auctions,  
4 provided the credits are of scale, meet PJM  
5 measurements and verification standards, and are  
6 included in an M&V plan approved by PJM; is that  
7 correct?

8 A. That's correct.

9 Q. Okay. Why is it that the companies'  
10 position to bid installed -- why isn't it the  
11 companies' position to bid installed and projected  
12 energy efficiency into the PJM BRA?

13 A. Well, for a couple of reasons, we feel  
14 that there is significant risk involved. One, we  
15 don't know what rulings could change in PJM affecting  
16 that. We don't know what state legislative rules  
17 could change that could affect that. So we are  
18 concerned about the risk associated with the  
19 unknowns; therefore, we just want to bid what we feel  
20 we're at 100 percent certainty of recovering.

21 Q. On page 15 you indicate that the  
22 companies are only willing to bid energy efficiency  
23 whose ownership rights are secured at the time of the  
24 PJM auction?

25 MS. KOLICH: Counsel, could I get a line

1 reference? I'm sorry to interrupt you.

2 MS. KERN: Sure. Line 6 on page 15.

3 MS. KOLICH: I'm sorry. Thank you.

4 Q. Is that correct?

5 A. Correct.

6 Q. And you state on page 15, line 12, of  
7 your testimony, that the companies recently "modified  
8 all of their applications and program terms and  
9 conditions in an effort to obtain more credits from  
10 their customers"; is that correct?

11 A. That is correct.

12 Q. Applications for residential programs  
13 have been modified to state that ownership of the  
14 credits will be automatically transferred to the  
15 companies upon participation by the customer in the  
16 applicable program; is that correct?

17 A. That is correct.

18 Q. For residential customers, transfer of  
19 ownership of the energy credits is automatic by  
20 virtue of the new program form; is that also correct?

21 A. What line are you referring to?

22 Q. Page 15, I believe it's line 14.

23 MS. KOLICH: Could I have that last  
24 question reread, please.

25 (Record read.)

1 MS. KOLICH: Thank you.

2 A. That is correct.

3 Q. What are the latest ownership terms and  
4 conditions with respect to the C -- C&I program?

5 A. In order for a commercial or an  
6 industrial customer to participate, they have to sign  
7 over the ownership rights to FirstEnergy in order to  
8 participate.

9 Q. How do they sign over?

10 A. They don't. It's in the standard terms  
11 and conditions.

12 Q. Do the -- do forms explain to customers  
13 that there's a benefit in conferring ownership rights  
14 so the companies can bid into the BRA and lower  
15 future capacity costs?

16 A. I don't know the answer to that question.  
17 That can be addressed by Mr. Ed Miller.

18 MS. KOLICH: Counsel, just for the  
19 record, and so Mr. Miller can be prepared, what forms  
20 are you referring to?

21 MS. KERN: The opt-in application forms  
22 for both residential and C&I.

23 MS. KOLICH: Okay. Thank you.

24 MS. KERN: The program forms.

25 MS. KOLICH: Thank you.

1 Q. (By MS. Kern) Do the terms and conditions  
2 forms mention that the PJM measurement and  
3 verification standards that have to be met to enable  
4 a customer to bid their savings into PJM?

5 A. I don't know.

6 Q. Do you know who would know?

7 A. I believe Mr. Ed Miller would know.

8 Q. Thank you. Do you know why the companies  
9 did not make ownership transfer of the energy  
10 efficiency credits a requirement for program  
11 participation?

12 A. We thought it would have an impact on  
13 participation.

14 Q. Okay. And I believe you covered this  
15 topic a little bit with Mr. Vickers, but in your  
16 testimony on page 16, you describe a chilling effect  
17 on program participation if customers were to tender  
18 ownership of energy efficiency credits to the  
19 companies, correct?

20 A. That is correct.

21 Q. And I believe you said that there weren't  
22 any surveys or studies done that led you to that  
23 conclusion; is that correct?

24 A. There were no surveys that were  
25 performed.

1 Q. It was an assumption that the company  
2 has; is that correct?

3 A. That is correct.

4 Q. And what's that assumption based off of?

5 A. Previous discussions with, you know,  
6 customers that we've had and the fact that we do have  
7 in Pennsylvania about half of our customers that do  
8 retain ownership.

9 EXAMINER PRICE: Are you aware of whether  
10 any other utility in Ohio, not affiliated with  
11 FirstEnergy, obtains ownership in this manner?

12 THE WITNESS: I am not aware.

13 Q. On page 15, lines 5 through 7 of your  
14 testimony, you state, "The Companies intend to bid  
15 eligible installed energy efficiency credits for  
16 which it has ownership rights at the time of the PJM  
17 auctions, provided that these credits are of scale."  
18 Do you see that?

19 A. Yes, I do.

20 Q. And concerning bidding the projects of  
21 scale, what type of scale are you envisioning here, a  
22 megawatt or 5 megawatts? Can you elaborate on that?

23 A. I believe the magnitude is 100 kW is the  
24 minimum. That can be confirmed with Mr. Ed Miller.

25 Q. If customers were to absorb the

1 companies' risk, and by absorbing the companies'  
2 risk, I mean that they would absorb any PJM penalties  
3 for noncompliance, would the companies be willing to  
4 bid projected megawatts into the PJM base residual  
5 auction?

6 A. Don't know. That's a senior management  
7 policy issue.

8 Q. Okay. I have --

9 EXAMINER PRICE: Who would be able to  
10 testify about that?

11 THE WITNESS: Pardon me?

12 EXAMINER PRICE: Who do you have of  
13 witnesses coming to this hearing that will be able to  
14 testify to that question?

15 THE WITNESS: One of the things we are  
16 going to be discussing --

17 EXAMINER PRICE: No, no. You have to  
18 answer my question first.

19 THE WITNESS: Nobody here.

20 EXAMINER PRICE: Nobody here. Then you  
21 better take your best shot at it. If you can't  
22 direct that question to another witness, then you  
23 best answer as best you can.

24 THE WITNESS: I think we would be willing  
25 to do that as long as we are taking a look at -- we

1 can negotiate and settle, you know, certain risk  
2 issues, you know, other -- other issues that we have  
3 to be concerned about other than just the company  
4 covering their risk or customer risks if we don't.  
5 The customers -- if we don't hit the targets and we  
6 can recover those dollars, those would be passed  
7 through the rider which customers would pay for so it  
8 could increase customer costs for, you know, bidding  
9 into PJM and not hitting those targets.

10 So we do have customer concerns about  
11 what it's going to cost them to comply with these  
12 programs, and when you consider, you know, the  
13 unknowns that we talked about earlier as far as PJM  
14 rules, legislative rules, we need to be prudent in  
15 what we bid in, certainly take on some risk. But to  
16 bid everything in, I just don't think it's prudent on  
17 behalf of the customers that we bid that in with the  
18 chance that they, you know, may have to pay for that.

19 EXAMINER PRICE: But at least as to  
20 residential customers, the Office of Consumers'  
21 Counsel is in a position to make that commitment on  
22 behalf of residential consumers, are they not?  
23 That's their role?

24 THE WITNESS: Yes.

25 MS. KERN: Thank you. I have nothing



1 further.

2 - - -

3 CROSS-EXAMINATION

4 By Mr. Somoza:

5 Q. Good afternoon. My name is Manuel  
6 Somoza. I am an attorney with the Sierra Club. I  
7 have a few questions for you. How long have you been  
8 with FirstEnergy now?

9 A. I started in December of 1997.

10 Q. And how long have you been VP of energy  
11 efficiency?

12 A. Since March of last year.

13 Q. What's your experience overall with  
14 energy efficiency programs? I mean apart from the  
15 one that you have gotten since starting as VP?

16 A. Prior to my promotion to vice president  
17 of energy efficiency, I was manager of program  
18 implementation for all the energy efficiency programs  
19 across our footprint.

20 Q. Have you ever had the -- to bid in a base  
21 residual auction for an electric utility before?

22 A. I have not. We have other departments  
23 that do that on our behalf.

24 Q. Okay. Turning over to coordination, I  
25 know you are not an attorney, you know that -- are

1 you aware that there is a rule that requires the  
2 companies to integrate your programs with similar  
3 programs from other utilities from the state?

4 A. Could you rephrase the question?

5 Q. Knowing that you are not an attorney, are  
6 you aware that there is a rule, an Ohio rule, that  
7 requires you guys, the companies, to integrate your  
8 proposed programs with those of other utilities in  
9 the state?

10 MS. KOLICH: Objection. Whatever the  
11 rules are and whatever the laws are speak for  
12 themselves. He's acknowledged he is not an attorney  
13 so asking him what his interpretation of statutes and  
14 rules are is pretty much irrelevant.

15 EXAMINER CHILES: Do you have a reply?

16 MR. SOMOZA: Yes. I wasn't going to ask  
17 him the interpretation. I was just asking if he was  
18 aware that the rule existed.

19 EXAMINER CHILES: I'm going to overrule  
20 the objection. He may answer that specific question  
21 if he knows.

22 A. Yes, I'm aware.

23 Q. Okay. Have you or the companies  
24 attempted to align or coordinate some of the programs  
25 that you proposed with other utilities prior to your

1 proposal?

2 A. Yeah. There has been some.

3 Q. Can you explain what attempts have been  
4 made?

5 A. The program that comes to mind is the  
6 appliance recycling program. The utilities in the  
7 state, we all use the same provider, which is JACO.  
8 I think we coordinate that program, use the same  
9 toll-free number, those type of things, so that  
10 customers that live on the boundary of us around AEP,  
11 as an example, they saw a truck, they wouldn't have  
12 to determine if, you know, is this an AEP truck or  
13 Ohio Edison truck so, you know, we've collaborated,  
14 you know, on that particular program.

15 Q. Any others that you can recall?

16 A. Not that I can recall.

17 Q. Do you know if the one you mentioned has  
18 been successful?

19 A. I think it's been successful, yes.

20 Q. Do you discuss this coordination in your  
21 proposed plans?

22 A. I don't know. Ed Miller would be able to  
23 answer that question.

24 Q. Do you know if there's coordination only  
25 with electric utilities, or have you also considered

1 coordination with other types of utilities, like gas  
2 utilities?

3 A. We have not considered gas utilities.

4 Q. I want to move over to the collaborative  
5 effort. Can you recall what documents were given to  
6 the collaborative team before they provided input?

7 A. Specifically every document, I do not.

8 Q. Do you recall if you provided a draft  
9 plan prior to them giving input?

10 A. Are you referring to a specific page and  
11 line in my testimony?

12 Q. No, just overall the collaborative  
13 effort.

14 A. I'm not sure all of the documents that we  
15 provided. Ed Miller will be able to provide that in  
16 his testimony.

17 Q. Okay. You speak about -- as to how much  
18 the companies propose to bid in the PJM auction.

19 A. How much are we supposed to bid?

20 Q. Yes, are you proposing to bid.

21 A. Rephrase the question.

22 Q. You speak to how much the company is --  
23 or the companies are proposing to bid in the PJM  
24 auction.

25 MS. KOLICH: Does counsel have a

1 timeframe?

2 Q. Strike that. Going back to the question  
3 before, who on your team is going to be doing the  
4 bidding into the PJM auction?

5 MS. KOLICH: Objection. I don't believe  
6 he ever stated that somebody on his team was doing  
7 the bidding. I believe what he said there were other  
8 departments that handle the PJM bidding.

9 Q. Okay. What department are the ones that  
10 handle the PJM bidding?

11 A. I'm not sure of the department name. I  
12 know the people. I just don't know the name of the  
13 department.

14 Q. Can you name the people then?

15 A. Ed Stein, I know he is involved in it.

16 Q. Of the people that you know, do you know  
17 if they have previous experience bidding into  
18 auctions?

19 A. Yes.

20 EXAMINER PRICE: Are any of the five  
21 FirstEnergy witnesses, are any of those people  
22 participants in the PJM auction?

23 THE WITNESS: We provide them with the  
24 information.

25 EXAMINER PRICE: No. I'm just saying

1 when you know the people involved in the auction, are  
2 any of those people the five FirstEnergy witnesses  
3 who are going to testify here?

4 THE WITNESS: That actually submit the  
5 bid?

6 EXAMINER PRICE: Yeah.

7 THE WITNESS: No, they do not submit the  
8 bid.

9 Q. You mentioned in page 10, line 21 --

10 EXAMINER PRICE: Before you ask that  
11 question, I just wanted to follow up.

12 MR. SOMOZA: That's okay.

13 EXAMINER PRICE: Let's see if I can ask  
14 this precisely. For the May, 2013, base residual  
15 auction, has the company prepared an estimate of the  
16 amount of energy efficiency resources that will meet  
17 the requirements you have laid out in your testimony  
18 if you bid in that auction?

19 THE WITNESS: I'm sorry. For the May?

20 EXAMINER PRICE: 2014 base residual  
21 auction, has the company prepared an estimate of the  
22 amount of resources, energy efficiency resources,  
23 that will meet the requirements that are in your  
24 testimony that you'll bid into the auction?

25 THE WITNESS: Have we prepared an

1 estimate?

2 EXAMINER PRICE: Yes.

3 THE WITNESS: To my knowledge we have not  
4 yet prepared an estimate.

5 EXAMINER PRICE: So you've laid out  
6 criteria, but you have not estimated how much in  
7 resources you need to meet that criteria.

8 THE WITNESS: That's correct.

9 EXAMINER PRICE: Thank you. I'm sorry.

10 Q. (By Mr. Somoza) Is it possible for the  
11 companies to shed some of the obligation that you bid  
12 in after the fact, after the auction, and avoid some  
13 of the risk?

14 A. I'm not quite sure what you mean by shed  
15 the obligation.

16 Q. So you bid a certain amount after --  
17 after you bid, is there a possibility that you can  
18 shed some of that amount that you bid in in order to  
19 avoid some of the risk?

20 A. I'm still not clear on the question on  
21 shed the amount. My understanding, once you bid it,  
22 you have the obligation and commitment to obtain it.

23 Q. Of the shortfall that you don't end up  
24 meeting, if you are projecting you are not going to  
25 be able to meet what you bid in, is there a

1 possibility you can -- is there any way you can shed  
2 some of that obligation after you've already bid it?

3 A. Are you talking about future or what we  
4 have currently done?

5 Q. About the future.

6 A. Yeah, there's a way to mitigate the risk.

7 Q. Can you explain some of that?

8 A. Any penalties that you would receive,  
9 those penalties would be recovered through the DSE  
10 rider.

11 Q. Is there any way you can avoid the  
12 penalties or the risk?

13 A. To avoid it --

14 Q. After you bid in, I'm sorry. After  
15 you've bid in and you've projected you are not going  
16 to be able to meet that, is there any way to avoid  
17 the penalty that you know of?

18 A. Not that I know of.

19 Q. Are you aware of other utilities  
20 successfully bidding future planned efficiency into  
21 the market?

22 A. I'm not aware.

23 Q. Sorry. Going back to the -- you  
24 mentioned earlier, page 10, lines 21 through 23, you  
25 mentioned that part of the collaborative group input



1 led to the inclusion of mid-stream consumer  
2 electronic programs and data centers.

3 A. Yes, I see that.

4 Q. Can you point to anywhere on the plan  
5 that you mentioned data centers?

6 A. I can't recall it in the plan, no. I do  
7 know we -- there's been discussions and we've  
8 discussed that, you know, data centers would qualify  
9 under our customer programs.

10 Q. Is there a reason why it wasn't included?

11 A. I don't know if it's included or not.

12 MS. KOLICH: Mr. Miller, who is going to  
13 be very busy, apparently, discusses the plan and how  
14 it was developed. He would be able to answer those  
15 questions.

16 MR. SOMOZA: Okay.

17 Q. Why do you -- why do the companies  
18 recommend they use efficiency kits?

19 A. That is correct.

20 Q. No, why?

21 A. Why? A couple of reasons, one, we've had  
22 the kit program in Pennsylvania and it's proved very,  
23 very successful and enabled us to help meet our  
24 targets in Pennsylvania. We also launched the kit  
25 program in our utility in Maryland, proved very

1 successful and helped us obtain the targets. And in  
2 our utilities in Maryland we find that, you know,  
3 it's a very good introductory to energy efficiency,  
4 can help market transformation, and we also use the  
5 kit program to market other energy efficiency  
6 programs that we have approved, and it's just a very  
7 effective, very cost-effective program that we have  
8 in -- in Maryland and then Pennsylvania.

9 Q. Does Pennsylvania have energy efficiency  
10 benchmarks?

11 A. They do.

12 Q. Are they the same as Ohio?

13 A. They are not.

14 Q. How different are they?

15 A. In Pennsylvania we're required to reduce  
16 consumption by 3 percent by May of 2013, and it  
17 started in 2011. It's a three-year plan.

18 Q. Are you aware of what percentage of the  
19 Pennsylvania requirements are set aside by the kits?

20 A. I do not know without referring to our  
21 Pennsylvania reports.

22 Q. Do you know overall whether they are more  
23 or less than Ohio?

24 A. I do not.

25 Q. Do you know what percentage of the Ohio

1 requirements are going to be met by the kits?

2 A. Ed Miller will be able to answer that in  
3 his testimony.

4 MS. KOLICH: Excuse me. With regard to  
5 Pennsylvania, Mr. Miller also designed those  
6 programs. He may be able to answer your questions.

7 MR. SOMOZA: Okay.

8 EXAMINER PRICE: Mr. Miller is in for a  
9 long day.

10 MS. KOLICH: He is going to be very busy.

11 EXAMINER PRICE: Before we leave  
12 Pennsylvania, you indicate they also have a program  
13 for energy efficiency. Do you bid energy efficiency  
14 savings that you obtained pursuant to the  
15 Pennsylvania program into the PJM base residual  
16 auction?

17 THE WITNESS: I don't know what they are.  
18 There are others here who will know that.

19 EXAMINER PRICE: You don't know whether  
20 you bid that in?

21 THE WITNESS: I think I know -- I think I  
22 know the answer, but I would rather have somebody  
23 that I know for sure knows the answer to answer that  
24 question.

25 EXAMINER PRICE: I'll take my chance.

1 Give me your understanding, and if one of your  
2 witnesses would like to correct you later, he can.

3 THE WITNESS: I believe, yes.

4 EXAMINER PRICE: Do you know whether you  
5 do it pursuant to the same factors or requirements  
6 you've laid out in your testimony, be it scale,  
7 obtain ownership, subject verification? Are those  
8 the same factors you use in Pennsylvania?

9 THE WITNESS: I believe that we do,  
10 subject to correction.

11 EXAMINER PRICE: Thank you.

12 Q. (By Mr. Somoza) Are the companies  
13 proposing to conduct in-home audits to calculate  
14 potential savings as part of the program?

15 A. Yes.

16 Q. Do you know what percentage of the  
17 savings is going to come from in-home audits?

18 A. I do not.

19 Q. Okay. Can you cite to any evaluation  
20 studies where efficiency kits in service rates were  
21 determined by on-site service rather than participant  
22 self-reporting?

23 A. Please repeat the question.

24 Q. Sorry. Can you cite to any evaluation  
25 studies where efficiency kits in service rates were

1 determined by on-site surveys rather than  
2 participants self-reporting?

3 A. We have done evaluation of the program in  
4 Pennsylvania.

5 Q. Do you know what the reported values of  
6 that were?

7 A. Sitting here, I do not know. We do have  
8 that information.

9 Q. Do you agree that -- do you think that  
10 online surveys are an effective way of calculating  
11 savings?

12 A. Yes, I do.

13 Q. Do you think they are more effective than  
14 in-home audits?

15 A. I think they both have their place in the  
16 marketplace. You know, obviously, in-home audits, if  
17 it's with direct install, we know that the meters  
18 were installed and you should get the savings, unless  
19 the customers don't like CFLs and replace it with  
20 incandescent after it's installed.

21 You know, on-site surveys have their  
22 place as well because they are totally two  
23 different -- two different programs, and I think they  
24 both have their place. As far as savings are  
25 concerned, what we've seen is you get a lot more

1 energy savings from the credits than you do from the  
2 in-home audits, and it's much, much more cost  
3 effective.

4 Q. Mr. Dargie, I think I want to clarify  
5 about what I was talking about. I'm talking about  
6 on-site surveys and online surveys, online audits.  
7 I'm sorry, online audits. Do you understand what I'm  
8 talking about?

9 A. Online audits, yes, I'm familiar.

10 Q. Versus in-home surveys.

11 A. Yes.

12 Q. Just to clarify, I'm talking about  
13 customers self-reporting versus someone actually  
14 coming into someone's house and evaluating. Do you  
15 understand that's what I'm talking about?

16 A. I understand.

17 Q. Okay. So do you believe that one of them  
18 is more valuable than the other in calculating  
19 savings, more effective?

20 A. The in-home audit is going to be more  
21 effective. However, I think the online audit will  
22 generate more savings and will be more cost effective  
23 because you will get a lot more participation in the  
24 online audit versus the in-home audit.

25 EXAMINER PRICE: Are there ways to verify

1 and measure that the savings from an online audit are  
2 real and are equitably achieved?

3 THE WITNESS: There are ways to measure  
4 that, that is correct. We've had our measurement and  
5 verification contractor look at that and develop  
6 savings projections from customers that did the  
7 online audit with actual data from customers that did  
8 the audit versus another sample group that didn't do  
9 the audit. I don't know all the specifics, but then,  
10 generally speaking, they looked at these customers  
11 versus these customers and developed the savings  
12 projections from actual data we provided to the  
13 interview contractor.

14 EXAMINER PRICE: Thank you.

15 Q. (By Mr. Somoza) Just to finish up on  
16 that, I just want to make sure. I just want to  
17 clarify. My question is whether you think that it's  
18 more efficient to have someone tell you how many CFLs  
19 they have in their house rather than someone actually  
20 verifying that? That's what I am asking, which one  
21 do you think that's more effective.

22 A. You are going -- you are going to have to  
23 rephrase the question. I'm not clear on what you're  
24 trying to get at.

25 Q. Strike that. Do you feel that there

1 is -- that the programs as proposed -- do you agree  
2 that the programs as proposed present a free rider  
3 problem?

4 A. I do not.

5 Q. You don't think that there is a free  
6 rider problem that could result in any of your  
7 programs?

8 A. I do not.

9 Q. So say that you provide certain  
10 efficiency kits to folks that were already going to  
11 do those savings anyway. Strike that.

12 MR. SOMOZA: I don't have any other  
13 questions. Thank you.

14 MR. ALLWEIN: I have a few questions.

15 EXAMINER PRICE: Can we go off the  
16 record?

17 MR. ALLWEIN: Sure.

18 (Discussion off the record.)

19 EXAMINER PRICE: Back on.

20 MR. ALLWEIN: I only have a few  
21 questions.

22 - - -

23 CROSS-EXAMINATION

24 By Mr. Allwein:

25 Q. Good afternoon, Mr. Dargie. How are you?



1           A.    Good afternoon.

2           Q.    I'm Chris Allwein, and I will be asking  
3 you a few questions on the part of the Natural  
4 Resources Defense Council today.  Earlier one of the  
5 counsel for the Environmental Law and Policy Center  
6 asked about your opinion whether the plan met or  
7 exceeded the benchmarks, and I believe your opinion  
8 was that the plan would exceed the benchmarks; is  
9 that true?

10          A.    That is correct.

11          Q.    And on what information do you base that  
12 opinion?

13          A.    Based on the savings that are projected  
14 in our plan.

15          Q.    And do the savings that are projected in  
16 your plan meet or exceed the benchmarks?

17          A.    Yes, they do.

18          Q.    And is there a direct comparison in the  
19 plan between your projected savings for the plan  
20 years 2013 and 2015 and the actual benchmarks for  
21 those years?

22                MS. KOLICH:  Could I have that question  
23 reread, please.

24                        (Record read.)

25          Q.    In other words, if I may clarify, is

1 there a table that shows what the projected savings  
2 are for the three-plan years and the benchmarks that  
3 are required by the company to -- for the company to  
4 meet for those three years, for the different  
5 companies to meet for those three years?

6 A. Can you rephrase the question?

7 Q. Yes, I can. In the plan -- let me start  
8 over.

9 In the plan, as proposed, are there any  
10 direct comparisons, such as a table or a chart, that  
11 show the projected savings during the three years of  
12 the plan for each of the companies compared to the  
13 benchmarks required to be met by the companies during  
14 those three years?

15 A. And you're referring to the benchmarks  
16 that were required to hit by the end of the plan?

17 Q. Yes; and during the plan.

18 A. I believe that it does, yes.

19 Q. Okay. Can you tell me where in the plan  
20 that table or chart or comparison exists?

21 A. I cannot. Ed Miller will be able to --  
22 we'll defer that to Ed Miller, again to extend his  
23 day tomorrow.

24 Q. Okay. Thank you. And I was just going  
25 to ask, why does the company hold the energy

1 efficiency and peak demand collaboratives?

2 A. Well, the idea is to update the  
3 collaborative members on our progress and performance  
4 according to the plan and the targets, to discuss  
5 additional potential technologies, maybe changes or  
6 shifts in the plan based on participation levels, and  
7 discussions in, you know, the plan development.

8 Q. Okay. And so do you provide information  
9 for collaborative members? I believe you said  
10 earlier you do, but I wasn't sure that was the  
11 question that was asked.

12 A. Information with respect to what?

13 Q. With respect to the items that you just  
14 mentioned, shifting funds, program development,  
15 things like that.

16 A. Yes, we provide that information.

17 Q. Okay. And do you also receive  
18 information from collaborative members regarding  
19 those issues?

20 A. We do receive information.

21 Q. From collaborative members?

22 A. Yes.

23 Q. And how do you keep track of that  
24 information, both given and received?

25 A. We have notes from all the meetings that,

1 you know, we participate in. We share those with the  
2 collaborative members. We ask for input to make sure  
3 those notes are accurate, if there is anything that  
4 we missed, so that's how we assure that we captured  
5 everything in the meeting. And, you know, if there  
6 is any discrepancies, those are captured at that time  
7 and shared with all the collaborative members that  
8 are on the distribution e-mail list.

9 Q. Would you say that in the past year to  
10 year and a half that you have performed those  
11 activities on a consistent basis?

12 MS. KOLICH: Objection, vague, "those  
13 activities."

14 MR. ALLWEIN: He just named all the  
15 activities.

16 MS. KOLICH: Keeping minutes?

17 MR. ALLWEIN: Handing them back out. We  
18 can read back his answer. He listed a number of  
19 things. Do you want the answer read back?

20 MS. KOLICH: Well, you also talked about  
21 other activities, giving information, getting  
22 information. Are you talking about the whole thing  
23 or just the minutes?

24 MR. ALLWEIN: I was just referring to his  
25 last answer where he spoke about what is -- what

1 activities are performed with that information.

2 MS. KOLICH: With regard to the minutes?

3 MR. ALLWEIN: Well, I think he named more  
4 than the minutes.

5 MS. KOLICH: Okay. Could I have his  
6 answer reread, please.

7 (Record read.)

8 Q. (By Mr. Allwein) My apologies, you just  
9 talked about the notes, so we will start with the  
10 notes.

11 MR. ALLWEIN: Can you reread my last  
12 question. Thank you.

13 MS. KOLICH: For the record, I'll  
14 withdraw my objection.

15 EXAMINER CHILES: Thank you.

16 MR. ALLWEIN: Thank you.

17 (Record read.)

18 A. The activities of the note sharing, the  
19 minute sharing?

20 Q. And revising discrepancies, things like  
21 that.

22 A. From my observations, I believe that we  
23 have.

24 Q. Okay. And you stated earlier when  
25 counsel from the Ohio Energy Group asked you if you

1 met the benchmarks in previous years without an  
2 incentive, I believe your reply was that you did;  
3 isn't that correct?

4 A. The 2011 benchmarks, yes, we met those  
5 targets.

6 Q. Okay. Because do you recall filing an  
7 affidavit in a May 15 filing this year for your  
8 benchmark status report?

9 A. I thought that was for 2010, not 2011. I  
10 may be mistaken.

11 Q. Okay. And just to be clear, your  
12 affidavit states that each of the companies achieved  
13 all energy efficiency and peak demand reduction  
14 statutory requirements for 2011 with the exception of  
15 Ohio Edison, who achieved its incremental 2011 EE  
16 target but not its cumulative 2011 EE target. Do you  
17 recall that?

18 A. I don't recall that.

19 Q. Okay. Well, subject to check, would  
20 you -- well, would you agree that you did file an  
21 affidavit in this 12-1533-EL-POR case?

22 A. Subject to check, yes.

23 Q. Okay. And would you agree one of the  
24 subjects in that affidavit was whether or not the  
25 companies met their statutory benchmarks?

1           A.    I recall that -- as I recall, Toledo did,  
2 Cleveland did; Ohio Edison did not.

3           Q.    Okay.  So -- and that was during the  
4 period where the company did not have a shared  
5 savings incentive; is that correct?

6           A.    That's correct.

7           Q.    All right.  Thank you.

8           A.    I apologize.  I got -- there were some  
9 dates.

10          Q.    What did you review in preparation for  
11 drafting and filing your testimony in this case?

12          A.    My plan.

13          Q.    Anything else?

14          A.    Specifically documents that I reviewed,  
15 it was the plan, and then other factors were just my  
16 knowledge and recollection of, you know, some of the  
17 collaborative meetings and my knowledge of energy  
18 efficiency programs that had been effective in other  
19 jurisdictions outside Ohio and programs that have  
20 been effective within Ohio and in other jurisdictions  
21 in our service territory.

22          Q.    All right.  And what did you read in  
23 preparation for your appearance here today in  
24 addition to or different from the items that you just  
25 mentioned?

1           A.    I've done a lot of reading.  Do I  
2 remember all?  No.

3           Q.    Okay.

4           A.    I have to be honest.  There's been, you  
5 know many, many hundreds and probably thousands of  
6 pages of documentation, but I have read the plan.  
7 I've read the interrogatories, a lot of the  
8 discovery, just -- I don't know.  Over the last  
9 couple of weeks I have done a whole lot of reading.  
10 I can't recall everything I've read.

11          Q.    All right.  Specifically do you remember  
12 reading any of the objections filed by interested  
13 persons in this case?

14          A.    I remember reading objections.  Will I  
15 recall the ones that you are going to specify?  I  
16 don't know if I will or not.  We can try.

17          Q.    Okay.  I won't specify any at this time.  
18                Are you familiar with the term "market  
19 transformation"?

20          A.    Yes.

21          Q.    And can you, in your words, tell me what  
22 it means?

23          A.    Well, market transformation is changing  
24 mindsets, you know, a couple examples of that would  
25 be -- simple examples would be seat belts -- you



1 know, years ago a small percentage of people probably  
2 wore seat belts as compared to today. Well, that was  
3 a market transformation due to the fact of, one, they  
4 put these little buzzers in your car where the seat  
5 belt will -- the buzzer won't go off unless you  
6 turn -- or put your seat belt on. Other -- and so  
7 it's an educational process that takes time and  
8 conditioning.

9 Other examples would be smoking. There's  
10 a lot less smokers today than there were, you know,  
11 20, 30 years ago. Well, the reasons the market  
12 transformed were for a lot of reasons. One, you  
13 know, the Surgeon General publishing findings on the  
14 dangers of smoking, state laws requiring businesses  
15 to not allow smoking, so that conditioned people to  
16 quit.

17 And I think you can see that in  
18 statistics, to my mind, that's market transformation,  
19 conditioning people to do different things through  
20 education, time, and positive experiences.

21 Q. Okay. And forgive me for not being more  
22 specific, I was actually referring to what does it  
23 mean in terms of energy efficiency.

24 A. In terms of energy efficiency, it's --  
25 it's people gaining an understanding of products that

1 are available; how it can affect them; how can it  
2 affect, you know, what they are paying for energy  
3 every month; and it's an educational process, to show  
4 what products and services are available out there.  
5 And some of it is just behavioral, here is what it  
6 means to make sure your kids turn the lights off when  
7 they leave their bedroom, those type of things.

8 Q. Kids turning the lights off is indeed a  
9 classic example. I have three kids. That's why I  
10 said that.

11 I was referring to in the -- well, let me  
12 ask you this. You stated on page 6, line 22, and  
13 over on to page 7, line 2, that "The Companies, when  
14 developing the Proposed Plans, strived to design  
15 plans that comply with statutory and regulatory  
16 requirements.

17 And I'm going to skip a little bit but  
18 then you say, "I believe the Proposed Plans  
19 accomplish each of these objectives." And so I'm  
20 just wondering, are you familiar with the  
21 Commission's in the Ohio Revised Code are you  
22 familiar with the definition of "market  
23 transformation"?

24 A. Specifically, no.

25 Q. Okay. And taking what you said earlier

1 generally, isn't it something that's meant to create  
2 a behavioral change so that folks might adopt things  
3 and specific -- excuse me -- with specific regard to  
4 energy efficiency, adopt energy efficiency measures?

5 A. Can you rephrase the question?

6 Q. Yes, I can because I stumbled. Would you  
7 agree with me that regarding energy efficiency and  
8 market transformation, it's meant to create a  
9 behavioral change in the way customers think about  
10 and adopt energy efficiency measures?

11 A. Yes.

12 Q. Okay. And so I want to ask you in that  
13 regard about the kits that the companies plan to  
14 employ in this particular plan. You are familiar  
15 with the kits?

16 A. I am.

17 Q. All right. And my question to you is,  
18 how do the kits achieve a market transformation?

19 A. What I believe it does is, is give  
20 customers a chance to experience installing and using  
21 energy efficient devices. Now, granted, some  
22 customers are going to like it. Some will not, but I  
23 think the majority do. I don't have the exact  
24 number, the realization rates that we are getting  
25 from the kits in Pennsylvania, but I can tell you

1 that it is high, and we are receiving significant  
2 savings as a result of that.

3 And what we hope is as a result of people  
4 using these energy efficient products, the ones that  
5 like it will purchase and take advantage of, you  
6 know, the rebate programs that we have in order to  
7 make their home more energy efficient, you know.

8 Typically, you know, if I use a product  
9 and I like it, I will buy more of it, and I think  
10 most people in this room would do that, as long as  
11 it's cost effective and fills -- fills your needs.  
12 We also, again -- and it helps us keep our marketing  
13 costs down, along with the kits we have contain other  
14 information that promotes energy efficiency so that's  
15 just the beginning of market transformation in our  
16 opinion.

17 And along with the OPower program that  
18 we've proposed, which provides customers, you know,  
19 their energy usage and compares to how that compares  
20 to other homes that are similar in size, we think  
21 that will help promote market transformation, along  
22 with providing the energy savings that we need in  
23 order to hit our targets.

24 Q. Okay. And just to be clear, these kits  
25 are going to be given to customers for free; is that

1 correct?

2 A. That's correct.

3 Q. All right. And is it your opinion that  
4 giving these customers kits for free will then induce  
5 them to go out and subsequently purchase the items in  
6 the kit?

7 A. Or similar items, yes, I do.

8 Q. All right. And are you aware of any  
9 studies or analysis that demonstrate a correlation  
10 between, you know, providing these kits, either in  
11 your jurisdiction or other jurisdictions, providing  
12 these kits for free and how that developed a market  
13 transformation or induced a market transformation?

14 A. I'm not aware that such analysis exists.

15 Q. Okay. All right. And just one last  
16 question here -- I'm sorry, two more questions. What  
17 is more effective in terms of accuracy, telephone  
18 surveys with customers of whether they installed  
19 measures or on-site surveys verifying the  
20 installation of those measures?

21 A. On-site surveys would be more accurate.

22 MR. ALLWEIN: Okay. One moment, please.  
23 That's all I have. Thank you very much.

24 EXAMINER CHILES: Thank you.

25 - - -

## CROSS-EXAMINATION

1  
2 By Mr. Dougherty:

3 Q. Hello, Mr. Dargie.

4 A. Good afternoon.

5 Q. My name is Trent Dougherty, and I am here  
6 representing the Ohio Environmental Council, and I  
7 just have a few questions, as I think counsel  
8 throughout the past couple of hours have asked many  
9 of the questions I had.

10 But do you recall when Mr. Allwein asked  
11 you about what you reviewed before you wrote that --  
12 wrote your testimony and developed your testimony?  
13 You answered that you had reviewed the plan?

14 A. Yes.

15 Q. And also I presume if we flip to page 5  
16 that you have also reviewed the Commission rules as  
17 it pertains to energy efficiency portfolio plans?

18 A. Yes.

19 Q. And I presume that with your -- with your  
20 position with the company, that you have at least a  
21 working knowledge of the programs, each of the  
22 programs within the plan; would that be correct?

23 A. High level, yes.

24 Q. So going back to page 5, line -- starting  
25 on line 8 you answer the question of, in general,

1 what your plans include, and there you refer to the  
2 Commission's rules, and I believe on line 11, little  
3 "i," you state that one of those Commission rule  
4 requirements is "an assessment of the" -- excuse  
5 me -- "an assessment of the potential reductions from  
6 EE & PDR programs." Do you see that?

7 A. Yes.

8 Q. Do you know if there are any exemptions  
9 to those rules or to that in particular?

10 A. I am not aware of any exemptions.

11 Q. Okay. And on line 15, that same page 5,  
12 you also say that your proposed plans address each of  
13 those areas. I presume by "each of those areas" you  
14 mean, for example, little "i" above that says "an  
15 assessment of the potential reductions from EE & PDR  
16 programs." Is that correct?

17 A. That's correct.

18 Q. What are the potential reductions for the  
19 T&D improvement program?

20 A. Repeat that, please.

21 Q. What are the potential reductions --  
22 excuse me -- the potential reductions from the T&D  
23 improvement program as they relate to how you have  
24 described as a requirement of the Commission rules on  
25 line 11?

1 MS. KOLICH: Objection. T&D programs are  
2 not included for result purposes in the plan. They  
3 are filed in separate dockets.

4 EXAMINER CHILES: Any reply?

5 MR. DOUGHERTY: I see in here you have  
6 that it's a requirement that the Commission rules  
7 require this assessment is to be done in the plan,  
8 and I asked if there was any exemption that he knew  
9 that would exempt these from the plan. And he said  
10 he did not know, but he has in this there is a  
11 requirement within the regulations to his knowledge.

12 EXAMINER CHILES: I'm going to overrule  
13 the objection. If the witness has an answer to this,  
14 he may answer it. If he doesn't know.

15 THE WITNESS: Can you restate the  
16 question?

17 Q. (By Mr. Dougherty) What are the potential  
18 reductions for the T&D improvement program? And for  
19 potential reductions, I'm referring to the term  
20 "potential reductions" as you have referenced on  
21 lines 11 and 12 as requirements under Commission  
22 rules.

23 A. I don't know what the potential  
24 reductions for the T&D programs will be because I  
25 don't know today what T&D projects will be



1 implemented throughout the term of the plan.

2 Q. Do any of your companies' witnesses  
3 perhaps have the answer to that or an idea?

4 A. I don't believe that they would because,  
5 you know, conditions out on our system change over  
6 time. So I don't know that anyone on my team would  
7 know -- or how would anyone know what conditions  
8 could change on your system over the course of the --  
9 or the term of the plan?

10 Q. Similarly, do you know what the potential  
11 reductions are for the Mercantile Customer Program?

12 MS. KOLICH: Objection, on the same basis  
13 that those plans -- those -- each of those projects  
14 are filed in separate dockets outside of this docket.

15 MR. DOUGHERTY: Same response.

16 EXAMINER CHILES: I'm going to overrule  
17 the objection. If the witness knows the answer, he  
18 may answer.

19 A. I do not know. I do not know.

20 Q. Would any of the companies' witnesses  
21 know, the other companies' witnesses know? Excuse  
22 me.

23 A. I don't know. You know, the mercantile  
24 customers, how would anybody know what projects they  
25 are going to do over the course of the next three

1 years?

2 Q. Moving to page 11, starting on line 6,  
3 you answer the question "Is it possible that the  
4 programs included in each of the Companies' proposed  
5 plans might be adjusted during the plan period?"

6 And do you see your answer there on lines  
7 6 through 10?

8 A. Yes.

9 Q. Did FirstEnergy adjust their plans --  
10 excuse me -- their programs under the existing plans?

11 A. Yes.

12 Q. Do you know specifically what was  
13 adjusted?

14 A. I know that we adjusted the incentive  
15 levels for a large C&I.

16 Q. Were there any other changes?

17 A. Yeah, I do believe we had some budget  
18 shifts, but I can't recall specifically what all the  
19 changes were.

20 Q. Were any of these adjustments presented  
21 to the collaborative?

22 A. I believe at some point in time they were  
23 presented to the collaborative.

24 Q. Would that be before or after adjustment?

25 A. I don't recall in all cases.

1           Q.    Just a couple more things.  If you want  
2 to -- let's move to page 17.  Do you recall --  
3 actually, I think there were a number of counsel  
4 before me that asked the line of questioning  
5 concerning this chilling effect when it comes to PJM  
6 bidding.

7                    On line 22 you mentioned that the  
8 mercantile customers indicated that they would not  
9 participate in the self direct program.  Am I  
10 paraphrasing that correctly?

11           A.    That's correct.

12           Q.    And to whom did the mercantile customers  
13 indicate that to?  To you personally?

14           A.    Not to me personally.

15           Q.    To any other companies' witnesses, to  
16 your knowledge?

17           A.    I don't think to any of the witnesses,  
18 no.

19           Q.    Do you know if the mercantile customers  
20 indicated this through -- through any means initiated  
21 by the company, survey, a questionnaire, anything  
22 from the company to the mercantile customers on this  
23 issue?

24           A.    I do not know.

25           Q.    How many mercantile customers of the

1 companies have refused to participate in the program  
2 as a result of the PJM energy efficiency attribute  
3 question that you are speaking of here?

4 A. I don't know, nor would I know how to  
5 find out unless one of the customers voluntarily  
6 provided us with that information. Some may, some  
7 may not.

8 Q. And to your knowledge, none of your  
9 customers have indicated that to you specifically or  
10 to the company specifically?

11 A. Rephrase the question.

12 MR. DOUGHERTY: Can I have his response  
13 reread, please?

14 (Record read.)

15 Q. Have any of those customers voluntarily  
16 provided that information to the companies, to your  
17 knowledge?

18 A. From what date?

19 Q. Since the inception of your -- of the  
20 companies' proposal to -- to require ownership of  
21 these, thus from what I understand in your testimony,  
22 would result in the chilling affect you speak of.

23 A. I am not aware of any.

24 Q. Going on to page 18, line -- essentially  
25 lines 1 through 10, I believe Mr. Vickers' had a few

1 questions concerning the Pennsylvania companies that  
2 you speak of here that most of -- almost half of the  
3 commercial/industrial customers have opted to retain  
4 the rights of their energy credits under the terms of  
5 those, similar to what we recently implemented in  
6 Ohio. Do you see that?

7 A. Yes.

8 Q. Do you recall Mr. Vickers' questions  
9 there?

10 A. Yes.

11 Q. Are those almost half that you are  
12 speaking of? Are those of the four -- from what I  
13 understand, the four FirstEnergy companies in  
14 Pennsylvania?

15 A. That is correct.

16 Q. Similarly, on line 7 you speak of the  
17 "approximately 15% of the total Energy Efficiency  
18 Resources" -- excuse me -- "generated by the program  
19 to the Companies for the purpose of PJM bidding,"  
20 that 15 percent, you are speaking of those four  
21 companies within Pennsylvania that are FirstEnergy  
22 companies?

23 A. I believe that testimony refers to the  
24 Ohio companies, if I am reading this correctly.

25 Q. I apologize. Strike that question.

1                   Do you recall -- I believe it was  
2 Mr. Somoza that asked about whether Pennsylvania has  
3 energy efficiency benchmarks. Do you recall that  
4 question?

5           A.    Yes.

6           Q.    And do you recall that you answered that  
7 in the affirmative?

8           A.    Yes.

9           Q.    I believe -- and I believe the sentence  
10 begins on line 10 of page 18 and goes until I believe  
11 line 13 where you speak of that you believe that  
12 compliance with the statutory benchmarks may be  
13 jeopardized. Do you see that?

14          A.    Yes.

15          Q.    And I presume you mean by that this  
16 chilling effect, is that correct, due to that  
17 chilling effect?

18          A.    That's correct.

19          Q.    Have your companies in Pennsylvania  
20 failed to meet their benchmarks over any of those  
21 years?

22          A.    Yes.

23          Q.    Which companies?

24          A.    West Penn Power.

25          Q.    And what year?

1 A. They missed the May, 2011, benchmarks.

2 Q. Any others?

3 A. No.

4 MR. DOUGHERTY: That's all the questions  
5 I have.

6 EXAMINER CHILES: Thank you.

7 Mr. Williams.

8 MR. WILLIAMS: I have no questions at  
9 this time.

10 EXAMINER CHILES: Mr. Parram.

11 - - -

12 CROSS-EXAMINATION

13 By Mr. Parram:

14 Q. Good afternoon, Mr. Dargie. I am Devin  
15 Parram, counsel on behalf of staff.

16 A. Good afternoon.

17 Q. Mr. Dargie, who at the company is  
18 responsible for determining the appropriate budget  
19 levels for -- for each of the companies' proposed  
20 programs within their portfolio?

21 A. I don't know if any one person is  
22 responsible. I oversee it. I have the final --  
23 final approval.

24 Q. I think you have referred to a team. Who  
25 would be the team members involved besides you in

1 determining what would be the appropriate budget  
2 levels?

3 A. There would be many. There's senior  
4 management. We have to propose the plan to senior  
5 management. There is a steering committee to get  
6 approval. There's, you know our legal, our legal  
7 team, our rates team, obviously, our energy  
8 efficiency team, and, obviously, with input from the  
9 collaborative, we form what we think are the  
10 appropriate budgets in order to attain the targets  
11 and assure that our portfolio meets the TRC  
12 requirements in order to hit the targets.

13 Q. What would be the most appropriate  
14 company witness to speak to why certain budget levels  
15 were allocated to certain FirstEnergy companies as  
16 opposed to other ones? Would that be you, or would  
17 that be referred to another witness?

18 A. Well, I'm sorry to say it would be Ed  
19 Miller.

20 Q. All right. He has got a lot of work cut  
21 out for him. Over the past two years has the company  
22 issued any RFPs to any third parties, such as CSPs,  
23 in order to help the company fulfill their peak  
24 demand reduction requirements?

25 A. Rephrase the question, please.



1 Q. Sure. Over the past -- over the past  
2 two -- over the past two -- am I cutting in and out?  
3 Over the past -- can you hear me okay?

4 A. Yeah.

5 Q. Okay. Over the past two years has the  
6 company issued any RFPs to any curtailment service  
7 providers in order to help the company fulfill their  
8 statutory bench -- statutory capacity obligations?

9 A. Yes.

10 Q. Okay. And who would be some of these  
11 third-party individuals?

12 A. Curtailment service providers, I think  
13 companies like EnerNOC. All of the companies I don't  
14 know, but I know EnerNOC would be one of them,  
15 companies like EnerNOC.

16 Q. Can you think of any other ones?

17 A. I cannot.

18 Q. Would any other company witnesses be able  
19 to speak more on that issue that you are aware of?

20 A. I believe so, yeah. I believe -- I  
21 believe we can speak to that.

22 Q. Which witness would that be?

23 A. Well --

24 Q. Don't do it. Would that be Mr. Miller?

25 A. That would be Mr. Miller.

1 Q. Okay. And you specifically mentioned  
2 EnerNOC. Are you aware if EnerNOC was compensated  
3 for their services?

4 A. I am aware of that.

5 Q. So you've -- has the company entered into  
6 a contract with EnerNOC?

7 A. I'm not sure -- I believe contracts were  
8 entered into with EnerNOC, yes.

9 Q. And any of these other companies that  
10 Mr. Miller will hopefully be able to follow up on,  
11 presumably FirstEnergy is in contracts with these  
12 companies also?

13 A. That's correct.

14 Q. On page 9 of your testimony, starting at  
15 line 5 -- I'm sorry, 4 through 6, you mentioned a  
16 number of consultants. I think you specifically list  
17 Black & Veatch, ADM, Honeywell, JACO, Power Direct,  
18 and SAIC.

19 Are there any other consultants that  
20 FirstEnergy worked with in designing its programs  
21 that are beyond the ones that are listed here?

22 A. I'm not aware of any.

23 Q. Would any company witness be aware?

24 A. Yes, they would.

25 Q. Who would be that company witness?

1           A.    Who do you think?  Mr. Ed Miller.

2           Q.    Okay.  If you could turn to page 15 of  
3 your testimony, I think we're at line 17 where it  
4 says, "applications for commercial and industrial  
5 programs have been pre-populated with the customers  
6 indicating ownership of the energy credits."

7                   EXAMINER PRICE:  You're cutting out,  
8 Mr. Parram.

9           Q.    I'm sorry.  Starting at page 17 where it  
10 says, "Applications for commercial and industrial  
11 programs have been pre-populated with the customers  
12 indicating that ownership of the energy credits will  
13 be transferred to the Companies."  Do you see where  
14 I'm at?

15          A.    Yes.

16          Q.    Okay.  When you referred to energy  
17 credits, do these energy credits include capacity as  
18 well?

19          A.    For bidding into PJM?

20          Q.    Yes.

21          A.    Energy efficiency, coincident peak?

22          Q.    Yes.

23          A.    Yes.

24          Q.    Are you aware if the company has bid ELR  
25 capacity into the prior PJM auction?

1           A.    I don't know the answer to that question.  
2 I believe we have.

3           Q.    But you are not sure?

4           A.    I'm not 100 percent sure. I'm fairly  
5 sure that we have. I would like one of our experts  
6 to answer that to be sure.

7           Q.    Should I ask Mr. Miller that?

8           A.    You can.

9           Q.    I believe earlier there was some  
10 discussion or you were testifying as relates to the  
11 company trying to mitigate their risk as it relates  
12 to bidding into the base residual auction. Do you  
13 recall that?

14          A.    Yes, I do.

15          Q.    Okay.

16                MS. KOLICH: Excuse me, counsel. Before  
17 you start, is there any way you can use the  
18 microphone? I have got blowing on here. I can't  
19 hear you.

20                MR. PARRAM: Can you hear?

21                MS. KOLICH: Yeah, thank you.

22          Q.    Would bidding in zero into the BRA be a  
23 way of mitigating the company's risk, price risk  
24 specifically?

25          A.    I don't know that we would ever bid in at

1 zero.

2 Q. I believe my question was would that  
3 be -- would that mitigate risk?

4 A. I would suppose it would.

5 Q. And would bidding 75 percent of the  
6 projected capacity, statutory capacity reduction, be  
7 another way of mitigating risk?

8 A. I believe so.

9 MR. PARRAM: That's all I have. Thank  
10 you.

11 EXAMINER CHILES: Thank you. Do the  
12 companies have redirect?

13 MS. KOLICH: Yes. But before, can we  
14 have a break to discuss it a little bit before, but  
15 before we do that, could I have that last question  
16 reread?

17 (Record read.)

18 MS. KOLICH: Thank you. And if we could  
19 take a break.

20 EXAMINER CHILES: Sure. Could you  
21 estimate how much time you need?

22 MS. KOLICH: Probably 10 minutes.

23 EXAMINER CHILES: Let's take a 10-minute  
24 break. Off the record.

25 (Discussion off the record.)

1 EXAMINER CHILES: Go ahead. Back on the  
2 record.

3 - - -

4 REDIRECT EXAMINATION

5 By Ms. Kolich:

6 Q. Mr. Dargie, counsel for the staff asked  
7 you several questions about mitigating risk, one of  
8 which was bidding at zero. Do you recall that  
9 discussion?

10 A. Yes, I do.

11 Q. And you indicated that bidding at zero  
12 would mitigate risk. What risk were you referring  
13 to?

14 A. The risks that it would clear.

15 Q. Okay. And he also asked you a question  
16 about whether bidding at 75 percent of the statutory  
17 requirements would mitigate risk and, again, you  
18 indicated that it would. Do you recall that  
19 conversation?

20 A. I do.

21 Q. And what risk were you referring to  
22 there?

23 A. It mitigates some risk, but there is  
24 still a lot of risk left. The risk that you are  
25 mitigating is the 25 percent that I don't bid. You

1 still have the risk of the remaining 75 percent.

2 Q. Okay. On page 15 of your testimony,  
3 lines -- line 19, just to clarify for the record, I  
4 asked you at the beginning of your testimony whether  
5 you had any corrections, and you indicated none. Is  
6 there a correction that needs to be made to your  
7 testimony?

8 A. Yes, there is. The correction is that  
9 this was published prior to September, and in  
10 September we changed our application forms to require  
11 customers -- all customers to sign over their energy  
12 credits to us if they are going to participate in  
13 energy efficiency programs.

14 Q. Okay. I believe it was Counsel Dougherty  
15 asking you about whether the Pennsylvania utilities  
16 all achieved their targets. Do you recall that  
17 conversation?

18 A. I do.

19 Q. And I believe you indicated that West  
20 Penn did not hit their targets.

21 A. I did.

22 Q. Which targets were you referring to, and  
23 are those final results?

24 A. They are not. The targets were midterm  
25 targets, and in West Penn Power we are finalizing

1 those results. Preliminarily, those are preliminary  
2 results and are subject to -- subject to change, you  
3 know, pending our doing the M&V paperwork, all those  
4 kinds of things, so that's the preliminary midterm  
5 target, and that's subject to change.

6 Q. And Mr. Kurtz asked you a question about  
7 the benefits that an industrial customer can receive  
8 under the mercantile program that was capped at  
9 \$500,000. Do you recall that?

10 A. Yes, I do.

11 Q. And is that a directive by the Commission  
12 or by statute, or is that a company term and  
13 condition of participation?

14 A. That's a company condition for  
15 participation.

16 Q. Okay. And I believe it was Mr. Kurtz  
17 again who asked whether you -- whether the companies  
18 hit their targets in 2010, '11, and '12, and you  
19 indicated, yes, they had. In 2010 did all Ohio  
20 companies hit both their energy efficiency and peak  
21 demand reduction targets?

22 A. They did not. We hit our peak demand  
23 reduction targets but not the energy efficiency  
24 targets at Ohio Edison in 2010.

25 Q. So only Ohio Edison did not hit their EE



1 targets in 2010?

2 A. That's correct. We filed for a waiver,  
3 which we received.

4 Q. And the same thing in '11, you indicated  
5 that all of the companies hit their targets. Were  
6 you referring to both energy efficiency and peak  
7 demand, or what were you referring to?

8 A. Peak demand in '11, Ohio Edison again did  
9 not hit the cumulative target, but we hit the  
10 incremental target for 2011.

11 Q. Okay. And I believe it was Mr. Dougherty  
12 again who was asking you about the number of  
13 customers who have indicated in Pennsylvania that  
14 they would not go forward -- I'm sorry, in Ohio that  
15 they would elect to retain their rights and not  
16 proceed. Do you recall that line of questioning?

17 A. Yes, I do.

18 Q. When did the companies change their  
19 policy on making the transfer of energy efficiency  
20 credits a prerequisite to participation in programs?

21 A. September of this year.

22 MS. KOLICH: Thank you. That's all I  
23 have, your Honor.

24 EXAMINER CHILES: Thank you. Is there  
25 any recross?

1 MR. OLIKER: Your Honor, I might have a  
2 question or two.

3 EXAMINER CHILES: Go ahead.

4 - - -

5 CROSS-EXAMINATION

6 By Mr. Oliker:

7 Q. Good afternoon. My name is Joe Oliker.  
8 I represent IEU-Ohio. I notice you made a correction  
9 to your testimony on page 15. You talked about  
10 customers now have to commit their demand response  
11 capabilities and energy efficiency capabilities to  
12 the companies; is that correct?

13 A. That's correct.

14 Q. Are you aware of whether customers taking  
15 exemption under the rider could commit their energy  
16 efficiency capabilities to the company for purposes  
17 of Ohio law under the benchmarks and then still bid  
18 their demand response or energy efficiency  
19 capabilities into PJM?

20 A. It's my understanding all energy  
21 efficiency credits where they take advantage of  
22 rebate programs or waiver from the rider, those  
23 credits are to be assigned to FirstEnergy.

24 Q. This is to comply with Ohio law, correct,  
25 under 4928.66?

1           A.    I'm not familiar with 4829.66.

2           Q.    I'll try to phrase it differently.  If  
3 the customer -- is there any reason why FirstEnergy  
4 couldn't still meet the benchmark requirements yet  
5 allow the customer to retain the right to bid their  
6 own energy efficiency into PJM?  Is there any reason  
7 why they wouldn't work?

8           A.    I believe that would work.

9           MR. OLIKER:  No further questions, your  
10 Honor.

11          EXAMINER CHILES:  Thank you.

12          Mr. Vickers?

13          MR. VICKERS:  No further questions, your  
14 Honor.

15          MR. LAVANGA:  Your Honor.

16          EXAMINER CHILES:  Yes, Mr. Lavanga.

17          MR. LAVANGA:  Just a couple of questions.

18   - - -

19   CROSS-EXAMINATION

20  By Mr. Lavanga:

21           Q.    My name is Michael Lavanga, and I'm the  
22 attorney for Nucor Steel Marion.  Your attorney asked  
23 you questions about Ohio Edison meeting the  
24 benchmarks under the current portfolio plan.  Do you  
25 recall that?

1 A. Yes.

2 Q. So Ohio Edison did not meet some of the  
3 benchmarks. Did Toledo Edison and CEI meet all of  
4 the benchmarks?

5 A. For '10 and '11, yes.

6 Q. It did, okay. Do you agree that the --  
7 for purposes of a shared savings incentive, a utility  
8 is required to meet the benchmarks without any shared  
9 savings incentive?

10 A. Yes. Currently we are required to meet  
11 the benchmarks without any incentive.

12 Q. So you would agree for purposes of  
13 meeting the benchmarks, shared savings is irrelevant?

14 A. For meeting them -- for meeting the  
15 benchmarks, yes, I would agree with that.

16 Q. Do you know whether -- if the shared  
17 savings mechanism that you are proposing in this case  
18 was in effect in -- over the course of the first  
19 portfolio plan, CEI and Toledo Edison would have  
20 received shared savings?

21 MS. KOLICH: Objection. This goes beyond  
22 his redirect.

23 EXAMINER CHILES: I'm going to sustain  
24 the objection.

25 MR. LAVANGA: No further questions.

1 Thank you.

2 EXAMINER CHILES: Thank you.

3 Ms. Kern. I apologize, Ms. Kyler.

4 MS. KYLER: No questions, your Honor.

5 MS. KERN: No questions, your Honor.

6 EXAMINER CHILES: Mr. Somoza.

7 MR. SOMOZA: No questions.

8 EXAMINER CHILES: Mr. Allwein.

9 - - -

10 RE-CROSS-EXAMINATION

11 By Mr. Allwein:

12 Q. I just have one question or, I'm sorry,  
13 two questions. You just indicated on redirect that  
14 in 2010 Ohio Edison did not hit the energy efficiency  
15 benchmark; is that correct?

16 A. That is correct.

17 Q. Okay. And I'm sorry, I didn't quite hear  
18 Mr. Lavanga's question. Was there a shared savings  
19 mechanism in place during the 2010 year that Ohio  
20 Edison did not hit their energy efficiency mark?

21 A. There was not.

22 Q. Okay. And regarding mercantile customer  
23 self direct programs, if a customer retains -- if a  
24 customer does self direct and is exempt from the  
25 rider, are other customers responsible for paying the

1 rider that that customer does not have to pay?

2 MS. KOLICH: Objection. There was no  
3 redirect on exemptions and from -- or from -- there  
4 was no questions on exemptions.

5 MR. ALLWEIN: We were talking about the  
6 company condition of retaining ownership. I thought  
7 you cleared up something regarding that.

8 MS. KOLICH: Yes; that they no longer  
9 have that option. It has nothing to do with  
10 exemptions.

11 MR. ALLWEIN: Okay. I will withdraw the  
12 question.

13 EXAMINER CHILES: Thank you.

14 Mr. Williams.

15 - - -

16 CROSS-EXAMINATION

17 By Mr. Williams:

18 Q. In regards to the ownership issue of the  
19 energy efficiency and, in particular, in regards to  
20 your testimony on Pennsylvania, half of the  
21 commercial customers chose not to turn over and chose  
22 to retain their energy rights. Were those customers  
23 in Pennsylvania able to still participate in  
24 FirstEnergy programs?

25 A. Yes.

1 MR. WILLIAMS: Thank you.

2 EXAMINER CHILES: Mr. Parram.

3 MR. PARRAM: No questions, your Honor.

4 EXAMINER CHILES: Mr. Price.

5 - - -

6 EXAMINATION

7 By Examiner Price:

8 Q. On page 14 you are talking about  
9 annualized savings.

10 A. Yes.

11 Q. Is that correct? It's your testimony  
12 that the programs in your application are designed to  
13 achieve their statutory benchmarks if annualized  
14 savings is granted; is that correct?

15 A. No. Our plan is based on pro rata  
16 savings.

17 Q. Your plan is based on pro rata savings.

18 A. Yes.

19 Q. So it is irrelevant to meeting the  
20 benchmarks -- I know you still want it, but it's  
21 irrelevant to the benchmarks whether it is pro rata  
22 or annualized?

23 A. Yes.

24 EXAMINER PRICE: Thank you. That's all I  
25 have.

1 EXAMINER CHILES: I have no questions so  
2 thank you. You may step down.

3 MS. KOLICH: What time do we want to  
4 start tomorrow? Are we off the record?

5 EXAMINER PRICE: You probably want to  
6 move your exhibit.

7 MS. KOLICH: That's true. Thank you for  
8 that.

9 At this time, your Honor, I would like to  
10 move into evidence Company Exhibit 1, the direct  
11 testimony of John C. Dargie.

12 EXAMINER CHILES: Are there any  
13 objections to the admission of Company Exhibit 1?

14 Hearing none, Company Exhibit 1 will be  
15 admitted.

16 (EXHIBIT ADMITTED INTO EVIDENCE.)

17 EXAMINER CHILES: Mr. Vickers.

18 MR. VICKERS: Nothing to move in, your  
19 Honor.

20 EXAMINER CHILES: Thank you. Let's go  
21 off the record for a minute.

22 (Discussion off the record.)

23 EXAMINER CHILES: We are adjourned.

24 (The hearing adjourned at 5:33 p.m.)

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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 22, 2012, and carefully compared with my original stenographic notes.

---

Karen Sue Gibson, Registered  
Merit Reporter.

(KSG-5600)

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**Case No(s). 12-2190-EL-POR, 12-2191-EL-POR, 12-2192-EL-POR**

Summary: Transcript of Ohio Edison Company, The Cleveland Electric Illuminating Company, The Toledo Edison Company hearing held on 10/23/12 - Volume I electronically filed by Mrs. Jennifer Duffer on behalf of Armstrong & Okey, Inc. and Gibson, Karen Sue Mrs.