

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

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In the Matter of the :
Application for :
Establishment of a :
Reasonable Arrangement :
between ASHTA Chemicals : Case No. 12-1494-EL-AEC
Inc. and The Cleveland :
Electric Illuminating :
Company. :

- - -

PROCEEDINGS

before Ms. Mandy Willey Chiles and Mr. Gregory Price,
Attorney Examiners, at the Public Utilities
Commission of Ohio, 180 East Broad Street, Room 11-C,
Columbus, Ohio, called at 10 a.m. on Wednesday,
September 25, 2013.

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APPEARANCES:

McNees, Wallace & Nurick, LLC
By Mr. Scott E. Elisar
Fifth Third Center, Suite 1700
21 East State Street
Columbus, Ohio 43215-4228

On behalf of the ASHTA Chemicals Inc.

FirstEnergy Corp.
By Mr. James W. Burk
76 South Main Street
Akron, Ohio 44308

On behalf of The Cleveland Electric
Illuminating Company.

Mike DeWine, Ohio Attorney General
By Mr. William L. Wright, Section Chief
Public Utilities Section
Mr. Thomas W. McNamee, Principal Attorney
180 East Broad Street, 6th Floor
Columbus, Ohio 43215

On behalf of the Staff of the PUCO.

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INDEX

- - -

Witness	Page
Kevin Murray	
Direct Examination by Mr. Elisar	5
Cross-Examination by Mr. McNamee	10

- - -

Exhibit	Identified	Admitted
1 Joint Stipulation and Recommendation	6	11
1A Confidential Joint Stipulation and Recommendation	6	11

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Wednesday Morning Session,
September 25, 2013.

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EXAMINER CHILES: Okay. Let's go ahead and go on the record. The Public Utilities Commission of Ohio has called for hearing at this time and place Case No. 12-1494-EL-AEC being in the Matter of the Application for Establishment of a Reasonable Arrangement between ASHTA Chemicals Incorporated and The Cleveland Electric Illuminating Company.

My name is Mandy Willey Chiles and with me is Gregory Price and we are the Attorney Examiners assigned by the Commission to hear this case.

Let's begin by taking appearances of the parties. On behalf of ASHTA.

MR. ELISAR: Yes, your Honor, Scott Elisar on behalf of ASHTA Chemicals, McNees, Wallace & Nurick, 21 East State Street, 17th Floor, Columbus, Ohio 43215.

EXAMINER CHILES: Thank you.

MR. BURK: On behalf of The Cleveland Electric Illuminating Company, James W. Burk, 76 South Main Street, Akron, Ohio 44308.

EXAMINER CHILES: Thank you.

1 MR. McNAMEE: On behalf of the staff of
2 the Public Utilities Commission of Ohio, Mike DeWine,
3 Attorney General, I am Thomas W. McNamee, Assistant
4 Attorney General. The address is 180 East Broad
5 Street, Columbus, Ohio.

6 EXAMINER CHILES: Thank you. I
7 understand the parties have agreed to a stipulation;
8 is that correct?

9 MR. ELISAR: Yes, your Honor.

10 EXAMINER CHILES: Is there a witness
11 available to support the stipulation?

12 MR. ELISAR: Yes, your Honor. We have
13 one witness to present.

14 EXAMINER CHILES: Thank you.

15 (Witness sworn.)

16 EXAMINER CHILES: You may proceed.

17 MR. ELISAR: Thank you.

18 - - -

19 KEVIN MURRAY
20 being first duly sworn, as prescribed by law, was
21 examined and testified as follows:

22 DIRECT EXAMINATION

23 By Mr. Elisar:

24 Q. For the record please state your name and
25 business address.

1 A. My name is Kevin Murray. My business
2 address is 21 East State Street, Columbus, Ohio
3 43215.

4 Q. And, Mr. Murray, on whose behalf are you
5 testifying on today?

6 A. I'm testifying on behalf of ASHTA
7 Chemical Inc.

8 Q. And, Mr. Murray, what is the purpose of
9 your testimony?

10 A. The purpose of my testimony is to support
11 the reasonableness of the stipulation and
12 recommendation that's been presented to the
13 Commission for approval.

14 Q. Thank you.

15 MR. ELISAR: Your Honor, at this time I
16 would like to have marked as Exhibit 1 and 1A the
17 Joint Stipulation and Recommendation of the parties
18 in this matter.

19 EXAMINER CHILES: So marked.

20 (EXHIBITS MARKED FOR IDENTIFICATION.)

21 MR. ELISAR: Your Honor, may I approach
22 the witness?

23 EXAMINER CHILES: You may.

24 Q. Mr. Murray, could you please identify
25 Exhibits 1 and 1A respectfully.

1 A. Exhibit 1 is the Joint Stipulation and
2 Recommendation that's been filed in this case.
3 Exhibit 1A is the Confidential Redacted Joint
4 Stipulation and Recommendation that's been filed in
5 this case.

6 Q. Thank you. Mr. Murray, generally could
7 you share with us the terms of the agreement that are
8 contained in the stipulation.

9 A. Yes. The stipulation provides for a
10 reasonable arrangement between ASHTA Chemicals and
11 Cleveland -- The Cleveland Electric Illuminating
12 Company. The stipulation itself has a term that
13 may -- or the reasonable arrangement has a term that
14 may extend for up to eight years at the extreme. It
15 provides for ASHTA to make a substantial capital
16 investment to reconfigure their quarry manufacturing
17 process in Ashtabula, Ohio.

18 The -- they will commit as part of the
19 reasonable arrangement their peak demand capabilities
20 towards The Cleveland Electric Illuminating Company
21 so it can count towards the Ohio portfolio
22 requirements. Once the new manufacturing facility
23 has commenced commercial operations it will have a
24 significant reduction in energy intensity relative to
25 the existing manufacturing process. And ASHTA will

1 commit that reduction in energy intensity towards
2 Cleveland Electric Illuminating's portfolio
3 obligations as well.

4 Q. Thank you, Mr. Murray. What are the
5 advantages or benefits of the stipulation to ASHTA
6 Chemicals Inc.?

7 A. The stipulation provides ASHTA with
8 certainty relative to the distribution charges that
9 it would incur during the term of the reasonable
10 arrangement. It also provides for an immediate
11 exemption from Rider DSE-2 in exchange for the
12 commitment of ASHTA's peak demand and energy
13 efficiency capabilities.

14 Rider DSE-2 is the rider that Cleveland
15 Electric Illuminating Company uses to recover the
16 cost of the compliance with Ohio's portfolio
17 obligation from customers.

18 Q. Thank you. And, Mr. Murray, was the
19 agreement the result of serious negotiations among
20 knowledgeable parties?

21 A. Yes, it was.

22 Q. And, Mr. Murray, are there any benefits
23 to ratepayers and the public interest contained
24 within this agreement?

25 A. Yes. As I previously stated, ASHTA will

1 be committing its peak demand and energy efficiency
2 capabilities to the company so that's obviously a
3 capability that is being committed that would
4 otherwise have to be achieved by the company at some
5 cost.

6 In addition to that, the reconfiguration
7 of the manufacturing process ensures the continuing
8 viability of the manufacturing facility in ASHTA, the
9 continuing employment of employees there which will
10 contribute both to the local economy in Ashtabula as
11 well as the economy in northern Ohio in general.

12 Q. Thank you. And, Mr. Murray, does the
13 agreement violate any regulatory principles or
14 practices?

15 A. No, it does not.

16 MR. ELISAR: Thank you.

17 Your Honor, at this time the witness is
18 available for any other questions.

19 EXAMINER CHILES: Do any other parties
20 have any questions for this witness?

21 MR. McNAMEE: I do.

22 EXAMINER CHILES: You may proceed.

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CROSS-EXAMINATION

By Mr. McNamee:

Q. Mr. Murray, you have been involved in the energy industry for a long time, haven't you?

A. Yes, over 20 years.

Q. Over 20 years. And you've known all the people who are involved in this case for probably that long. You have known me that long, right?

A. Yes.

Q. Okay. You are quite the expert in this industry, aren't you?

A. I consider myself knowledgeable.

MR. McNAMEE: I certainly view you as an expert.

Okay. That's it. Thank you.

EXAMINER CHILES: Thank you. Does CEI have any questions for this witness?

MR. BURK: No cross-examination, your Honor.

EXAMINER CHILES: Do you have any questions, Mr. Price?

EXAMINER PRICE: I do not.

EXAMINER CHILES: I have no questions. So thank you. You're excused.

MR. ELISAR: Thank you. Your Honor, at

1 this time we rest our case and move to have admitted
 2 into evidence Exhibit 1 and Exhibit 1A.

3 EXAMINER CHILES: Are there any
 4 objections to the admission of Exhibits 1 and 1A?

5 Hearing none --

6 MR. BURK: No, your Honor.

7 MR. McNAMEE: No objection.

8 EXAMINER CHILES: Hearing none those will
 9 be admitted.

10 (EXHIBITS ADMITTED INTO EVIDENCE.)

11 EXAMINER CHILES: Does CEI have a
 12 statement they would like to make on the record?

13 MR. BURK: Yes, your Honor. While CEI is
 14 not a signatory party to the stipulation I am
 15 authorized to state we do not oppose the adoption of
 16 the stipulation by the Commission.

17 EXAMINER CHILES: Thank you.

18 Is there anything else to come before us
 19 today?

20 MR. McNAMEE: Nothing.

21 EXAMINER CHILES: All right. Thank you.
 22 Hearing nothing we are adjourned. Thank
 23 you.

24 (Thereupon, the hearing was adjourned at
 25 10:08 a.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 Wednesday, September 25, 2013, and carefully compared with my original stenographic notes.

Karen Sue Gibson, Registered
Merit Reporter.

(KSG-5758)

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This foregoing document was electronically filed with the Public Utilities

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in

Case No(s). 12-1494-EL-AEC

Summary: Transcript in the matter of ASHTA Chemicals Inc. and The Cleveland Electric Illuminating Company hearing held on 09/25/13 electronically filed by Mrs. Jennifer Duffer on behalf of Armstrong & Okey, Inc. and Gibson, Karen Sue Mrs.