

EXHIBIT NO. \_\_\_\_\_

BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of )  
Ohio Power Company to Establish )  
a Competitive Bidding Process for )  
Procurement of Energy to Support its )  
Standard Service Offer )

Case No. 12-3254-EL-UNC

DIRECT TESTIMONY OF  
DR. CHANTALE LACASSE  
ON BEHALF OF  
OHIO POWER COMPANY

Filed June 14, 2013

INDEX TO DIRECT TESTIMONY OF  
CHANTALE LACASSE

	<u>Page No.</u>
1. Personal Data .....	1
2. Business Experience .....	1
3. Purpose of Testimony .....	3
4 Auction Pricing .....	4
5. Product Term and Schedule .....	9
6. Conclusion .....	14

BEFORE  
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ON BEHALF OF  
OHIO POWER COMPANY

1    **PERSONAL DATA**

2    **Q.     PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3    A.     My name is Chantale LaCasse. My business address is 1255 23<sup>rd</sup> St NW,  
4           Washington, DC, 20037.

5    **Q.     PLEASE INDICATE BY WHOM YOU ARE EMPLOYED AND IN WHAT**  
6           **CAPACITY.**

7    A.     I am a Senior Vice President with NERA Economic Consulting (“NERA”).  
8

9    **BUSINESS EXPERIENCE**

10   **Q.     PLEASE BRIEFLY DESCRIBE YOUR EDUCATIONAL BACKGROUND**  
11           **AND BUSINESS EXPERIENCE.**

12   A.     I received a Bachelor of Social Science Degree in Economics from the University of  
13           Ottawa (Canada) in 1983 and a Bachelor of Arts Degree in Mathematics also from the  
14           University of Ottawa in 1984. I received a Master of Arts Degree in Economics in  
15           1986 and a Ph.D. in Economics in 1991 from the University of Western Ontario  
16           (Canada).

17           Before joining NERA in 2001, I held various full-time academic positions in  
18           Canada where I taught economics to graduate and undergraduate students, and  
19           conducted original research on competitive bidding processes and other issues in

1 economic policy. My consulting experience at NERA has principally consisted of  
2 designing and implementing competitive bidding processes for the procurement of  
3 default service for electric utilities. I provide advice regarding the detailed auction  
4 rules, design of the bidding procedure, and I have served as Auction Manager. I am  
5 familiar with the auctions that the FirstEnergy Ohio Electric Distribution Utilities  
6 (“EDUs”) and that Duke Energy Ohio currently conduct to procure full-requirements  
7 supply for Standard Service Offer (“SSO”) customers under their Electric Security  
8 Plan (“ESP”). My recent engagements include assisting electric utilities in  
9 Pennsylvania and in New Jersey with the design and implementation of competitive  
10 bidding processes for the procurement of default service for their customers. My  
11 curriculum vita is attached as Exhibit CL-1.

12

13 **Q. HAVE YOU SUBMITTED TESTIMONY BEFORE AS A WITNESS BEFORE A**  
14 **REGULATORY COMMISSION?**

15 A. Yes. I have testified or submitted testimony before regulatory commissions in the  
16 states of Illinois, New Jersey, Pennsylvania, Texas, and before the Federal Energy  
17 Regulatory Commission. Additionally, I have submitted testimony before the Public  
18 Utilities Commission of Ohio on behalf of Columbus Southern Power Company  
19 (“CSP”) and Ohio Power Company (“OPCo”), referred to collectively as “the  
20 Company” or “AEP Ohio”, in Case No. 08-917-EL-SSO, Case No. 08-918-EL-SSO,  
21 Case No. 11-346-EL-SSO, and Case No. 11-348-EL-SSO.

22

1 **PURPOSE OF TESTIMONY**

2 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

3 A. The purpose of my testimony is to respond to comments on AEP Ohio's Competitive  
4 Bidding Process ("CBP") that relate to the auction process. Specifically, I will:

- 5 • discuss the role of the starting price in the framework of a descending clock  
6 auction and the risks associated with establishing a starting price or an approval  
7 criterion that is tied to Fuel Adjustment Clause ("FAC") or to the energy  
8 component of the FAC;
- 9 • discuss the proposed product term and auction schedule and respond to  
10 alternative proposals put forth by other parties;
- 11 • discuss how the ability to adjust the tranche size is useful to foster participation at  
12 the auctions; and
- 13 • describe the Independent Credit Threshold ("ICT") Cap under the proposed  
14 Master Energy Supply Agreement ("MESA") and the risk associated with the  
15 proposal to eliminate or increase the ICT Cap for non-investment grade entities.

16  
17 **Q. WHAT EXHIBITS ARE YOU SPONSORING IN THIS PROCEEDING?**

18 A. I am sponsoring Exhibits CL-1 (Curriculum Vita) and CL-2 (Auction Schedule and  
19 Product Term).

1    **AUCTION PRICING**

2    **Q.     HAVE CERTAIN PARTIES IN THE PROCEEDING PROPOSED THAT THE**  
3           **STARTING PRICE BE SET WITH REFERENCE TO THE FAC OR TO THE**  
4           **ENERGY PORTION OF THE FAC?**

5    A.     Yes, the Ohio Energy Group (“OEG”) and the Industrial Energy Users (“IEU”)  
6           submitted comments in the proceeding in which they advocated that the starting price  
7           be set to the FAC or to the energy component of the FAC.

8  
9    **Q.     DO SOME PARTIES OPPOSE THE PROPOSAL BY OEG AND IEU TO SET**  
10          **THE STARTING PRICE WITH REFERENCE TO THE FAC OR TO THE**  
11          **ENERGY COMPONENT OF THE FAC?**

12   A.     Yes, FirstEnergy Solutions Corp. (“FES”) as well as Constellation NewEnergy Inc.  
13          and Exelon Generation Company, LLC (“Constellation”) argue that this proposal  
14          would be detrimental to participation in the auction and thus, ultimately, to the ability  
15          of the auction to deliver a price consistent with market conditions.

16  
17   **Q.     WHAT IS THE ROLE OF THE STARTING PRICE IN A DESCENDING**  
18          **CLOCK AUCTION SUCH AS THE ONE PROPOSED BY AEP OHIO?**

19   A.     The starting price is not a guess of what the final price would be. The starting price is  
20          set with reference to market prices, but at a level high enough to attract bidders to the  
21          auction and attract robust excess supply at the start of the auction. It is then the  
22          competition among the bidders at the auction that will drive the price down to a level  
23          consistent with market conditions.

1

2 **Q. PLEASE DESCRIBE HOW COMPETITION AMONG THE BIDDERS IN A**  
3 **DESCENDING CLOCK AUCTION DRIVES THE PRICE DOWN TO**  
4 **LEVELS CONSISTENT WITH MARKET CONDITIONS.**

5 A. A descending clock auction is a multiple-round bidding process. In a round, each  
6 bidder states the number of tranches of the product that it wants to supply at the price  
7 announced by the Auction Manager. The Auction Manager tabulates the result of all  
8 the bids. When there are more tranches bid than there are tranches available in that  
9 round (i.e., there is excess supply), the Auction Manager reduces the price for the  
10 next round. The Auction Manager then announces this new price before the next  
11 round opens. Again bidders bid by stating the number of tranches of the product that  
12 they want to supply at this new price. If there is excess supply, the auction continues  
13 and the price ticks down until the number of tranches bid falls to the point where it  
14 equals the number of tranches available. When the auction ends, the bidders holding  
15 tranches in the final round are the winners.

16 Importantly, in a round, a bidder can bid either the same number of tranches  
17 as it bid in the immediately preceding round, or the bidder can bid fewer tranches. A  
18 bidder cannot increase its number of tranches bid from one round to the next. A  
19 bidder cannot start bidding in the middle of the auction if it did not bid in the first  
20 round. Thus, excess supply in a descending clock is highest in the first round and  
21 decreases as the auction progresses. The degree of competition in the later stages of  
22 the auction thus depends on attracting robust excess supply in round 1 of the auction  
23 through setting of an appropriate starting price. The mechanics of the descending

1 clock auction are explained more fully in the proposed bidding rules, included as  
2 Appendix A in AEP Ohio's Application ("CBP Rules").  
3

4 **Q. WHAT IS THE "PRODUCT" THAT YOU ARE REFERRING TO IN YOUR**  
5 **DESCRIPTION OF THE DESCENDING CLOCK AUCTION?**

6 A. The first CBP for AEP Ohio is to procure load-following, energy-only tranches. This  
7 is the product that I am referring to.

8 The Standard Service Offer load will not be transferred to winning suppliers  
9 as is the case with auctions for full requirements service currently held by other Ohio  
10 EDUs. Instead, AEP Ohio will continue to be the Load Serving Entity and provide  
11 all services required by PJM in addition to energy (capacity, ancillary services, etc.).  
12

13 **Q. WHAT ELEMENTS EXIST WITHIN THE AUCTION DESIGN TO**  
14 **PROMOTE COMPETITION SO THAT THE PRICE IS DRIVEN DOWN TO**  
15 **A LEVEL CONSISTENT WITH MARKET CONDITIONS OVER THE**  
16 **COURSE OF THE AUCTION?**

17 A. In addition to the overall design and function of the descending clock auction, there  
18 are several specific elements in the CBP Rules to promote competition in the auction.

19 One element is the inclusion of rules on associations and the handling of  
20 confidential information. These rules are designed so that bidders compete  
21 independently and vigorously against each other at the auction. These rules also  
22 prohibit the type of communications among bidders that could facilitate coordination  
23 and impair competition in the auction.



1 Another element is the inclusion of load caps, which limit the number of  
2 tranches that a single bidder can bid and win in the auction. These load caps, in  
3 addition to limiting the exposure of customers to any one winner at the auction, also  
4 limit the influence that any one bidder can have on the auction results.

5 In addition, the Auction Manager may reduce the tranche target (i.e., the  
6 number of tranches to be procured at the auction). The Auction Manager would only  
7 reduce the tranche target if needed to ensure a competitive bidding environment that  
8 would drive the price down to be consistent with market conditions.

9 Finally, the Commission considers specific criteria in determining whether the  
10 results of an auction should be rejected, including the number of bidders and whether  
11 the auction was oversubscribed on the basis of the indicative offers received during  
12 the application process. The Commission may reject the result if the number of  
13 bidders was insufficient (fewer than four) or if the auction was not oversubscribed on  
14 the basis of the indicative offers. These criteria also impose a competition standard to  
15 promote a result consistent with market conditions.

16

17 **Q. WOULD SETTING THE STARTING PRICE IN REFERENCE TO THE FAC**  
18 **BE CONSISTENT WITH THE AUCTION DESIGN PRINCIPLES OF A**  
19 **DESCENDING CLOCK AUCTION AND WITH THE ROLE FOR THE**  
20 **STARTING PRICE THAT YOU JUST DISCUSSED?**

21 A. No. The starting price should be set based on market data for the product to be  
22 procured in the auction and should be set above expected closing price levels. Setting  
23 the starting price based on the energy portion of the FAC or based on the FAC would

1 not be designed to attract the participation and supply needed at the outset of the  
2 auction and would be detrimental to the auction process. Since bidders can only  
3 maintain or decrease their number of tranches bid as the auction progresses, it is only  
4 by attracting robust participation and excess supply at the outset that price can be  
5 driven down to levels consistent with market conditions.

6 This proposal appears motivated by concerns regarding the impact of the  
7 auction results on customer rates. Such concerns are important, but should be  
8 addressed within the context of setting the rates once the auction price is established  
9 by a competitive auction. Such concerns should not be addressed by a change to the  
10 auction design itself. AEP Ohio witness Roush will speak to this issue from a rates  
11 perspective.

12

13 **Q. IS THE CBP AUCTION DESIGN CONSISTENT WITH REJECTING THE**  
14 **AUCTION RESULTS IF THE CLEARING PRICE OF THE AUCTION IS**  
15 **ABOVE THE ENERGY COMPONENT OF THE FAC AS PROPOSED BY**  
16 **THE OFFICE OF THE OHIO CONSUMERS' COUNSEL ("OCC")?**

17 A. No. The auction is designed to produce a price for the supply period that is consistent  
18 with market conditions. While it is possible that the clearing price of the auction  
19 would be equal to the energy component of the FAC, any such occurrence would be  
20 coincidental.

21 The proposal to reject the auction results if the price is above the energy  
22 component portion of the FAC could also be detrimental to attracting healthy  
23 participation to the auction. As with the proposal to set the starting price with

1 reference to the FAC, to the extent that these proposals are motivated by concerns  
2 regarding the impact of the auction results on customer rates, these should be dealt  
3 with through the rate design and not through the auction design. AEP Ohio witness  
4 Roush will speak to this issue.

5

6 **PRODUCT TERM AND AUCTION SCHEDULE**

7 **Q. PLEASE DESCRIBE AEP OHIO'S PROPOSAL ON THE PRODUCT TERM**  
8 **AND SCHEDULE OF THE AUCTIONS.**

9 A. AEP Ohio proposes to hold four auctions across three delivery periods. The first  
10 auction will procure 10% of the hourly energy requirements of AEP Ohio's SSO  
11 customers ("Energy Load"). The delivery period will end on May 31, 2015. There  
12 will be ten (10) tranches available at the auction, each representing 1% of Energy  
13 Load. The second and third auctions will each procure an additional 25% of Energy  
14 Load for a delivery period beginning June 1, 2014 and ending on May 31, 2015.  
15 Each tranche in an auction will represent a fixed percentage of the Energy Load. The  
16 fourth auction will procure the final 40% of Energy Load for a delivery period  
17 beginning January 1, 2015 and ending on May 31, 2015. This schedule is illustrated  
18 in Exhibit CL-2.

19 Each tranche will represent a fixed percentage of the Energy Load. While the  
20 fixed percentage assigned to a tranche for the second auction onwards is expected to  
21 remain at 1%, it may be increased to foster bidder interest.

22

23

1   **Q.    HAVE SOME PARTIES SUBMITTED ALTERNATIVE PROPOSALS ON**  
2   **THE AUCTION SCHEDULE AND PRODUCT TERM?**

3   A.    Yes, FES and OCC submitted alternative proposals on the structure of the auction  
4   schedule and product term. FES maintains that the Company's proposal for two (2)  
5   25% energy auctions for the June 2014-May 2015 delivery period means that there  
6   are too many auctions with too few tranches offered. FES argues that there should be  
7   a single auction because there will be more tranches available to win and because this  
8   would reduce participation costs for bidders. FES argues that this will promote  
9   supplier participation and competition in the auction.

10           In contrast, OCC maintains that the Company's proposal includes too few  
11   auctions. OCC proposes: (i) to shorten the delivery period of the first 10% energy  
12   auction so that the delivery period ends on May 31, 2014 instead of May 31, 2015;  
13   and (ii) to hold three 20% auctions instead of two 25% auctions for the delivery  
14   period June 1, 2014 through May 31, 2015. OCC argues that its proposal would yield  
15   lower prices. Splitting the product term for the 10% energy auction into two delivery  
16   periods reduces the time between procurement and start of delivery for a portion of  
17   the supply for the period June 1, 2014 through May 31, 2015. OCC argues that  
18   reducing the time between procurement and delivery for this 12-month portion should  
19   reduce load and price uncertainty, and thus reduce risk premiums thereby resulting in  
20   a lower price.

1   **Q.    IN YOUR OPINION ARE THESE PROPOSALS SUPERIOR TO THE**  
2   **PROPOSAL BY AEP OHIO?**

3   A.    No. AEP Ohio's proposal to have two auctions for the term June 1, 2014 to May 31,  
4        2015 results in reasonable volumes offered in each auction while diversifying  
5        exposure to market conditions for customers.

6           The proposal by FES would expose customers to market conditions of a single  
7        day for 50% of the Energy Load. The proposal by OCC to shorten the delivery  
8        period for the 10% auction risks a reduction in bidder interest and competition in the  
9        auction. Ten tranches represent a relatively small quantity; a shorter delivery period  
10       for these tranches as proposed by OCC would make the product less appealing to  
11       bidders. OCC's proposal for three auctions instead of two for the period June 1, 2014  
12       to May 31, 2015 is in direct opposition to the proposal by FES. While OCC's  
13       proposal provides greater diversification to market conditions for customers, such a  
14       proposal would reduce the number of tranches in each auction and increase the  
15       administrative cost of procuring supply for SSO customers.

16           AEP Ohio's proposal is a middle ground between the FES and OCC proposals  
17        and appears to strike an appropriate balance between the risk of exposure to market  
18        conditions on the one hand, and the risk of decreasing bidder interest and increasing  
19        administrative cost on the other.

20

21

22

23

1    **TRANCHE SIZE**

2    **Q.    FES ARGUES THAT THE TRANCHE SIZE OF 1% SHOULD BE**  
3       **MAINTAINED ACROSS ALL AUCTIONS AND THAT ANY DISCRETION**  
4       **TO MODIFY THE TRANCHE SIZE WOULD CREATE CONFUSION AND**  
5       **RENDER THE CBP LESS ATTRACTIVE TO POTENTIAL BIDDERS. DO**  
6       **YOU AGREE?**

7    A.   No, I do not. The discretion to be able to increase the tranche size is a useful  
8       provision to encourage sustained interest in the auction if significant migration were  
9       to occur. Bidders do not bid on the percentage of load in a vacuum but based on the  
10      actual load expected to be served; if it is too small, I would expect that the transaction  
11      cost and administrative burden of serving a tranche when this tranche represents very  
12      little actual load would hinder bidder interest. This flexibility to adjust the tranche  
13      size would only be exercised in order to maintain bidder interest in the auction.

14           Variations in tranche size have been approved in other states. The New Jersey  
15      Board of Public Utilities approved an increase in the tranche size for its auction for  
16      larger customers after migration had brought the size of a tranche down considerably.  
17      The Pennsylvania Public Utility Commission approved a mechanism whereby the  
18      Independent Evaluator for PECO is allowed to change the tranche size to foster  
19      bidder interest and that Commission also approved tranches of varying sizes across  
20      the various Pennsylvania utilities. I would not expect a change in the tranche size to  
21      create confusion especially in view of the fact that any such increase would be  
22      announced in advance of qualification. It is hard to understand what would create  
23      confusion for bidders in these circumstances.

1     **CREDIT REQUIREMENTS**

2     **Q.     HAVE SOME PARTIES SUBMITTED ALTERNATIVE PROPOSALS ON**  
3           **THE CREDIT REQUIREMENTS UNDER THE PROPOSED MASTER**  
4           **ENERGY SUPPLY AGREEMENT (“MESA”)?**

5     A.     FES proposes to modify the credit requirements either to eliminate the ICT Caps or to  
6           increase such caps. FES recommends that the ICT Caps be eliminated entirely or at  
7           least raised for entities rated BB- to BB+. FES argues that eliminating or raising the  
8           ICT Caps will be beneficial for competition and thus for SSO customers.

9  
10    **Q.     DO YOU AGREE WITH THE PROPOSAL TO ELIMINATE THE ICT CAP**  
11       **OR TO INCREASE THE ICT CAP?**

12    A.     No, I do not. Although the proposal to increase or eliminate the ICT Caps may allow  
13           more credit to be accepted below investment grade, this development is not  
14           necessarily a good thing. AEP Ohio’s proposal is specifically designed to limit the  
15           amount of credit accepted below investment grade. This is done to reduce risk  
16           exposure and resulting cost of supplier default, as these costs would fall on and would  
17           be detrimental to customers. What AEP Ohio’s proposes is identical to the already-  
18           approved credit limits by Duke Energy Ohio.

19  
20    **CONCLUSION**

21    **Q.     DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

22    A.     Yes, it does.

## **CHANTALE LACASSE**

### **SENIOR VICE PRESIDENT**

Dr. Chantale LaCasse has over 15 years of consulting experience and over 20 years of professional experience in matters related to competition and to the design and implementation of auctions, procurement, and bidding processes. She provides advice to governments, regulatory agencies, and utilities on auction design and implementation, and has testified as an expert witness before state regulatory commissions on these issues.

Dr. LaCasse has advised on all aspects of the design and implementation of competitive bidding processes including:

- Choice of auction formats
- Development of detailed rules and qualification procedures
- Features to promote competition and discourage collusion
- Evaluation of bids
- Processes for efficient implementation including online bidding

She has worked with clients on the design and management of auctions in the United States, Canada, Spain, Ireland, Belgium and Singapore.

Before joining NERA in 2001, Dr. LaCasse was an established academic in Canada; she conducted research in antitrust, auctions, and other issues in economic policy. She has provided advice on competition issues and has held the TD MacDonald Chair at the Canadian Competition Bureau.

Dr. LaCasse is fluent in English and French and has a good knowledge of Spanish.



Chantale LaCasse

## Education

### **University of Western Ontario**

Ph.D., Economics, 1991

M.A., Economics, 1986

### **University of Ottawa**

B.A. Honors, Mathematics, 1984

B.Soc.Sc. Honors, Economics, 1983

## Professional Experience

2005-	<b>NERA Economic Consulting</b>
	Senior Vice President
	Provide advice on competitive bidding processes, auctions, procurement, market design, regulatory issues, and antitrust matters.
2003-2005	Vice President
2001-2003	Senior Consultant
	Member of team that advised energy market participants on market design, regulatory issues, and antitrust matters.
1998-2000	<b>University of Alberta, Department of Economics</b>
	Associate Professor
1997-1998	<b>Competition Bureau, Industry Canada</b>
	T.D. MacDonald Chair of Industrial Economics
1997	<b>Universitat Autònoma de Barcelona, Departament d'Economia i d'Història Econòmica</b>
	Visiting Professor
1996-1997	<b>University of Toronto, Institute for Policy Analysis</b>
	Visiting Professor
1998	<b>University of Ottawa, Department of Economics</b>
	Associate Professor
1991-1998	Assistant Professor
1990-1991	Lecturer
1989-1990	<b>Brock University, Department of Economics</b>
	Lecturer

Chantale LaCasse

## Honors and Professional Activities

John Vanderkamp Prize for the best article in *Canadian Public Policy/Analyse de politiques* for 2000 (for the article with Vicky Barham and Rose Anne Devlin, “Are the New Child-Support Guidelines ‘Adequate’ or ‘Reasonable’?” Vol. XXVI, No. 1)

Named T.D. MacDonald Chair of Industrial Economics at the Competition Bureau, Industry Canada, 1997-1998

Courses taught include Microeconomics, Law and Economics, Industrial Organization, Game Theory, Probability, and Statistics

Professional Development for attorneys, *The Economics of Competition Policy*, Competition Bureau, March 1998

Referee, *L'actualité économique*, *Journal of Labor Economics*, *The American Economic Review*, *The Energy Journal*, *Canadian Journal of Economics*, *Dialogue*

## Consulting Experience

### Energy Auction Design and Implementation

Lead advisor to AEP Ohio regarding the design and implementation of a clock auction to procure electricity for their customers (2012-ongoing)

Lead advisor to the New Jersey Electric Distribution Companies (Public Service Electric and Gas, Jersey Central Power & Light, Atlantic City Electric Company, Rockland Electric Company) on the design and implementation of a clock auction to procure electric supply for their customers. Expert testimony before the New Jersey Board of Public Utilities (2001-ongoing)

Lead advisor to the four New Jersey Electric Distribution Companies for the implementation of an ascending clock auction for the sale of their Solar Renewable Energy Credits (2009-ongoing)

Lead advisor to Jersey Central Power & Light, Atlantic City Electric, and Rockland Electric (New Jersey) for the implementation of a sealed bid auction (the “SREC-Based Financing Program) for the procurement of solar generation through long-term contracts (2009-2011)

Lead advisor to Metropolitan Edison Company, Pennsylvania Electric Company, and Pennsylvania Power Company for the design and implementation of descending clock auctions to procure electric supply for their customers in Pennsylvania; expert testimony for the design of the auction before the Pennsylvania Public Utility Commission (2008-2012)

## Chantale LaCasse

Support for PECO Energy Company (Pennsylvania) for implementation of a sealed bid auction to procure electric supply for its customers; expert testimony for the design of the auction before the Pennsylvania Public Utility Commission (2008-ongoing)

Support for the PPL Electric Utilities (Pennsylvania) for implementation of sealed bid auctions to procure electric supply and renewable energy credits for its customers (2007-ongoing)

Lead advisor to the Illinois Power Agency for the implementation of a sealed bid auction for the procurement of renewable energy through long-term contracts (2010)

Support for the Illinois Power Agency for the procurement of supply toward the resource portfolio of the Commonwealth Edison. Implementation of a combinatorial auction to procure standard energy products over the short term. Implementation of a sealed bid auction to procure renewable energy credits with priorities set by law for energy from specific sources (2009, 2010, and 2011)

Lead advisor to Commonwealth Edison Company (Illinois) for the design and implementation of auctions to procure standard energy products and renewable energy products (2008)

Support for the Comisión Nacional de Energía (Spain) in the design and implementation of an auction for standard energy products (2007-2008).

Lead advisor to Commonwealth Edison Company and the Ameren Utilities (Illinois) for the design and implementation of a clock auction to procure electric supply for their customers. Expert testimony before the Illinois Commerce Commission on the design of the auction. (2005-2006).

Support for Metropolitan Edison Company, Pennsylvania Electric Company, and Pennsylvania Power Company in the implementation of a sealed bid auction for the procurement of electric supply for their customers (2005-2008)

Support for the FirstEnergy Ohio Utilities in the design and implementation of a clock auction to serve as a market test for the price of electric supply to their customers (2004, 2005)

Support to Acquirente Unico (Italy) on design of power auctions (2004)

Support to the Ontario Ministry of Energy (Canada) on the design and implementation of a sealed bid auction for their procurement of new generation capacity (2004)

Support to the Commission of Energy Regulation (Ireland) on the design of a competitive bidding process for the tender of additional generation capacity. Evaluation of bids. (2003-2004)

Lead advisor to Jersey Central Power & Light for the design and implementation of a tender to procure green energy for their residential customers (2003).

Chantale LaCasse

*Other Auction Design and Implementation*

Part of team advising Singapore IDA on design and implementation of its 4G auction (2013-ongoing).

Part of a team advising the Belgian Institute for Postal Services and Telecommunications on the design of spectrum auctions (2012)

Part of a team advising the National Telecommunications Commission of Thailand (NTC) on the design and implementation of its 3G spectrum auction (2009-2010)

Lead advisor to the Legal Services Commission (UK) for the design of a Best Value Tendering system for criminal defense services (2007-2008)

Part of team advising Singapore IDA on design and implementation of its 3G and 2G electronic auctions (2001-2002).

Advised Industry Canada in preparation for their first spectrum auction (1999-2000)

As T.D. MacDonald Chair at the Competition Bureau, evaluated spectrum auction rules for Canada (1997-98).

*Competition Policy and Other Market Design Work*

Advice to the New England Independent System Operator on rules for the market for generation capacity (2010-2011)

Advice to New York Independent System Operator on their design of a forward capacity market (2007-2008)

Advice to PJM Interconnection, New York Independent System Operator, and the New England Independent System Operator on the design of markets for generation capacity (2003-2004)

Advice on market definition in Canadian competition matter (2003-2004)

Analysis for the Alberta Balancing Pool (Canada) on the competitiveness of Alberta wholesale electricity market and advice on long-term options for management of unsold Power Purchase Arrangements (2002)

Part of team that analyzed allegations that purchasers of leaf tobacco and cigarette manufacturers conspired to fix prices (2001-2002)

Part of team that first drafted the Intellectual Property Enforcement Guidelines issued by the Competition Bureau, Industry Canada (1998-1999)

Chantale LaCasse

Expert opinion on a merger, a price-fixing case and a monopolization case while T.D. MacDonald Chair at the Competition Bureau (1997-98)

### *Bid Strategy*

Support to Italian operator for the auction of 800MHz, 900MHz, and 2600MHz spectrum (2011)

Support to Telefonica for the auction in Spain of 800MHz, 900MHz and 2600MHz spectrum (2011)

Analysis for Telus of the design and outcome of the Canadian AWS auction (2008)

Support to an energy auction participant for acquisition of standard energy products (2006-2007)

Lead advisor to EPCOR (Canada) for an auction to acquire electric capacity through long-term contracts (2000)

## **Testimony**

### *Auction Design and Implementation*

Regulatory hearings held by the New Jersey Board of Public Utilities. September 21, 2012. Oral testimony regarding the advantages of the auction process proposed by the four New Jersey utilities.

PECO Energy Company, Docket No. P-2012-2283641, testimony on behalf of the Petition of PECO Energy Company for Approval of its Default Service Program filed with the Commonwealth of Pennsylvania Public Utility Commission. Direct testimony (January 13, 2012), Supplemental testimony (April 24, 2012), Rebuttal testimony (May 04 2012). Testimony before the Commonwealth of Pennsylvania Public Utility Commission (May 22, 2012).

Regulatory hearings held by the New Jersey Board of Public Utilities. September 26, 2011. Oral testimony regarding the advantages of the auction process proposed by the four New Jersey utilities.

Regulatory hearings held by the New Jersey Board of Public Utilities. September 2010. Oral testimony regarding the advantages of the auction process proposed by the four New Jersey utilities.

Pennsylvania Power Company (Docket No. P-2010-2157862). Petition for the approval of its Default Service Plan filed with the Commonwealth of Pennsylvania Public Utility Commission. Direct Testimony (February 2010).

## Chantale LaCasse

Regulatory hearings held by the New Jersey Board of Public Utilities. September 2009. Oral testimony regarding the advantages of the auction process proposed by the four New Jersey utilities.

Metropolitan Edison Company (Docket No. P-2009-2093053) and Pennsylvania Electric Company (Docket No. P-2009-2093054). Petition for the approval of their Default Service Plan filed with the Commonwealth of Pennsylvania Public Utility Commission. Direct Testimony (March 10, 2009). Rebuttal Testimony (June 12, 2009).

PECO Energy Company, Docket No. P-2008-2062739, testimony on behalf of the Petition of PECO Energy Company for Approval of its Default Service Program and Rate Mitigation Plan filed with the Commonwealth of Pennsylvania Public Utility Commission. Direct testimony (September 10, 2008), Supplemental testimony (November 14, 2008). Rebuttal testimony (January 30, 2009).

Regulatory hearings held by the New Jersey Board of Public Utilities. September 2008. Oral testimony regarding the advantages of the auction process proposed by the four New Jersey utilities.

Regulatory hearings held by the New Jersey Board of Public Utilities. September 2007. Oral testimony regarding the advantages of the auction process proposed by the four New Jersey utilities.

Illinois Commerce Commission, Docket No. 06-0800, Investigation of Rider CPP of Commonwealth Edison Company, and Rider MV of Central Illinois Light Company d/b/a AmerenCILCO, of Central Illinois Public Service Company d/b/a AmerenCIPS, and of Illinois Power Company d/b/a AmerenIP, pursuant to Commission Orders regarding the Illinois Auction. Direct testimony (March 2007), Rebuttal testimony (April 2007) on potential improvements to the Illinois Auction. Testimony before the Illinois Commerce Commission (April 25, 2007).

Regulatory hearings held by the New Jersey Board of Public Utilities. September 2006. Oral testimony regarding the advantages of the auction process proposed by the four New Jersey utilities.

Committee Hearing of the Telecommunications and Utilities Committee of the New Jersey General Assembly. June 2006. Oral testimony regarding New Jersey procurement of electricity and market trends.

Regulatory hearings held by the New Jersey Board of Public Utilities. April 2006. Oral testimony regarding the procurement process to be used in 2007.

Commonwealth of Pennsylvania Public Utility Commission, Docket No. P-00052188, testimony on behalf of the Petition of Pennsylvania Power Company for approval of their Interim POLR Supply Plan. Direct testimony (October 11, 2005), Supplemental testimony (November 11, 2005) and rebuttal testimony (December 23, 2005). Testimony before the Commonwealth of Pennsylvania Public Utility Commission (January 10, 2006).

## Chantale LaCasse

Illinois Commerce Commission, Docket 05-0159, Commonwealth Edison Company proposed tariffs filed pursuant to Article IX of the Public Utilities Act defining a competitive supply procurement process and, pursuant to Section 16-112(a) of the Act, establishing a market value methodology to be effective post-2006; providing for Power Purchase Options and for recovery of transmission charges post-2006; and enabling subsequent restructuring of rates and unbundling of prices for bundled service pursuant to Sections 16-109A and 16-111(a) of the Act. Direct testimony (February 2005), Rebuttal testimony (July 2005), Surrebuttal testimony (August 2005) on auction design and management. Testimony before the Illinois Commerce Commission (September 8-9, 2005).

Illinois Commerce Commission, Dockets 05-0160, 05-0161, 05-0162 (consolidated), Central Illinois Light Company, Central Illinois Public Service Company, Illinois Power Company (the “Ameren Companies”) proposed tariffs to establish basic generation services, the procurement process by which the Companies will acquire supply to provide basic generation services, and the method by which auction prices will be translated into prices that customers will pay. Direct testimony (February 2005), Rebuttal testimony (July 2005), and Surrebuttal testimony (August 2005) on auction design and management. Testimony before the Illinois Commerce Commission (September 8-9, 2005).

Regulatory hearings held by the New Jersey Board of Public Utilities. September 2004. Oral testimony regarding the advantages of the auction process proposed by the four New Jersey utilities.

Regulatory hearings held by the New Jersey Board of Public Utilities. September 2003. Oral testimony regarding the advantages of the auction process proposed by the four New Jersey utilities.

Regulatory hearings held by the New Jersey Board of Public Utilities. September 2002. Oral testimony regarding the advantages of the auction process proposed by the four New Jersey utilities.

Regulatory hearings held by the New Jersey Board of Public Utilities. September 2001. Oral testimony regarding the advantages of the auction process proposed by the four New Jersey utilities.

### Other topics

Columbus Southern Power Company and Ohio Power company (Case No. 08-917-EL-SSO and Case No. 08-918-EL-SSO). Application for approval of an Electric Security Plan (2009-2011). Testimony in the remand proceeding regarding the nature of shopping-related risks for default service. Direct testimony (June 6, 2011). Oral testimony on direct (July 19, 2011). Rebuttal testimony (July 25, 2011). Oral testimony on rebuttal (July 28, 2011).

Columbus Southern Power Company and Ohio Power company (Case No. 11-346-EL-SSO and Case No. 11-348-EL-SSO). Application for authority to establish a Standard Service Offer in the form of an Electric Security Plan (2012-14). Testimony regarding the nature of shopping-related risks for default service. Supplemental testimony (July 6, 2011).

Chantale LaCasse

Public Utility Commission of Texas, SOAH Docket No. 473-04-2459 and PUC Docket No. 29206, Application of Texas-New Mexico Power Company, First choice Power, Inc and Texas Generating Company, L.P. to finalize stranded costs under PURA 39.262. Rebuttal Testimony regarding the choice of a sealed bid auction (April 8, 2004). Testimony before the Commission (April 17, 2004).

## Publications

“Global Trends in Spectrum Auctions and Implications for the Americas”, (with Richard Marsden), presented at the second Annual Americas Spectrum Management Conference, October 2012.

“Maryland versus New Jersey: Is There a Best Competitive Bid Process?” (with Thomas Wininger), *The Electricity Journal*, Vol. 20, Issue 3, April 2007, pp. 46-59.

“Chores” (with Clara Ponsatí and Vicky Barham), *Games and Economic Behavior*, Vol. 39, No. 2, May 2002, pp. 237-281.

“The Intellectual Property Enforcement Guidelines and the Treatment of Innovation: Assessment and Comparison with the U.S. approach” (with Brian Rivard), *Canadian Competition Record*, Vol. 20, No. 3, Summer 2001, pp. 90-109.

“Child-Support Guidelines and the Welfare of Children” (with Vicky Barham and Rose Anne Devlin), *Policy Options*, March 2000.

“Are the New Child-Support Guidelines ‘Adequate’ or ‘Reasonable’?” (with Vicky Barham and Rose Anne Devlin), *Canadian Public Policy*, Vol. XXVI, No. 1, 2000.

“Federal Sentencing Guidelines and Mandatory Minimum Sentences: Do Defendants Bargain in the Shadow of the Judge?” (with A. Abigail Payne), *Journal of Law & Economics*, Vol. XLII, No. 1, Part 2, April 1999; reprinted in *The Economics of Crime*, Volume 3, Isaac Ehrlich and Zhiqiang Liu editors, International Library of Critical Writings in Economics series, pp. 274-298.

“Morality's Last Chance” (with Don Ross), Chapter 16 in *Modeling, Rationality, Morality and Evolution*, Peter Danielson (editor), New York: Oxford University Press, 1998, pp. 340-375.

“Secret Reserve Prices in a Bidding Model with a Resale Option” (with Ignatius J. Horstmann), *American Economic Review*, Vol. 87, No. 4, September 1997, pp.663 684.

“Toward a New Philosophy of Positive Economics” (with Don Ross), Dialogue, *Canadian Philosophical Review*, Vol. XXXIV (Special Issue: Economics and Philosophy), No. 3, 1995, pp. 467 93.

“Bid Rigging and the Threat of Government Prosecution,” *RAND Journal of Economics*, Vol. 26, No. 3, Autumn 1995, pp. 398 417.



Chantale LaCasse

“On the Renewal of Concern for the Security of Oil Supply” (with André Plourde), *The Energy Journal*, Vol. 16, No. 2, 1995, pp. 1 23.

“The Microeconomic Interpretation of Games” (with Don Ross), *PSA 1994*, Volume 1, D. Hull, M. Forbes and R. Burian eds., Proceedings of the 1994 Biennial Meeting of the Philosophy of Science Association, New Orleans, 1994, pp. 379 387.

“Towards an Operational Definition of Security of Oil Supply” (with André Plourde) in Volume 1 of *Coping with the Energy Future: Markets and Regulations*, Denis Babusiaux, editor; Proceedings of the 15th Annual International Conference of the International Association for Energy Economics, Tours, 1992, pp. F39-F46.

“Reply to Norman, ‘Has Rational Economic Man a Heart?’” (with Don Ross), *Eidos*, VIII, 2, 1991, pp. 235 246.

“Compte Rendu : *Éléments de Microéconomie* par Louis Eeckhoudt et Francis Calcoen,” *L’Actualité Économique*, Vol. 67, No. 3, septembre 1991, pp. 418 421.

## Selected Presentations

“Lowering Prices by Raising Costs: Market Rule Responses to ‘Sponsored’ Entry”, presentation and panel discussion, Harvard Electricity Policy Group, Rancho Palos Verdes, California, February 24, 2011.

“The Role of the Independent Evaluator”, presentation and panel discussion, Wholesale Load-Serving Procurement Roundtable, Western Power Trading Forum, May 20, 2008.

“Retail Procurement”, presentation and panel discussion, Harvard Electricity Policy Group forty-eighth plenary session, John F. Kennedy School of Government, Cambridge, Massachusetts, October 4, 2007.

“Managing a Fair and Transparent Auction Process”, NARUC convention, Miami, November 14, 2006.

“Challenges of Utility Procurement in a High Cost Environment”, Ninth Annual Energy Conference held by McDermott, Will & Emery, Washington, DC, October 19, 2006.

May 2013

**Figure 1. Auction Schedule and Product Term**

Auction Schedule	Percent	Product Term																			
		Year	2013		2014												2015				
		Month	Start –	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5
TBD	10		Start to May 31, 2015																		
January 2014	25										June 1, 2014 to May 31, 2015										
March 2014	25										June 1, 2014 to May 31, 2015										
June 2014	40																Jan. 1, 2015 to May 31, 2015				

## **CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a true and correct copy of Ohio Power Company's Direct Testimony of Chantale LaCasse has been served upon the below-named counsel by electronic mail to all Parties this 14th day of June, 2013.

/s/ Steven T. Nourse  
Steven T. Nourse

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